Company Registration Number: 06101090

RESLOC UK 2007-1 PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

RESLOC UK 2007-1 PLC

FOR THE YEAR ENDED 31 MARCH 2023

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COMPANY INFORMATION

The Board of Directors	Wilmington Trust SP Services (London) Limited Mr D J Wynne
Company secretary	Wilmington Trust SP Services (London) Limited
Registered office	c/o Wilmington Trust SP Services (London) Limited Third Floor 1 King's Arms Yard London EC2R 7AF
Auditor	MHA Statutory Auditor 6th Floor 2 London Wall Place London EC2Y 5AU
Banker	HSBC Bank Plc 8 Canada Square London E14 5HQ

RESLOC UK 2007-1 PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The Directors present their strategic report for ResLoC UK 2007-1 PLC (the "Company") for the year ended 31 March 2023 with comparatives for the year ended 31 March 2022.

GENERAL

The Company is a special purpose company established in order to issue floating rate loan notes due December 2043 (the "loan notes"), to acquire the beneficial interest in a mortgage portfolio from Morgan Stanley (the "Mortgage Loans"), to create security and receive interest in respect thereof, and to enter into certain related transactions as described in the Offering Circular dated 16 May 2007. On 17 May 2007, the Company issued floating rate loan notes for proceeds of £909,948,388 (£485,795,000, €395,500,000, and $303,700,000) in accordance with the Offering Circular. The loan notes are listed on Euronext Dublin (formerly the Irish Stock Exchange). The Directors have no plans to expand the existing operations of the Company.

KEY PERFORMANCE INDICATORS

The key performance indicator of the business is considered to be the gross margin. During 2023, the Company had a positive gross margin (net interest income divided by interest income) of 14.4% which is a significant movement from the prior year (2022: 0.6%). This is primarily due to a decrease in the deferred consideration expense. At the year end, the Company had a deficit of £31,224,410 (2022: £26,709,651), primarily due to exchange losses on the Notes.

RESULTS

The trading results for the year and the Company's financial position at the end of the year are shown in the attached financial statements.

The loss of the Company for the year after tax amounted to £4,514,759 (2022: £4,742,275). The Company is subject to foreign exchange gains and losses on financial instruments and as such the Company has experienced both gains and losses in the current year resulting in an overall loss.

FUTURE DEVELOPMENTS

The Directors expect that the present level of activity will be sustained in the near future and the activities of the Company are limited to those of the holding and management of the mortgage portfolio acquired from Morgan Stanley.

CAPITAL STRUCTURE

Details of the issued share capital are shown in note 10. The Company has one class of ordinary shares which carries no right to fixed income.

There are no special restrictions on the size of the holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and the prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

No person has any special rights of control over the Company's share capital and all shares are fully paid.

FINANCIAL INSTRUMENTS, RISK MANAGEMENT POLICIES AND PRINCIPAL RISKS AND UNCERTAINTIES

The Company's financial instruments, other than derivatives, comprise mortgage loans, cash and cash equivalents, interest-bearing loan notes and various receivables and payables that arise directly from its operations. The main purpose of the interest-bearing borrowings is to finance a mortgage portfolio acquired from Morgan Stanley.

The Company also enters into derivative transactions. The purpose of such transactions is to manage the interest rate and currency risk arising from the Company's operations and its sources of finance.

FINANCIAL INSTRUMENTS, RISK MANAGEMENT POLICIES AND PRINCIPAL RISKS AND UNCERTAINTIES (continued)

The Board reviews and agrees policies for managing risks arising on the Company's financial instruments and they are summarised below. Further information on the Company's financial instruments is set out in note 13.

Currency risk
Currency risk exists where assets and liabilities are denominated in more than one currency. The Company uses currency swaps to reduce its exposure to currency risk. The Company's main assets represent a portfolio of residential mortgages based in the United Kingdom. The Company has issued loan notes denominated in Euro, US Dollar and Pound Sterling. As at 31 March 2023, the vast majority of the currency risk is mitigated through the use of currency swaps, however, during the year the Company experienced significant exchange rate losses on loan notes deriving from the £/€ movement.

Interest rate risk
Interest rate risk exists where assets and liabilities have interest rates set under a different basis or which reset at different times. The Company minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of its assets and liabilities are similar; where this is not possible the Company uses interest rate swaps to mitigate any residual interest rate risk.

Credit risk
The principal credit risk to the Company is that the borrowers will not be able to meet their obligations as they fall due. The mortgage loans are secured by first charge on a number of UK residential properties which are geographically diverse. Properties are repossessed only as a last course of action when all efforts have failed. Write offs are only recognised following the sale of a repossessed property less enforcement costs. Please refer to note 13 for the mortgage loan disclosures related to loan to value ratio ("LTV"), occupancy status and repayment and interest types and to note 1 for additional information in relation to IFRS 9 accounting policies.

As at 31 March 2023, the total mortgage loans asset, net of estimated credit losses ("ECL") of £1,120,671 (2022: £1,521,866) was £183,108,647 (2022: £211,379,114). At 31 March 2023, the mortgage loan portfolio consisted of 1,761 (2022: 2,034) mortgage loans secured by first charge over residential properties located across the UK. Refer to note 7 for further information.

With regards to credit risk on derivatives, the Directors monitor the credit rating of the swap provider and in the case of any downgrade may require the swap provider to provide sufficient collateral or transfer its obligations to another bank of the same credit rating. During 2012 the swap counterparties, Barclays and Morgan Stanley, were downgraded and, as a result, swap collateral amounts were received. Amounts received and held as at year end were £16,218,504 (2022: £28,767,467) and £12,690,000 (2022: £11,980,000) from Barclays and Morgan Stanley respectively. Swap counterparties are posting collateral amounts as per the terms of transaction documents and the positions as at year end are fully collateralised. Further Information is set out in note 12.

Liquidity risk
A facility has been established which will be available, subject to certain criteria and circumstances, in the event of the Company being unable, on a temporary basis, to meet its financial commitments. The facility is provided by Morgan Stanley Bank N.A. On 9 March 2023, the Company opted to reduce the liquidity facility from £49,532,086 to £10,532,086.

FINANCIAL INSTRUMENTS, RISK MANAGEMENT POLICIES AND PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Going concern risk
The Company's business activities, together with the factors likely to affect its future development, performance and position and its principal uncertainties are set out in the above. In addition, note 13 to the financial statements includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk interest rate risk and liquidity risk. At the year end, the Company had a deficit of £31,224,410 (2022: £26,709,651) as a result of the increase in the foreign exchange loss and the fair value loss.

A facility has been established which will be available, subject to certain criteria and circumstances, in the event of the Company being unable, on a temporary basis, to meet its financial commitments. The facility is provided by Morgan Stanley Bank N.A.

The terms of the loan notes issued by the Company are such that amounts due are only payable to the extent that there are sufficient receipts from the Company's assets. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. It is the intention of the Directors of the Company to continue operations until such time as the amounts due from the mortgage loans have been fully realised.

IMPACT OF COVID, BREXIT & RUSSIA UKRAINE CONFLICT
The UK currently faces significant economic uncertainty. This uncertainty is greater than historical levels of uncertainty, due to COVID-19, Brexit and geopolitical tensions (heightened following the Russian military invasion of Ukraine).

This has resulted in significant cost inflation (8.7%, based on the CPI for May 2023) and therefore increased pressure for the Bank of England to continue to increase the base rate from an unprecedented low level (with the first increase being from 0.5% to 0.75% in March 2022, 1.25% in June 2022, 1.75% in August 2022, 2.25% in September 2022, 3% in November 2022, 3.5% in December 2022 and 4% in February 2023, 4.25% in March 2023, 4.5% in May 2023 and 5% in June 2023). All of these factors result in increased pressure on affordability and a heightened risk that borrowers may ultimately default on their loan. While the extent and duration of the effect of this economic uncertainty remains unclear, there is a risk of financial instability for the Company.

Based on the considerations above the Directors have concluded that there are no material uncertainties leading to significant doubt about the going concern of the Company. The Directors are satisfied that their assessment of the Company's going concern is valid for a period of at least 12 months from the date of approval of this report.

CORPORATE GOVERNANCE STATEMENT
The Directors are responsible for internal control at the Company and for reviewing the effectiveness of the controls in place. Procedures have been designed for safeguarding assets against unauthorised use or disposition; for maintaining proper accounting records; and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement, errors, losses or fraud. The procedures enable the Company to comply with the regulatory obligations. For further details, refer to Notes to the financial statements particularly note 13 on financial risk management.

SECTION 172 STATEMENT

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision making. The Directors continue to have regard to the interests of the Company's stakeholders - including the impact of its activities on the community, the environment and the Company's reputation- when making decisions.

As a special purpose company, the governance structure of the Company is such that the key policies have been predetermined at the time of issuance. The Directors consider what is most likely to promote the success of the Company in the long term. The Directors have had regards to the matters set out in section 172(1) of the Companies Act 2006 as follows:

- With reference to subsection (a) concerning the likely consequences of any decision in the long term: Transaction Documentation has been set up to achieve the Company's purpose and business objectives, safeguard the assets and promote the success of the Company with a long term view and as disclosed in note 1 in accordance with relevant securitisation legislation the Company is only permitted to retain minimal profit.

- Due to the nature of the entity it has no employees therefore subsection (b) is not relevant.

- The Company operates within the parameters laid out by the offering circular which governs how all the parties involved in the transaction interact, therefore subsection (c) and (e) is not relevant.

- Subsection (d) is not relevant as the Company's operations have no impact on the community or environment.

- The Company ownership structure is arranged such that subsection (f) has no impact.

Signed by order of the Directors

Mr D J Wynne
Director
27 September 2023

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

The Directors present their report and the audited financial statements of ResLoC UK 2007-1 PLC with registered number 06101090 for the year ended 31 March 2023 with comparatives for the year ended 31 March 2022.

Paragraphs stating future developments, exposure to price risk, liquidity risk, credit risk and cashflow risk are disclosed within the Strategic report.

THE DIRECTORS
The Directors who served the Company during the year and up to the date of signing the financial statements were as follows:

Wilmington Trust SP Services (London) Limited
Mr D J Wynne

None of the Directors has any beneficial interest in the ordinary share capital of the Company (2022: £nil). None of the Directors had any interest during the year in any material contract or arrangement with the Company (2022: £nil).

DIVIDENDS
The Directors have not recommended a dividend and as such no dividend has been paid (2022: £nil).

THIRD PARTY INDEMNITIES
Qualifying third party indemnity provisions of up to £10,000,000, for the benefit of the Directors were in force during the year under review and remain in force as at the date of approval of the Strategic report, Directors' report and financial statements.

CAPITAL RISK MANAGEMENT
The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders. The Company is not subject to any external capital requirements except for the minimum requirement under the Companies Act 2006. The Company has not breached the minimum requirement.

AUDITOR
In accordance with section 485 of the Companies Act 2006, the Board of Directors has proposed the appointment of MHA MacIntyre Hudson as the statutory Auditor of the Company who have expressed willingness to accept the engagement.

Following a rebranding exercise on 15 May 2023 the trading name of the company's independent auditor changed from MHA MacIntyre Hudson to MHA.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors confirm that:

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

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

Approved on behalf of the Board of Directors

Mr D J Wynne
Director
27 September 2023

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with Companies Act 2006 and International Financial Reporting Standards as adopted in the United Kingdom ("UK adopted IFRS") in conformity with the requirements of the Companies Act 2006.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.
In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements of UK adopted IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

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

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.

Directors' confirmations

Each of the Directors, whose names and functions are listed in Officers and Professional Advisers confirm that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with UK adopted IFRS in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and loss of the Company; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

Independent auditor's report to the members of ResLoC UK 2007-1 Plc

For the purpose of this report, the terms "we" and "our" denote MHA in relation to UK legal, professional and regulatory responsibilities and reporting obligations to the members of ResLoC UK 2007-1 Plc. For the purposes of the table on pages 9 to 10 that sets out the key audit matters and how our audit addressed the key audit matters, the terms "we" and "our" refer to MHA. The "Company" is defined as ResLoC UK 2007-1 Plc. The relevant legislation governing the Company is the United Kingdom Companies Act 2006 ("Companies Act 2006").

Opinion

We have audited the financial statements of ResLoC UK 2007-1 Plc for the year ended 31 March 2023. The financial statements that we have audited comprise:

- the Statement of Comprehensive Income
- the Statement of Financial Position
- the Statement of Changes in Equity
- the Statement of Cash Flows, and
- Notes 1 to 16 of the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the company's financial statements is applicable law and International Financial Reporting Standards as adopted in the United Kingdom (UK adopted IFRS).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of the Company's loss for the year then ended;
- have been properly prepared in accordance with UK adopted IFRS; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Our opinion is consistent with our reporting to the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

- A consideration of the liquidity of the Company and its ability to settle its liabilities as they fall due.
- Understanding and evaluating the current and forecast cash collections from the underlying mortgage assets including stress tests performed by management on these.

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- Reading and evaluating the adequacy of the disclosures made in the financial statements in relation to going concern.

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

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

Overview of our audit approach

Scope	The Company is a special purpose vehicle that forms part of a securitisation structure, established for the purpose of acquiring and managing residential buy to let mortgage loans via issuance of mortgage-backed notes (the "Notes"). The Notes are listed on Euronext Dublin (formerly the Irish Stock Exchange). The activities of the Company are conducted and managed primarily with reference to a series of transaction documents. Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement.		
Materiality	**2023**	**2022**	
Company	£1,908k	£2,251k	1% (2022: 1%) of mortgage loan assets
Key audit matters			
Recurring	• Expected credit loss provisions on the Mortgage loans portfolio		

Key Audit Matters

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

Expected credit loss provisions on the Mortgage loans portfolio	
Key audit matter description	As disclosed in note 7 of the financial statements, the Company's mortgage loan balance as at 31 March 2023 of £190,882,775 (2022: £225,103,412), net of an expected credit loss ("ECL") of £1,120,671 (2022: £1,521,866) is secured by first charge over residential properties in the United Kingdom. The calculation of ECL require management to make significant judgements and estimates which are subjective due to significant uncertainty associated with the assumptions used.

	Further detail in respect of management judgements and assumptions is set out within note 2 of the financial statements. Areas with a high level of management judgement and complexity in respect of the measurement of ECL are : • Model estimations – Accounting interpretations, modelling assumptions and data used to build and run the Probability of Default ('PD'), Loss Given Default ('LGD') and Exposure at Default ('EAD') models that calculate the ECL; • Economic scenarios - Inputs, assumptions and weightings used to estimate the impact of multiple economic scenarios including any changes to scenarios required; • Staging - Allocation of assets to stage 1, 2, or 3 on a timely basis in accordance with IFRS 9; • The use of experts by management to help determine the valuation of the ECL provision.
How the scope of our audit responded to the key audit matter	We engaged the support of our credit modelling experts to assess the design and application of the ECL models and the appropriateness of management's key judgements and assumptions in the context of IFRS 9 requirements, the current economic environment and our wider industry experience. Model estimations – We evaluated and challenged the Company's impairment methodologies for compliance with IFRS 9. We involved our credit modelling experts to assist us to test the ECL model by testing the assumptions, inputs and formulae used. This included a combination of assessing model design and alternative modelling techniques, recalculating the PD, LGD and EAD, and model implementation. Economic scenarios – With the support of the economic experience of our credit modelling experts we evaluated the base case and alternative economic scenarios, including evaluating probability weights and considering contrary evidence by comparing these to other scenarios from a variety of external sources. Staging – We involved our credit modelling experts in evaluating the criteria used to allocate the asset components to stage 1, 2 or 3 in accordance with IFRS 9 requirements. We tested the completeness of the loan portfolio applied to the model. Disclosures - We have assessed the appropriateness of the disclosures in the financial statements for the year ended 31 March 2023.
Key observations communicated to the Company's Board of Directors	We found the approach taken in respect of ECL to be consistent with the requirements of IFRS 9 and that the assumptions and judgements made by management in the application of the ECL model were reasonable and supportable.

Our application of materiality

Our definition of materiality considers the value of error or omission on the financial statements that, individually or in aggregate, would change or influence the economic decision of a reasonably knowledgeable user of those financial statements. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole. Materiality is used in planning the scope of our work, executing that work and evaluating the results.

Materiality in respect of the Company was set at £1,908k (2022: £2,251k) which was determined on the basis of 1% (2022: 1%) of the Company's mortgage loans assets. This was deemed to be the appropriate benchmark for the calculation of materiality as these are the key assets underpinning the Company's trade and are fundamental to its continuing activities and with which the users of the financial statements are principally concerned.

Performance materiality is the application of materiality at the individual account or balance level, set at an amount to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Performance materiality for the Company was set at £1,336k (2022: £1,575k) which represents 70% (2022: 70%) of the above materiality levels.

The determination of performance materiality reflects our assessment of the risk of undetected errors existing, the nature of the systems and controls and the level of misstatements arising in previous audits.

We agreed to report any corrected or uncorrected adjustments exceeding £95k (2022: £113k) to the Board of Directors as well as differences below this threshold that in our view warranted reporting on qualitative grounds.

Reporting on other information

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

We have nothing to report in this regard.

Strategic report and directors report

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received by 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.

Responsibilities of directors

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

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

Auditor responsibilities for the audit of the financial statements

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

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities . This description forms part of our auditor's report.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Identifying and assessing potential risks arising from irregularities, including fraud

The extent of the procedures undertaken to identify and assess the risks of material misstatement in respect of irregularities, including fraud, included the following:

- We considered the nature of the industry and sector the control environment, business performance and the Company's own risk assessment that irregularities might occur as a result of fraud or error. From our sector experience and through discussion with the directors, we obtained an understanding of the legal and regulatory frameworks applicable to the Company focusing on laws and regulations that could reasonably be expected to have a direct material effect on the financial statements, such as provisions of the Companies Act 2006, UK tax legislation or those that had a fundamental effect on the operations of the Company.
- We enquired of the directors and management concerning the Company's policies and procedures relating to:
    - identifying, evaluating and complying with the laws and regulations and whether they were aware of any instances of non-compliance;
    - detecting and responding to the risks of fraud and whether they had any knowledge of actual or suspected fraud; and
    - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included utilising the spectrum of inherent risk and an evaluation of the risk of management override of controls. We determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce costs, creating fictitious transactions to hide losses or to improve financial performance, and management bias in accounting estimates particularly in determining expected credit losses.

Audit response to risks identified

In respect of the above procedures:

- we corroborated the results of our enquiries through our review of the minutes of the Company's board meetings, inspection of the inspection of regulatory publications of the Company;
- audit procedures performed by the engagement team in connection with the risks identified included:
    - reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations expected to have a direct impact on the financial statements.
    - testing journal entries, including those processed late for financial statements preparation, those posted by infrequent or unexpected users, those posted to unusual account combinations;
    - evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias;
    - enquiry of management around actual and potential litigation and claims.
    - challenging the assumptions and judgements made by management in its significant accounting estimates, in particular those relating to the determination of the expected credit losses as reported in the key audit matter section of our report; and
    - obtaining confirmations from third parties to confirm existence of a sample of balances.
- the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities; and
- we communicated relevant laws and regulations and potential fraud risks to all engagement team members, including experts, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Use of our report

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

R Shaunak

Rakesh Shaunak, FCA
(Senior Statutory Auditor)
for and on behalf of MHA, Statutory Auditor
London, United Kingdom
27 September 2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

RESLOC UK 2007-1 PLC

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

Continuing operations	Notes	2023 £	2022 £
Interest income	3	**11,651,876**	12,829,971
Interest expense	4	**(10,837,769)**	(12,753,859)
Net interest income		**814,107**	76,112
Other operating expenses	5	**(1,945,737)**	(1,615,328)
Impairment credit on mortgage portfolio	7	**401,195**	1,577,619
Mortgage loan write-offs	7	**(83,465)**	(92,815)
Foreign exchange loss on foreign bank accounts		**814,103**	54,561
Fair value gain / (loss) on derivative financial instruments	14	**834,992**	(3,873,788)
Foreign exchange loss on loan notes		**(5,349,915)**	(868,608)
Loss before tax for the year		**(4,514,720)**	(4,742,247)
Total tax charge	6	**(39)**	(28)
Loss and total comprehensive loss for the year		**(4,514,759)**	(4,742,275)

The notes on pages 19 to 36 form part of these financial statements.

RESLOC UK 2007-1 PLC

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Notes	31 March 2023 £	31 March 2022 £
Assets			
Non-current assets			
Mortgage loans	7	**158,767,124**	192,735,918
Derivative financial instruments	14	**31,542,375**	30,707,383
		190,309,499	223,443,301
Current assets			
Mortgage loans	7	**32,115,651**	32,367,494
Trade and other receivables	8	**5,906,515**	2,364,391
Cash and cash equivalents	9	**37,405,781**	52,080,155
		75,427,947	86,812,040
Total assets		**265,737,446**	310,255,341
Equity			
Share capital	10	**12,502**	12,502
Accumulated losses	10	**(31,236,912)**	(26,722,153)
Total equity		**(31,224,410)**	(26,709,651)
Non-current liabilities			
Interest-bearing loan notes	11	**180,060,342**	211,042,076
Total non-current liabilities		**180,060,342**	211,042,076
Current liabilities			
Interest-bearing loan notes	11	**32,115,651**	32,367,494
Accrued interest	11	**390,495**	87,852
Trade and other payables	12	**84,395,368**	93,467,570
Total current liabilities		**116,901,514**	125,922,916
Total liabilities		**296,961,856**	336,964,992
Total equity and liabilities		**265,737,446**	310,255,341

These financial statements of ResLoC UK 2007-1 Plc, registration number 06101090, on pages 15 to 36 were approved and authorised for issue by the Directors on 27 September 2023 and are signed on their behalf by:

Mr D J Wynne
Director

The notes on pages 19 to 36 form part of these financial statements.

RESLOC UK 2007-1 PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

	Accumulated losses	Share capital	Total equity
	£	£	£
At 1 April 2021	(21,979,878)	12,502	(21,967,376)
Total comprehensive loss for the year	(4,742,275)	-	(4,742,275)
At 31 March 2022	(26,722,153)	12,502	(26,709,651)
At 1 April 2022	(26,722,153)	12,502	(26,709,651)
Total comprehensive loss for the year	**(4,514,759)**	**-**	**(4,514,759)**
Closing deficit at 31 March 2023	**(31,236,912)**	**12,502**	**(31,224,410)**

The notes on pages 19 to 36 form part of these financial statements.

RESLOC UK 2007-1 PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

		2023	2022
Cash flows used in operating activities	**Notes**	**£**	£
Loss before tax for the year before taxation		**(4,514,720)**	(4,742,247)
Adjustments for:			
Interest income	3	**(11,651,876)**	(12,829,971)
Interest expense	4	**10,837,769**	12,753,859
Fair value (gain) / loss on derivative financial instruments		**(834,992)**	3,873,788
Unrealised foreign exchange translation gain on loan notes		**5,349,915**	868,609
ECL reversal on mortgages	7	**(401,195)**	(1,577,619)
Mortgage loans written off	7	**83,465**	92,815
Deferred consideration		**(669,893)**	(2,839,211)
Increase in trade and other receivables		**(479)**	(90)
Increase / (decrease) in trade and other payables	12	**1,039,368**	(162,890)
Decrease in cash collateral	12	**(11,838,963)**	(5,545,146)
Net cash used in operating activities after tax		**(12,601,601)**	(10,108,103)
Investing activities			
Interest income received		**8,125,025**	5,993,626
Repayments of mortgage loans during year		**28,588,198**	32,358,114
Bank interest received		**382,634**	-
Net cash generated from investing activities		**37,095,857**	38,351,740
Financing activities			
Interest paid		**(7,052,979)**	(1,561,771)
Principal Repayments of loan notes during the year		**(32,115,651)**	(32,367,494)
Net cash used in financing activities		**(39,168,630)**	(33,929,265)
Decrease in cash and cash equivalents		**(14,674,374)**	(5,685,628)
Cash and cash equivalents at beginning of year		**52,080,155**	57,765,783
Cash and cash equivalents at 31 March	9	**37,405,781**	52,080,155

As explained in the accounting policies on page 19, the cash is not freely available to be used.

The notes on pages 19 to 36 form part of these financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

ResLoC UK 2007-1 Plc is a Public Limited Company limited by shares incorporated and domiciled in England and Wales under the Companies Act 2006. The address of the registered office is c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London, EC2R 7AF.

Basis of preparation
These financial statements have been prepared in accordance with Companies Act 2006 and UK adopted IFRS and those parts of the Companies Act 2006 that are relevant to companies reporting in accordance with UK adopted IFRS.

The accounting policies set out below have been applied in respect of the financial year ended 31 March 2023.

The financial statements have been prepared on the historical cost basis as modified for the revaluation of certain financial instruments recognised at fair value under IFRS 9 Financial Instruments.

The financial statements are presented in Pounds Sterling.

Due to the nature of the business, the Directors are of the opinion that it is more appropriate to use interest income and interest expense rather than revenue and cost of sales in preparing the Statement of comprehensive income.

Basis of preparation - going concern
The Company's business activities, together with the factors likely to affect its future development, performance and position and its principal uncertainties are set out in the Strategic report on pages 2 to 6. In addition, note 13 to the financial statements includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk. At the year end, the Company had a net deficit of £31,224,410 (2022: £26,709,651) as a result of the increase in the foreign exchange loss and the fair value loss on the Notes.

The Company holds a liquidity facility, with Morgan Stanley totalling £10,532,086 (2022: £49,532,086), which is sufficient to cover any short-term liquidity issues. No amounts have been drawn under the facility throughout the year ended 31 March 2023 and to date. A facility has been established which will be available, subject to certain criteria and circumstances, in the event of the Company being unable, on a temporary basis, to meet its financial commitments. Additionally, as at year end the Company holds a reserve fund amount of £12,157,876 (2022: £12,157,876).

The terms of the loan notes issued by the Company are such that amounts due are only payable to the extent that there are sufficient receipts from the Company's assets. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. It is the intention of the Directors of the Company to continue operations until such time as the amounts due from the mortgage loans have been fully realised.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Financial instruments
The Company's financial instruments comprise mortgage loans, cash and liquid resources, derivatives, interest-bearing loan notes and various receivables and payables that arise directly from its operations. These financial instruments are classified in accordance with the principles of IFRS 9 Financial Instruments as described below.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Mortgage loans
The mortgage loans are initially measured at fair value with subsequent measurement being at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Cash and cash equivalents
Cash and cash equivalents in the balance sheet comprise cash at banks and in hand, swap collateral and short-term deposits with an original maturity of three months or less. The cash and cash equivalents include balances relating to swap collateral amounts as a result of the downgrading of the swap counterparties in 2012. The cash receipts are held in the Company's bank account, with corresponding creditors back to respective counterparties, and will be utilised as per the swap agreements. These balances will be repaid following an upgrading of the swap counterparties. All withdrawals from the Company's bank accounts are restricted by the detailed priority of payments set out in the securitisation agreements and as such the cash and cash equivalents are not freely available to be used for other purposes.

Derivative financial instruments
The Company uses derivative financial instruments to reduce its exposure to interest rate risk and currency risk arising from operational, financing and investment activities. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes. Derivatives are initially recognised at their fair value at the date the derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date.

IFRS 9 requires all financial assets and liabilities to be recognised initially at fair value on the Statement of financial position. Subsequent to initial recognition, any changes in fair value of the derivatives held are recognised in the Statement of comprehensive income.

The fair value of currency swaps and interest rate swaps is the estimated amount that the Company would receive or pay to terminate the swap at the balance sheet date, taking into account current exchange rates, interest rates and the current creditworthiness of the swap counterparties.

Interest income receivable or interest expense payable on the interest rate swap is accounted for on the accruals basis within interest income or interest expense in the Statement of comprehensive income.

Interest-bearing loan notes
Interest-bearing loans are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans are stated at amortised cost with any difference between cost and redemption value being recognised in the Statement of comprehensive income over the period of the borrowings on an effective interest basis.

Embedded derivatives
Certain derivatives are embedded within other non-derivative host financial instruments to create a hybrid instrument. Where the economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host instrument, and where the hybrid instrument is not measured at fair value, the embedded derivative is separated from the host instrument with changes in fair value of the embedded derivative recognised in the Statement of comprehensive income. Depending on the classification of the host instrument, the host is then measured in accordance with IFRS 9.

Interest income and expense
Interest income and expense is accounted for on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to that asset's or liability's net carrying amount. Under IFRS 9, interest income on credit impaired loans is calculated based on the net carrying amount of the loans using the effective interest rate method.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred consideration
A deferred consideration charge is included in interest expense. Deferred consideration is payable to the Residual Certificate Holders dependent on the extent to which the surplus income, in excess of the agreed margin, generated by the mortgage loans in which the Company has purchased an interest, exceeds the administration costs of the mortgage loans. The deferred consideration is recognised at fair value.

Income tax expense
The Company has elected to be taxed under the "permanent" tax regime for securitisation companies (contained in Statutory Instrument 2006/3296), under which the Company is taxed broadly by reference to its net cash flows during the period, and not by reference to its accounting profits, to the extent that these differ.

Functional and presentational currency
The functional currency is the currency of the primary economic environment in which the Company operates. The Company's Mortgage Loans, and a large proportion of the issued notes, and the associated cash flows are denominated in Sterling, which therefore constitutes the Company's functional currency. The presentational currency of the Company's financial statements is Sterling.

Creditor payment policy
The Company's policy concerning payment of its trade creditors is to pay in accordance with its contractual and other legal obligations. Due to the nature of the business, the main creditors are the noteholders. Principal and interest is repaid quarterly in accordance with the agreements in place. The Company does not follow any other code or standard on payment practice.

Classification and measurement of financial assets and financial liabilities
Financial assets and financial liabilities of the Company comprise of the mortgage loans, derivative financial instruments, other receivables cash, interest bearing loan notes and trade and other payables. These are measured at amortised cost with the exception of the derivative financial instruments which are measured at fair value through profit and loss ("FVTPL").

Financial assets
Financial assets are measured on initial recognition at fair value. Under IFRS 9, the classification and subsequent measurement of financial assets is principally determined by the Company's business model and their contractual cash flow characteristics (whether the cash flows represent 'solely payments of principal and interest'). The standard sets out three types of business model:

Financial assets

- Hold to collect: the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets are accounted for at amortised cost.

- Hold to collect and sell: this model is similar to the hold to collect model, except that the entity may elect to sell some or all of the assets before maturity as circumstances change. These assets are accounted for at fair value through other comprehensive income (FVOCI).

- Hold to sell: the entity originates or purchases an asset with the intention of disposing of it in the short or medium term to benefit from capital appreciation. These assets are held at fair value through profit or loss (FVTPL). An entity may also designate assets at FVTPL upon initial recognition where it reduces an accounting mismatch. An entity may elect to measure certain holdings of equity instruments at FVOCI, which would otherwise have been measured at FVTPL.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (continued)
The Company has assessed its business models in order to determine the appropriate IFRS 9 classification for its financial assets. Financial assets are held to collect contractual cash flows and therefore meet the criteria to remain at amortised cost. In order to be accounted for at amortised cost, it is necessary for individual instruments to have contractual cash flows that are solely payments of principal and interest. These financial assets meet this criterion and are therefore subsequently measured at amortised cost.

Financial assets and liabilities measured at amortised cost are accounted for under the effective interest rate ("EIR") method. This method of calculating the amortised cost of a financial asset or liability involves allocating interest income or expense over the relevant period. The EIR rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability, or where appropriate, a shorter period, to the gross carrying amount on initial recognition.

Impairment losses on Mortgage loans
The Company's Mortgage loans are subject to IFRS 9's expected credit loss model.

The Company recognises expected credit loss impairment on the mortgage loans when it is estimated that it will not be in a position to receive all payments due. Under IFRS 9, at each reporting date, an impairment loss equal to 12-month expected credit losses is recognised for all financial assets for which there is no significant increase in credit risk ("SICR") since initial recognition. For financial assets where there is a SICR since their initial recognition, and those that are credit impaired an impairment loss equal to lifetime expected credit losses will be recognised.

The Directors were unable to determine if a SICR has taken place due to limited credit risk information. Therefore, the ECL has been calculated on a lifetime basis even though the mortgage loans are primarily performing loans.

The recoverability of the mortgage loans is dependent on the collections received. The key assumptions for recoverability relate to estimates of the probability of any account going into default, the timing of payments received and expected proceeds from the sale of repossessed collateral. These key assumptions are based on macro-economic conditions and observed data from historical patterns and are updated regularly as new data becomes available.

IFRS 9 does not include a definition of what constitutes an SICR. An assessment of whether credit risk has increased significantly since the initial recognition of the mortgage loans is performed at each reporting period by considering primarily the change in the risk of default occurring over the remaining life of the mortgage loans. The Company assess whether an SICR has occurred since the initial recognition based on qualitative and quantitative, reasonable and supportable forward-looking information that includes a degree of management judgment. A default refers to a loan which is 90 days in arrears and loans which are past the maturity date.

In determining the ECL, the Directors considered GDP to be the most appropriate macro-economic indicator ("MEI") to incorporate into the probability of default ("PD") analysis on the basis it is closely correlated to non-performing loan and therefore the PD. The Bank of England GDP forecast was used to reflect future UK growth expectations. The ECL model incorporates the result of regression calculations of these macro-economic factors vs the level of NPLs in the UK.

Other key macro-economic scenarios were considered for use in the ECL model, being house price index ("HPI") and a combination of HPI, GDP, and long term interest rates. Using 1) HPI and 2) a mix of HPI, GDP, and interest rates results in a far less statistically significant result. As such, GDP remains the most robust macro-economic factor in this case, and the Directors therefore believe that it is the most reasonable option

Loans with no arrears, 'Current loans' and those with arrears greater than 30 days and less than 90 are classified as not credit impaired. Loans with arrears greater than 90 days are considered to be in default and therefore classified as credit impaired. Loans will transfer between categories dependant on their arrears status.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment losses on Mortgage loans (continued)
The accuracy of impairment calculations would be affected by the probability of default, significant increase in credit risk, loss given default and the macroeconomic factors. The assessment on the probability of default is performed on each reporting period taking into account the movement in their arrears history, GDP growth rate and other qualitative factors. Loss given default is the percentage of the total exposure that the Company estimates as unlikely to recover at the time of the default. A default refers to a loan which is 90 days in arrears.

The macroeconomic factors such as GDP, historical data on non-performing loans, future real GDP growth rates, house price index and account management policies and practices that are incorporated into the risk parameter models are used to calculate the ECL of the mortgage loans and assessed against the income statement.

Segmental reporting
The principal asset of the Company is the beneficial interest in the mortgage portfolio originated in the United Kingdom which is funded by floating rate notes issued in the United Kingdom. The Directors do not consider it necessary to provide a further analysis of the results of the Company from those already disclosed in these financial statements as there is only one segment identified.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The most important areas where the Directors use critical accounting estimates and judgements in applying its accounting policies are as follows:

Critical accounting judgements
Management has considered significant judgments including business model assessment, assessment of significant increase in credit risk and definition of default. For assessment of significant increase in credit risk, it was concluded that due to insufficient credit risk information available for the credit risk at the date of origination, the ECL will be estimated for lifetime on a collective basis, and therefore categorised as Stage 2. For credit impaired loans, the definition of default is based on days past due and does not involve any judgment. Accordingly, based on management assessment, it is concluded that preparation of financial statements does not involve any critical judgements.

Key sources of estimation uncertainty
The use of estimates and assumptions is an integral part of recognising amounts in the financial statements and mostly relates to the following:

Loss Given Default (LGD)
LGD is the percentage of the total exposure that the Company estimates as unlikely to recover at the time of the default. This includes estimation of future market value of repossessed collateral property, forced sale discount factor, costs of enforcing forced sales and the transaction costs.

Macroeconomic factors
Establishing the number and relative weightings of forward-looking scenarios and determining the forward-looking information relevant to each scenario includes estimation. When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Measurement of fair values

The Company's accounting policies and disclosures require measurement of fair values with regard to presentation of financial assets and liabilities. When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets and liabilities;
- *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

On 8 June 2022, the Company transitioned the LIBOR benchmark upon which interest rates depend to compounded daily SONIA. The Notes were rebased to SONIA, as such the IBOR reform will not impact the Company.

3. INTEREST INCOME

	2023	2022
	£	£
Income from mortgage loans	**5,721,524**	8,305,944
Currency swap receivable	**5,552,702**	4,519,043
Bank interest received	**377,650**	4,984
	11,651,876	12,829,971

At 31 March 2023, the weighted average interest rate on the mortgage loans was 2.73% (2022: 3.44%).

4. INTEREST EXPENSE

	2023	2022
	£	£
Interest on loan notes	**7,294,288**	1,461,854
Amortisation of issue costs	**37,165**	42,806
Bank interest expense	**58,793**	152,855
Residual Certificate Holders	**3,447,523**	11,096,344
	10,837,769	12,753,859

For further analysis on the interest rates that apply to the loan notes please see note 11.

5. OTHER OPERATING EXPENSES

	2023	2022
	£	£
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**84,540**	69,120
Administration and cash management fees	**1,813,692**	1,499,547
Corporate service fee	**24,105**	23,261
Accountancy services fee	**23,400**	23,400
	1,945,737	1,615,328

5. OTHER OPERATING EXPENSES (continued)

The Directors received no emoluments for their services as Directors to the Company during the year (2022: £nil). The Directors had no material interest in any contract of significance in relation to the business of the Company (2022: £nil). The Company did not have any employees in the current year (2022: none).

6. TAX CHARGE

(a) Analysis of charge for the year:

	2023	2022
Current tax:	**£**	£
Corporation tax charge for the year at a rate of 19% (2022: 19%)	39	28
Total income tax charge in the Statement of comprehensive income	39	28

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill (on 03 March 2022). These include an increase of the main rate to 25% (2022: 19%) from 01 April 2023. The small profits rate will remain at 19% (2022: 19%) for the financial year beginning 01 April 2023.

(b) Reconciliation of effective tax rate

The tax assessed on the profit on ordinary activities for the period is equal to the standard rate of corporation tax in the UK of 19% (2022: 19%).

	2023	2022
	£	£
Loss on ordinary activities before tax	**(4,514,721)**	(4,742,247)
Accounting losses not taxed in accordance with SI 2006/3296	**4,514,923**	4,742,396
Adjusted profits	**203**	149
Current tax charge at 19% (2022: 19%)	**39**	28

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

7. MORTGAGE LOANS

	2023	2022
	£	£
Mortgage loans portfolio	**184,229,318**	212,900,980
ECL impairment loss provision	**(1,120,671)**	(1,521,866)
Carrying value before EIR adjustment	**183,108,647**	211,379,114
Effective interest adjustment	**7,774,128**	13,724,298
Carrying value as at 31 March	**190,882,775**	225,103,412

	2023	2022
The balance can be analysed as follows:		
Current assets	**32,115,651**	32,367,494
Non-current assets	**158,767,124**	192,735,918
	190,882,775	225,103,412

7. **MORTGAGE LOANS (continued)**

Mortgage Loan Portfolio	**Lifetime ECL but not credit impaired**	**Lifetime ECL and credit impaired**	**Total**
Carrying amount as at 1 April 2022	**208,439,547**	**2,939,567**	**211,379,114**
Changes in the gross carrying amount attributable to:			
- Transfer from not credit impaired to credit impaired	**(12,157)**	**12,157**	**-**
- Transfer from credit impaired to not credit impaired	**1,500,608**	**(1,500,608)**	**-**
- Write offs	**-**	**(83,465)**	**(83,465)**
Movement in accrued interest	**-**	**-**	**-**
Redemptions	**(28,588,198)**	**-**	**(28,588,198)**
Gross carrying value before ECL impairment reversal	**181,339,800**	**1,367,651**	**182,707,451**
ECL provision reversal	**345,116**	**56,080**	**401,196**
Balance as at 31 March 2023	**181,684,916**	**1,423,731**	**183,108,647**

Mortgage Loan Portfolio	Lifetime ECL but not credit impaired	Lifetime ECL and credit impaired	Total
Carrying amount as at 1 April 2021	236,894,669	5,357,755	242,252,424
IFRS ECL transition adjustment			
Changes in the gross carrying amount attributable to:	-	-	-
- Transfer from not credit impaired to credit impaired	-	-	-
- Transfer from credit impaired to not credit impaired	3,532,759	(3,532,759)	-
- Write offs	-	(92,815)	(92,815)
Redemptions	(32,358,114)	-	(32,358,114)
Gross carrying value before ECL impairment	208,069,314	1,732,181	209,801,495
ECL provision reversal	370,233	1,207,386	1,577,619
Balance as at 31 March 2022	208,439,547	2,939,567	211,379,114

The non-current mortgage loans have various final legal maturity repayment dates and repayments are due throughout the lifetime of the asset portfolio until by December 2043. At 31 March 2023, the weighted average interest rate on the mortgage loans was 2.73% (2022: 3.44%). The mortgage loans are secured by first charge over residential properties in the United Kingdom. For further analysis on the mortgage loans see note 13. Write offs represent the losses incurred following forced sale of repossessed collateral.

8. **TRADE AND OTHER RECEIVABLES**

	2023	2022
	£	£
Prepayments and accrued income	**5,906,515**	2,364,391

The Directors consider that the carrying value of trade and other receivables approximates to their fair value. The other debtors amount relates to mortgage receipts collected by the servicer but not yet paid into the Company's bank account.

9. **CASH AND CASH EQUIVALENTS (RESTRICTED)**

	2023	2022
	£	£
Cash and cash equivalents (restricted)	**37,405,780**	52,080,155

The Directors consider that the carrying value of cash and cash equivalents approximates to their fair value.

9. CASH AND CASH EQUIVALENTS (RESTRICTED) (continued)

The Company has deposits in bank accounts held in the Company's name which meet the definition of cash and cash equivalents, but their use is restricted by a detailed priority of payments set out in the securitisation transaction agreements.

As the cash can only be used to meet certain specific liabilities and is not available to be used with discretion, it is viewed as restricted cash. The cash and cash equivalents include balances relating to swap collateral amounts of £16,218,504 (2022: £28,767,467) and £12,690,000 (2022: £11,980,000) from Barclays and Morgan Stanley respectively, as a result of the downgrading of these swap counterparties in 2012. The cash receipts are held in the Company's bank account, with corresponding creditors back to respective counterparties, and will be utilised as per the swap agreements. All withdrawals from the Company's bank accounts are restricted by the detailed priority of payments set out in the securitisation agreements and as such the cash and cash equivalents are not freely available to be used for other purposes.

The Company also holds a reserve fund with Lloyds Bank Plc totalling £12,157,876 (2022: £12,157,876).

10. TOTAL EQUITY

	Issued capital	Accumulated losses	Total
	£	£	£
As on 1 April 2021	12,502	(21,979,878)	(21,967,376)
Loss for the year	-	(4,742,275)	(4,742,275)
Balance at 31 March 2022	12,502	(26,722,153)	(26,709,651)
As on 1 April 2022	**12,502**	**(26,722,153)**	**(26,709,651)**
Loss for the year	**-**	**(4,514,759)**	**(4,514,759)**
Balance at 31 March 2023	**12,502**	**(31,236,912)**	**(31,224,410)**

There are 50,000 authorised ordinary shares of £1 each. The issued share capital comprises two fully paid £1 shares, and 49,998 ordinary shares quarter paid. Wilmington Trust SP Services (London) Limited holds one fully paid £1 share under a declaration of trust for charitable purposes. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

11. INTEREST-BEARING LOANS

This note provides information about the contractual terms of the Company's interest-bearing loan notes. For more information about the Company's exposure to interest rate risk, see note 13.

	2023	2022
	£	£
At start of year	**243,409,570**	279,384,382
Repayments	**(32,115,651)**	(32,367,494)
Gain / (loss) on exchange	**844,909**	(3,650,124)
Unamortised issue cost	**37,165**	42,806
	212,175,993	243,409,570
Accrued interest receivable	**390,495**	87,852
	212,566,488	243,497,422
The balance can be analysed as follows:		
Current liabilities	**32,506,156**	32,455,346
Non-current liabilities	**180,060,342**	211,042,076
	212,566,488	243,497,422

Current liabilities due within one year are paid when cash is available after other commitments have been fulfilled in order of priority in accordance with the Offering Circular.

The interest-bearing loans are secured by way of fixed and floating charges over the Company's assets.

11. INTEREST-BEARING LOANS (CONTINUED)

On 17 May 2007, the Company issued following notes:

Class of note	Notes issued	Margin	Maturity date	Principal outstanding 2023	Principal outstanding 2022
Class A1a notes	€42,900,000	3 month EURIBOR plus 0.06%	due December 2043	-	-
Class A1b notes	£60,000,000	Compounded daily SONIA plus 0.06%	due December 2043	-	-
Class A1c notes	$109,900,000	3 month USD LIBOR plus 0.06%	due December 2043	-	-
Class A2a notes	€32,000,000	3 month EURIBOR plus 0.10%	due December 2043	-	-
Class A2b notes	£100,000,000	Compounded daily SONIA plus 0.12%	due December 2043	-	-
Class A2c notes	$43,800,000	3 month USD LIBOR plus 0.10%	due December 2043	-	-
Class A3a notes	€197,300,000	3 month EURIBOR plus 0.16%	due December 2043	**€53,455,910**	€62,919,601
Class A3b notes	£203,100,000	Compounded daily SONIA plus 0.16%	due December 2043	**£55,027,345**	£64,769,240
Class A3c notes	$150,000,000	3 month USD LIBOR plus 0.16%	due December 2043	**$40,640,355**	$47,835,225
Class M1a notes	€23,600,000	3 month EURIBOR plus 0.18%	due December 2043	**€8,254,780**	€9,716,181
Class M1b notes	£64,800,000	Compounded daily SONIA plus 0.22%	due December 2043	**£22,665,666**	£26,678,328
Class B1a notes	€41,800,000	3 month EURIBOR plus 0.25%	due December 2043	**€14,620,754**	€17,209,169
Class B1b notes	£12,500,000	Compounded daily SONIA plus 0.25%	due December 2043	**£4,372,235**	£5,146,283
Class C1a notes	€29,500,000	3 month EURIBOR plus 0.45%	due December 2043	**€10,318,475**	€12,145,227
Class C1b notes	£8,750,000	Compounded daily SONIA plus 0.45%	due December 2043	**£3,060,565**	£3,602,398
Class D1a notes	€28,400,000	3 month EURIBOR plus 1.2%	due December 2043	**€9,933,718**	€11,692,354
Class D1b notes	£19,000,000	Compounded daily SONIA plus 1.2%.	due December 2043	**£6,645,797**	£7,822,349
Class E1b notes	£8,280,000	Compounded daily SONIA plus 4.0%	due December 2043	**£2,896,169**	£3,408,898
Class E2b notes	£7,835,000	Compounded daily SONIA plus 3.5%	due December 2043	-	-
Class F1b notes	£1,530,000	Compounded daily SONIA plus 6.0%	due December 2043	-	-

On 8 June 2022, the Company transitioned the LIBOR benchmark upon which interest rates depend to compounded daily SONIA. The Notes excluding USD Notes were rebased to SONIA, as such the IBOR reform will not impact the Company. The USD Notes are expected to transaction from the LIBOR benchmark to compounded daily SOFR in July 2023.

11. INTEREST-BEARING LOANS (CONTINUED)

Interest-bearing loans and borrowings are repayable as follows:

2023	**Total**	**Less than 1 year**	**1-2 years**	**2-5 years**	**More than 5 years**
	£	**£**	**£**	**£**	**£**
Liabilities					
Floating rate notes	**212,175,993**	**32,115,651**	**32,115,651**	**96,346,953**	**51,597,738**
Interest payable	**390,495**	**390,495**	**-**	**-**	**-**
	212,566,488	**32,506,146**	**32,115,651**	**96,346,953**	**51,597,738**

2022	Total	Less than 1 year	1-2 years	2-5 years	More than 5 years
	£	£	£	£	£
Liabilities					
Floating rate notes	243,409,570	32,367,494	32,367,494	97,102,482	81,572,100
Interest payable	87,852	87,852	-	-	-
	243,497,422	32,455,346	32,367,494	97,102,482	81,572,100

The maturity profile above is estimated using the earliest expected date that the Company expects to repay the notes based on the expected maturity profile of the underlying mortgage assets on which repayment of the notes is driven. The loan notes are denominated in Euro, Sterling and Dollar.

12. TRADE AND OTHER PAYABLES

	2023	2022
Current liabilities	**£**	£
Deferred consideration payable	**55,260,063**	52,482,433
Cash collateral held – Morgan Stanley and Barclays	**28,908,504**	40,747,467
Accruals and deferred income	**226,801**	237,670
	84,395,368	93,467,570

Current liabilities due within one year are paid when cash is available after other commitments have been fulfilled, in order of priority in accordance with the Offering Circular.

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

During 2012 the swap counterparties, Barclays and Morgan Stanley, had their credit ratings downgraded by Moody's and, as a result, swap collateral amounts were received. Amounts received and held as at year end were £16,218,504 (2022: £28,767,467) and £12,690,000 (2022: £11,980,000) from Barclays and Morgan Stanley respectively (see also note 9). Swap counterparties are posting collateral amounts as per the terms of transaction documents and the positions as at year end are fully collateralised.

13. FINANCIAL RISK MANAGEMENT

The principal risks and uncertainties are set out in the Strategic report on pages 2 to 5.

The Company's financial instruments, other than derivatives, comprise mortgage loans, cash and liquid resources, interest-bearing loan notes and various receivables and payables that arise directly from its operations. The Company also enters into derivative transactions (interest rate swaps and currency swaps). The purpose of such transactions is to manage the interest rate risks and currency exchange risk arising from the Company's operations and its sources of finance.

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

The Directors have considered the financial risks affecting the Company and have included the relevant disclosures of interest rate, credit, liquidity and currency risks in the Strategic report.

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair values

The fair values together with the carrying amounts shown in the Statement of financial position are as follows:

	Note	Carrying amount 2023 £	Fair value 2023 £	Carrying amount 2022 £	Fair value 2022 £
Derivative financial instruments	14	31,542,375	31,562,145	30,707,383	30,707,383
Mortgage loans	7	190,882,775	235,410,297	225,103,412	261,432,445
Trade and other receivables	8	5,906,515	5,906,515	2,364,391	2,364,391
Cash and cash equivalents	9	37,405,780	37,405,781	52,080,155	52,080,155
		265,737,445	310,284,738	310,255,341	346,584,374
Interest-bearing loan notes	11	212,175,993	225,498,874	243,409,570	253,028,952
Interest payable	11	390,495	390,495	87,852	87,852
Trade and other payables	12	84,395,368	84,395,368	93,467,570	93,467,570
		296,961,856	310,284,737	336,964,992	346,584,374

Fair value hierarchy

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset or liability as follows:

Level 1 - valued using quoted prices in active markets for identical assets or liabilities;

Level 2 - valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1; and

Level 3 - valued by reference to valuation techniques using inputs that are not based on observable market data.

The valuation techniques used by the Company are explained in the accounting policies note.

The only financial instruments held at fair value on the balance sheet are derivatives. The derivatives all fall within the level 2 fair value hierarchy (2022: level 2). The fair value of the derivatives are determined by discounting the future cash flows using the applicable yield curves derived from quoted interest rates and management's estimate of the amortisation of the derivative notional amounts.

The fair value of the mortgage loans is estimated as the fair value of the loan notes less that of the derivatives, adjusted for the fair value of the remaining current assets and liabilities. The fair value of the loan notes and Derivatives are estimated by discounting future cash flows using publicly available market information; hence they are classified at Level 2. Therefore, the mortgage loans fair value is also classified at Level 2.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is not subject to any external capital requirements except for the minimum requirement under the Companies Act 2006. The Company has not breached the minimum requirement.

Interest rate risk

Interest rate risk exists where assets and liabilities have interest rates under a different basis or which reset at a different time. The Company minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of assets and liabilities are similar. Interest rate swaps have been entered into with Morgan Stanley to manage the Company's exposure to the interest rate risk associated with the loan originator. The swaps reduce interest rate risk as a result of the variance between the fixed rate of interest receivable on the mortgage loans and the variable rate of interest payable on the floating rate loan notes.

After taking into consideration the Company's derivative instruments, the administered interest rate nature of the Company's mortgage loans, the regular re-pricing of the Company's floating rate notes, together with the nature of the Company's other assets and liabilities, the Directors do not believe that the Company has any significant interest rate re-pricing exposure. As such, no sensitivity analysis has been presented.

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

Effective interest rates and repricing analysis

The following table details the Company's exposure to interest rate risk by the earlier of contractual maturities or re-pricing:

At 31 March 2023	Weighted average effective interest rate %	1 to 3 months £	Non-interest bearing £	Total £
Assets				
Trade and other receivables	-	-	5,906,515	5,906,515
Mortgage loans	2.89%	190,882,775	-	190,882,775
Derivative financial instruments	-	-	31,542,375	31,542,375
Cash and cash equivalents	-	37,405,780	-	37,405,780
Total assets		228,288,555	37,448,890	265,737,445
Liabilities				
Current liabilities	-	-	84,395,368	84,395,368
Interest bearing loan notes	0.94%	212,175,993	-	212,175,993
Total liabilities		212,175,993	84,395,368	296,571,361

At 31 March 2022	Weighted average effective interest rate %	1 to 3 months £	Non-interest bearing £	Total £
Assets				
Trade and other receivables	-	-	2,364,391	2,364,391
Mortgage loans	2.89%	225,103,412	-	225,103,412
Derivative financial instruments	-	-	30,707,383	30,707,383
Cash and cash equivalents	-	52,080,155	-	52,080,155
Total assets		277,183,567	33,071,774	310,255,341
Liabilities				
Current liabilities	-	-	93,467,570	93,467,570
Interest bearing loan notes	0.27%	243,409,570	-	243,409,570
Total liabilities		243,409,570	93,467,570	336,877,140

Liquidity risk

The Company holds a liquidity facility, with Morgan Stanley totalling £10,532,086 (2022: £49,532,086), which is sufficient to cover any short-term liquidity issues. No amounts have been drawn under the facility throughout the year ended 31 March 2023 and to date. A facility has been established which will be available, subject to certain criteria and circumstances, in the event of the Company being unable, on a temporary basis, to meet its financial commitments. Additionally, as at year end the Company holds a reserve fund amount of £12,157,876 (2022: £12,157,876).

The following table details the Company's liquidity analysis for its financial liabilities at 31 March 2023 showing the undiscounted contractual cash flows to maturity. The maturity profile is estimated using the earliest expected date that the Company expects to repay the notes based on the expected maturity profile of the underlying mortgage assets on which repayment of the notes is driven. The interest payable on the loan notes is estimated based on the outstanding principal and interest rates at the year-end calculated up to the expected redemption date.

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

At 31 March 2023	1 to 3 months	3 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	Total
Liabilities	**£**	**£**	**£**	**£**	**£**	**£**
Floating rate notes due 2043	**2,441,706**	**7,325,119**	**9,766,826**	**29,300,477**	**163,594,331**	**212,428,459**
Interest payable	**431,118**	**1,293,354**	**1,622,447**	**4,255,194**	**7,541,225**	**15,143,338**
Total liabilities	**2,872,824**	**8,618,473**	**11,389,273**	**33,555,671**	**171,135,556**	**227,571,797**

At 31 March 2022	1 to 3 months	3 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	Total
Liabilities	£	£	£	£	£	£
Floating rate notes due 2043	2,801,140	8,403,421	11,204,561	33,613,683	187,676,396	243,699,201
Interest payable	501,032	1,503,097	1,900,774	5,082,190	11,457,987	20,445,080
Total liabilities	3,302,172	9,906,518	13,105,335	38,695,873	199,134,383	264,144,281

Interest rate risk
Interest rate risk exists where assets and liabilities have interest rates set under a different basis or which reset at different times. The Company minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of the portfolio of Loans and Notes (its principal assets and liabilities) are similar; where this is not possible the Company uses derivative financial instruments to mitigate any residual interest rate risk.

Due to the Company's interest rate hedging strategy, the Company considers that it has no significant net interest rate risk exposure and therefore has not presented a sensitivity analysis.

Credit risk
The ECL model is based on the weighted probability of three macro-economic scenarios. The macroeconomic variables affecting the level of expected credit losses are the Gross Domestic product (GDP) growth forecasts and forced liquidation discount based on historical repossession data of the Mortgage Loans. The Company recalculated the ECLs under the reported figures and under two alternative macroeconomic scenarios (an upside and adverse) by adjusting the weightings of the mid case GDP growth rate by +/- 25% and the forced liquidation discount by +/- 5.0%. The upside scenario resulted in a decrease in the ECL of £260,804 while the adverse scenario an increase in the ECL of £356,142.

Credit risk on the mortgage loans arises where the mortgage loans are secured by first charge on underlying residential properties located across the UK. The maximum exposure to credit risk is the balance sheet amount. The Company held a reserve fund amount of £12,157,876 (2022: £12,157,876). The table below represents the gross value of the portfolio excluding any accounting adjustments and shows the credit quality of the mortgages:

31 March 2023	12 month ECL	Lifetime ECL but not credit impaired	Lifetime ECL and credit impaired	Total
	£	£	£	£
Not Past Due	-	140,787,667	-	140,787,667
Past due (loan in arrears)	-	35,446,300	7,383,697	42,829,997
Carrying amount (before provision for impairment losses)	-	176,233,967	7,383,697	183,617,664
Expected credit losses	-	(345,116)	(56,080)	(401,196)
Net carrying amount	-	175,888,851	7,327,617	183,216,468

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

31 March 2022	12 month ECL	Lifetime ECL but not credit impaired	Lifetime ECL and credit impaired	Total
	£	£	£	£
Not Past Due	-	173,152,354	-	173,152,354
Past due (loan in arrears)	-	35,210,006	6,713,798	41,923,804
Carrying amount (before provision for impairment losses)	-	208,362,360	6,713,798	215,076,158
Expected credit losses	-	(370,233)	(1,207,386)	(1,577,619)
Net carrying amount	-	207,992,127	5,506,412	213,498,539

With regards to credit risk on derivatives, the Directors monitor the credit rating of the swap provider and in the case of any downgrade may require the swap provider to provide sufficient collateral or transfer its obligations to another bank of the same credit rating. During 2012 the swap counterparties, Barclays and Morgan Stanley, were downgraded and, as a result, swap collateral amounts were received. Amounts received and held as at year end were £16,218,504 (2022: £28,767,467) and £12,690,000 (2022: £11,980,000) from Barclays and Morgan Stanley respectively. Swap counter parties are posting collateral amounts as per the terms of transaction documents and the positions as at year end are fully collateralised.

The tables below represents the gross value of the portfolio excluding any accounting adjustments and shows the credit quality of the mortgages before the expected credit losses have been realised:

As at 31 March 2023	**12 month ECL**	**Lifetime ECL but not credit impaired**	**Lifetime ECL and credit impaired**	**Total**
	£	**£**	**£**	**£**
Performing balance	**-**	**140,787,667**	**-**	**140,787,667**
Past due 1 – 89 days	**-**	**27,351,024**	**8,095,276**	**35,446,300**
Past due 90 – 179 days	**-**		**3,198,294**	**3,198,294**
Past due 180 => days	**-**	**-**	**4,185,403**	**4,185,403**
TOTAL	**-**	**168,138,691**	**15,478,973**	**183,617,664**

As at 31 March 2022	12 month ECL	Lifetime ECL but not credit impaired	Lifetime ECL and credit impaired	Total
	£	£	£	£
Performing balance	-	173,152,354	-	173,152,354
Past due 1 – 89 days	-	31,771,454	3,438,552	35,210,006
Past due 90 – 179 days	-		3,804,933	3,804,933
Past due 180 > days	-	-	2,908,865	2,908,865
TOTAL	-	204,923,808	10,152,350	215,076,158

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

Analysis of the mortgage loans by LTV, occupancy status, interest type and repayment type are shown below as an indication of the credit quality. A significant proportion of the mortgages are interest only loans which results in an increased risk of the borrower defaulting on the repayment of the principal payment at the end of the term. The servicer monitors these accounts and complies with the FCA guidelines on keeping the borrower informed at specific intervals to ensure the risk is highlighted. These have not been adjusted by applying house price indexation to the last valuation of the collateral:

	2023		2022	
LTVs	Amount £	% of Amount	Amount	% of Amount
≤50%	19,734,007	10.7%	23,364,761	10.9%
>50-≤60%	8,556,278	5.9%	10,149,176	4.7%
>60-≤70%	11,427,923	4.7%	14,919,813	6.9%
>70-≤80%	24,452,295	6.2%	28,517,907	13.3%
>80-≤90%	50,184,296	13.3%	62,773,388	29.2%
>90-≤100%	58,416,742	27.3%	66,103,061	30.7%
100%+	10,846,123	31.9%	9,248,052	4.3%
Total	183,617,664	100.0%	215,076,158	100.0%

	2023		2022	
Occupancy Status	Amount £	% of Amount	Amount	% of Amount
Buy-to-let	23,639,631	12.9%	28,825,783	13.4%
Owner	159,978,033	87.1%	186,250,375	86.6%
Total	183,617,664	100.0%	215,076,158	100.0%

	2023		2022	
Interest Type	Amount £	% of Amount	Amount	% of Amount
SVR	179,948,348	98.0%	210,493,551	97.9%
Tracker	3,669,316	2.0%	4,582,607	2.1%
Total	183,617,664	100.0%	215,076,158	100.0%

	2023		2022	
Repayment type	Amount £	% of Amount	Amount £	% of Amount
Principal & Interest	20,867,995	11.4%	25,500,330	11.9%
Interest-only	162,411,234	88.4%	189,115,292	87.9%
Part & part	338,435	0.2%	460,536	0.2%
Total	183,617,664	100.0%	215,076,158	100.0%

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency and exchange risk
Currency and exchange risk exists where assets and/or liabilities are denominated in more than one currency. The Company has an exposure to currency and exchange risk as the notes are denominated in Sterling, Euros and Dollars. The Company's total exposure in foreign currency exchange rates at the balances sheet date were as follows:

	Sterling	**Euro**	**Dollar**	**Total**
At 31 March 2023	**£**	**£**	**£**	**£**
Assets				
Trade and other receivables	**5,906,515**	**-**	**-**	**5,906,515**
Mortgage loans	**192,003,446**	**-**	**-**	**192,003,446**
Derivative financial instruments	**31,542,375**	**-**	**-**	**31,542,375**
Cash and cash equivalents	**37,405,780**	**-**	**-**	**37,405,780**
Total assets	**266,858,116**	**-**	**-**	**266,858,116**
Liabilities				
Current liabilities	**84,395,368**	**-**	**-**	**84,395,368**
Interest bearing loan notes	**94,667,777**	**84,902,009**	**32,858,673**	**212,428,459**
Total liabilities	**179,063,146**	**84,902,009**	**32,858,673**	**296,823,827**

	Sterling	Euro	Dollar	Total
At 31 March 2022	£	£	£	£
Assets				
Trade and other receivables	2,364,391	-	-	2,364,391
Mortgage loans	226,625,278	-	-	226,625,278
Derivative financial instruments	30,707,383	-	-	30,707,383
Cash and cash equivalents	52,080,155	-	-	52,080,155
Total assets	311,777,207	-	-	311,777,207
Liabilities.				
Current liabilities	93,467,570	-	-	93,467,570
Interest bearing loan notes	111,427,496	95,902,584	36,369,122	243,699,202
Total liabilities	204,895,066	95,902,584	36,369,122	337,166,772

The Company is exposed to movements in foreign exchange rates and reduces this exposure using currency swaps entered into with Barclays and Morgan Stanley. More specifically, the Company is exposed to exchange risk due to Notes issued in Euros and Dollars. This risk exposure is reduced using currency swaps that are taken out on inception of the securitisation. As at 31 March 2023, the vast majority of the currency risk is mitigated through the use of currency swaps. As such, no sensitivity analysis has been presented.

14. DERIVATIVE FINANCIAL INSTRUMENTS

The net fair values of derivative financial instruments at the balance sheet date were:

	Total	Currency swaps	Interest swap
	£	£	£
Balance as at 1 April 2021	34,581,171	34,581,171	-
Movement during the year	(3,873,788)	(3,873,788)	-
Balance as at 31 March 2022	30,707,383	30,707,383	-
Movement during the year	**834,992**	854,762	**(19,770)**
Balance as at 31 March 2023	**31,542,375**	**31,562,145**	**(19,770)**

The notional principal amount of all the outstanding currency swaps contracts at 31 March 2023 was £169,750,521 (2022: £140,430,825).

In accordance with IFRS 9 Financial instruments, the Company has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements set out in the standard.

The Company has the ability to redeem the floating rate notes in full or part at their then principal amount outstanding, together with interest accrued to the date of redemption, on any interest payment date. The Company effectively has a call option on the floating rate notes exercisable on certain dates. The option constitutes an embedded derivative; however, as this is closely related to the underlying host contract (the floating rate notes) consistent with IFRS 9, the option does not require separation. A similar hybrid instrument arises on the mortgage loan whereby the Company has effectively sold a put option on the mortgage loans exercisable on certain dates. As this option is considered to be closely related to the underlying host contract, it does not require separation.

15. RELATED PARTY TRANSACTIONS

The Company is a special-purpose company controlled by its Board of Directors, which comprises two directors; Wilmington Trust SP Services (London) Limited and Mr D J Wynne. Mr D J Wynne, a director of the Company is also a director of Wilmington Trust SP Services (London) Limited. The Company pays a corporate service fee to Wilmington Trust SP Services (London) Limited in connection with corporate services received on an arm's length basis. The Corporate Services fees payable to Wilmington Trust SP Services (London) Limited for the year ended 31 March 2023 amounted to £47,505 (2022: £46,661). At year end £3,599 (2022: £3,119) of Corporate Services included within prepayment and £23,400 (2022: £23,400) was included within accruals.

16. ULTIMATE PARENT UNDERTAKING

ResLoC UK 2007-1 Plc is a company incorporated in the United Kingdom and registered in England and Wales.

ResLoC UK Holdings Limited holds 49,999 shares in the Company. This shareholding does not confer any power to control the operations of the Company. Wilmington Trust SP Services (London) Limited holds one share in ResLoC UK 2007-1 Plc and the entire share capital in ResLoC UK Holdings Limited under a declaration of trust for charitable purposes. The registered office of Wilmington Trust SP Services (London) Limited is given on page 1.

The Company is not consolidated into ResLoC UK Holdings Limited or any other entity.

The Directors consider that ResLoC UK 2007-1 Plc has no ultimate controlling party.