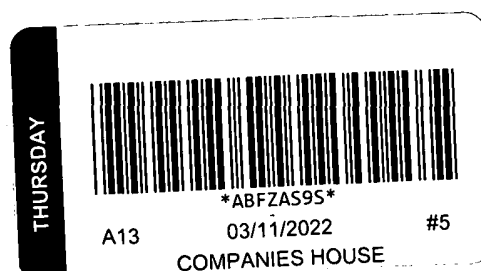


**Company Registration No. 09360271**

**Gresham Receivables (No. 44) UK Limited**

**Report and Financial Statements**

**For the year ended 31 December 2021**



**Gresham Receivables (No. 44) UK Limited**

**Report and financial statements 2021**

<b>Contents</b>	<b>Page</b>
Officers and professional advisers	2
Strategic report	3
Directors' report	6
Directors' responsibilities statement	8
Independent auditor's report	9
Statement of comprehensive income	13
Statement of financial position	14
Statement of changes in equity	15
Statement of cash flow	16
Notes to the financial statements	17

**Gresham Receivables (No. 44) UK Limited**

**Report and financial statements 2021**

**Officers and professional advisers**

**Directors**

Daniel Jonathan Wynne

Ioannis Kyriakopoulos

Wilmington Trust SP Services (London) Limited

**Secretary**

Wilmington Trust SP Services (London) Limited

**Bankers**

The Bank of New York Mellon

One Canada Square

London

E14 5AL

**Registered office**

C/O Wilmington Trust SP Services (London) Limited

Third Floor

1 King's Arms Yard

London

EC2R 7AF

**Auditor**

Deloitte LLP

Statutory Auditors

1 New Street Square

London

EC4A 3HQ

## **Gresham Receivables (No. 44) UK Limited**

### **Strategic report**

#### **Principal activities and review of the business**

Gresham Receivables (No. 44) UK Limited (the "Company"), a limited liability Company, was formed on 18 December 2014. The Company is a special purpose vehicle sponsored by Lloyds Bank plc which purchases investments backed by eligible receivables. These are funded through borrowings from Cancara Asset Securitisation Limited, Lloyds Bank plc or Bank of Scotland plc. The borrowings are collateralized by the purchased assets.

Cancara Asset Securitisation Limited is a special purpose vehicle in a conduit programme (the "Programme") sponsored by Lloyds Bank plc, which issues United States of America Commercial Paper and European Commercial Paper, the proceeds of which are advanced to associated purchaser companies which in turn acquire financial assets.

Shortly after formation, the Company entered into several agreements including an Administration Agreement and a Commissioning Agreement. Pursuant to the original agreements and subsequent amendments, the Company engaged Lloyds Bank plc to provide administration, structuring, documenting, monitoring and surveillance services. Lloyds Bank plc is compensated as Administrative Agent. Wilmington Trust SP Services (London) Limited provides corporate administration services to the Company pursuant to a corporate services agreement, for which it receives compensation.

In March 2019, following the closing of a program amendment, the Programme's rating was reaffirmed as A-1sf by Standard & Poor's, P-1sf by Moody's and F1sf by Fitch Ratings. Lloyds Bank plc and Bank of Scotland plc provide full support liquidity facilities which may be drawn as an alternative or alongside the issuance of commercial paper by Cancara Asset Securitisation Limited.

During the year, the assets in the Cancara programme transitioned away from IBOR rates, through scheduled refinances or activation of existing fallback provisions in customer contracts. There was no significant impact on the Company from this transition.

There is no significant change expected in the future to the activities of the Company.

#### **Communities and the Environment**

Due to its limited physical presence, the Company has a minimal direct impact on the community and the environment, it does however continue to support Lloyds Banking Group plc's related initiatives. Further information in respect of Lloyds Banking Group plc's overall approach to engaging with and contributing to the communities in which it operates is included within the Strategic Report of the Lloyds Banking Group plc's Annual Report and Accounts for the year ended 31 December 2021 which does not form part of this report. Additional information on Lloyds Banking Group plc's Helping Britain Prosper Plan is available on the Lloyds Banking Group plc website.

#### **Future prospects**

The Administrative Agent has actively continued to identify new customer transactions which could be funded through the Programme.

**Gresham Receivables (No. 44) UK Limited**  
**Strategic report (continued)**

**Results and key performance indicators**

The loss for the year was \$(163,783) (2020: profit of \$1,365).

The key performance indicator for the Company is the performance of the investments held which is measured through the impairment of the Investments. The investments continue to perform satisfactorily and there have been no material impairment provisions recognised in the year.

**Principal risks and uncertainties**

The Company's principal exposures to risk arise from its financial instruments held. The Company's financial instruments comprise principally amounts due from investments. Cash, accrued interest income, accrued interest payable and other items arise directly from the Company's operations. Further detail on financial instruments and their associated risks has been included in the note 6 to the financial statements.

**Geopolitical Risk**

The Russian invasion Of Ukraine, beginning in February 2022, has increased tensions between members Of the North Atlantic Treaty Organisation (NATO) and Russia and caused sanctions to be imposed. This could have significant adverse economic effects on financial markets and on energy costs. and may also result in increased cyber attacks and an increase in costs associated with such cyber attacks, all of which could have a materially adverse effect on the Company's results of operations. financial conditions or prospects. The Company will continue to monitor the situation and risks to the business.

**Going concern**

In order to form a view of the most appropriate basis of preparation of these financial statements, the directors have assessed the likelihood of whether the Company will be able to continue trading for at least twelve months from the date of signing of the financial statements. The Company monitors the current situation regarding the rapid transmission of COVID-19 and has considered the current economic developments in order to form a view of the impact of COVID-19 to the business and the environment in which it operates. COVID-19 has not significantly impacted the operations of the Cancara programme or its ability to fund the assets held by the Gresham entities. Some of the sectors and underlying businesses in to which the programme lends, particularly the Automotive sector, have been impacted by the pandemic, resulting in reduced volumes of transactions and client funding requirements. The programme continues to monitor the credit risk of its lending transactions, reflecting any deteriorations in the financial statements of the relevant Gresham receivable entities.

**Gresham Receivables (No. 44) UK Limited****Strategic report (continued)**

The Company is part of the Cancara Programme of the Lloyds Banking Group Plc ('LBG') or ('Group'). The going concern assumption of the Cancara Programme is validated by the provision of full support liquidity facilities provided by Group entities, Lloyds Bank plc and Bank of Scotland plc, to the purchaser companies collectively known as 'Greshams'. Cancara provides funding to the Greshams through the issuance of commercial paper in the asset backed commercial paper market. Where the programme is unable to access external commercial paper funding, these liquidity facilities would be drawn on and would be expected to bear any credit losses that arose on the Gresham receivable assets – though, as highly-rated secured assets, the expected credit losses on these assets remain at a low level.

The Directors have considered the going concern assessment of LBG at a consolidated level, which incorporates the capital and funding requirements of the Cancara Programme. It is in the Directors' view that the going concern assessment of LBG illustrates the Group's ability to continue as a going concern and support the Cancara programme in a stressed scenario. As a result, the Directors are of the view that the Company will continue to be a going concern and accordingly the Company's financial statements have been prepared on a going concern basis.

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



**Ioannis Kyriakopoulos**

Director

1<sup>st</sup> November 2022

## **Gresham Receivables (No. 44) UK Limited**

### **Directors' report**

The directors present their report and the audited financial statements for the year ended 31 December 2021. The future prospects and developments are disclosed in the strategic report.

### **Financial Risks**

As discussed in note 6, structured transactions such as securitizations involve risks including but not limited to (1) credit risk; (2) market risk and (3) liquidity risk.

### **Subsequent events**

As discussed in note 12, the directors have reviewed subsequent events.

### **Results, dividends and transfers to reserves**

As referenced in the strategic report, the loss for the period was \$(163,783) (2020: profit of \$1,365). In 2021 the shareholders of the Company waived their right to unpaid dividends for 2019 (\$1,321) and 2020 (\$1,365). No new dividends are proposed.

### **Ultimate controlling party**

The directors consider the ultimate parent company is Lloyds Banking Group plc which is the parent undertaking of the largest group of undertakings for which group accounts are drawn and of which the Company is a member.

### **Directors**

The following directors held office throughout the period and subsequently:

Daniel Jonathan Wynne

Ioannis Kyriakopoulos

Wilmington Trust SP Services (London) Limited

### **Directors' indemnities**

Third party indemnity provisions for the benefit of the directors were in force during the period under review and remain in force as at the date of approval of the annual reports and financial statements.

### **Auditor**

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

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

## **Gresham Receivables (No. 44) UK Limited**

### **Directors' report (continued)**

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

The Company has elected to dispense with the obligation to appoint an auditor annually and, accordingly, Deloitte LLP will be the auditor of the Company for the forthcoming financial period under the provisions of section 485 of the Companies Act 2006.

### **Going concern**

In order to form a view of the most appropriate basis of preparation of these financial statements, the directors have assessed the likelihood of whether the Company will be able to continue trading for at least twelve months from the date of signing of the financial statements. The Company monitors the *current situation regarding the rapid transmission of COVID-19* and has considered the current economic developments in order to form a view of the impact of COVID-19 to the business and the environment in which it operates. COVID-19 has not significantly impacted the operations of the Cancara programme or its ability to fund the assets held by the Gresham entities. Some of the sectors and underlying businesses in to which the programme lends, particularly the Automotive sector, have been impacted by the pandemic, resulting in reduced volumes of transactions and client funding requirements. The programme continues to monitor the credit risk of its lending transactions, reflecting any deteriorations in the financial statements of the relevant Gresham receivable entities.

The Company is part of the Cancara Programme of the Lloyds Banking Group Plc ('LBG') or ('Group'). The going concern assumption of the Cancara Programme is validated by the provision of full support liquidity facilities provided by Group entities, Lloyds Bank plc and Bank of Scotland plc, to the purchaser companies collectively known as 'Greshams'. Cancara provides funding to the Greshams through the issuance of commercial paper in the asset backed commercial paper market. Where the programme is unable to access external commercial paper funding, these liquidity facilities would be drawn on and would be expected to bear any credit losses that arose on the Gresham receivable assets – though, as highly-rated secured assets, the expected credit losses on these assets remain at a low level.

The Directors have considered the going concern assessment of LBG at a consolidated level, which incorporates the capital and funding requirements of the Cancara Programme. It is in the Directors' view that the going concern assessment of LBG illustrates the Group's ability to continue as a going concern and support the Cancara programme in a stressed scenario. As a result, the Directors are of the view that the Company will continue to be a going concern and accordingly the Company's financial statements have been prepared on a going concern basis.

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



**Ioannis Kyriakopoulos**

Director

1<sup>st</sup> November 2022



**Gresham Receivables (No. 44) UK Limited****Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom adopted international accounting standards. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs 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; and
- make an assessment of the Company's ability to continue as a going concern.

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

## **Independent auditor's report to the members of Gresham Receivables (No. 44) UK Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Gresham Receivables (No. 44) UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flow; and
- the related notes 1 to 12.

The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom adopted international accounting standards and IFRSs as issued by the IASB.

#### **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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these 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 concern basis of accounting in the preparation of the financial statements is appropriate.

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.

#### **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.

### **Responsibilities of directors**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialist such as impairment specialist regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

#### **Report on other legal and regulatory requirements**

##### **Opinions on other matters prescribed by the Companies Act 2006**

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 any material misstatements in the strategic report or the directors' report.

##### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

### 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.

A handwritten signature in black ink, appearing to read 'Tom Millar'.

Tom Millar FCA (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
London, United Kingdom  
1 November 2022

**Gresham Receivables (No. 44) UK Limited**

**Statement of comprehensive income**

**For the year ended 31 December 2021**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Interest income	<b>220,097</b>	20,395
Fee and other income	<b>2,933,838</b>	278,737
Provision for expected credit loss	<b>(165,113)</b>	-
Total income	<b>2,988,822</b>	299,132
Interest expense (note 2)	<b>151,715</b>	10,374
Non-interest expenses	<b>3,000,637</b>	287,392
Total expenses	<b>3,152,352</b>	297,766
Net (loss) income before taxes (note 9)	<b>(163,530)</b>	1,366
Income tax expense (note 9)	<b>253</b>	1
Comprehensive (loss) income	<b>(163,783)</b>	1,365

All activities in the current year relate to continuing activities.  
There was no other comprehensive income in the current year.

The accompanying notes are an integral part of the financial statements.

**Gresham Receivables (No. 44) UK Limited**

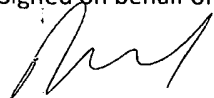
**Statement of financial position**

**As at 31 December 2021**

	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
Cash and cash equivalents	-	282,826
Accrued interest and fees receivable	<b>291,727</b>	17,056
Financial assets at amortised cost (note 4)	<b>410,807,137</b>	416,294,500
Other assets	-	143,791
	<b>411,098,864</b>	<b>416,738,173</b>
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
Cash overdraft	<b>271,611</b>	-
Accounts payable and accrued liabilities	<b>36,073</b>	312,356
Advances from liquidity provider	<b>291,116,573</b>	228,279,525
Advances from issuer Company (note 5)	<b>119,834,328</b>	188,144,925
	<b>411,258,585</b>	<b>416,736,806</b>
<b>Equity</b>		
Called up share capital (note 7)	<b>2</b>	<b>2</b>
(Accumulated deficit) retained earnings	<b>(159,723)</b>	1,365
<b>Shareholders' (deficit) equity</b>	<b>(159,721)</b>	<b>1,367</b>
	<b>411,098,864</b>	<b>416,738,173</b>

These financial statements of Gresham Receivables (No. 44) UK Limited, registration number 09360271, were approved and authorised for issue by the Board of Directors on 1<sup>st</sup> November 2022.

Signed on behalf of the Board of Directors



**Ioannis Kyriakopoulos**

Director

1<sup>st</sup> November 2022

The accompanying notes are an integral part of the financial statements.

**Gresham Receivables (No. 44) UK Limited**

**Statement of changes in equity**

**For the year ended 31 December 2021**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Shareholders' equity, beginning of year	<b>1,367</b>	1,323
Comprehensive (loss) income	<b>(163,783)</b>	1,365
Dividends	<b>2,695</b>	<b>(1,321)</b>
Shareholders' (deficit) equity, end of year	<b>(159,721)</b>	1,367

The accompanying notes are an integral part of the financial statements.



**Gresham Receivables (No. 44) UK Limited**

**Statement of cash flow**

**For the year ended 31 December 2021**

	2021	2020
	\$	\$
<b>Operating activities</b>		
Interest and fee revenues received	2,879,264	282,076
Interest paid	(151,717)	(10,374)
Non-interest expenses paid	(3,133,380)	(7,244)
Net cash (used in) from operating activities	(405,833)	264,458
<b>Investing activities</b>		
Net redemption (funding of) of financial assets	5,322,250	(416,294,500)
Net cash from (used in) investing activities	5,322,250	(416,294,500)
<b>Financing activities</b>		
Net (repayments) advances from issuer	(68,310,597)	188,034,662
Net fundings from liquidity provider	62,837,048	228,279,525
Dividends	2,695	(1,321)
Net cash (used in) from financing activities	(5,470,854)	416,312,866
Net (decrease) increase in cash during the year	(554,437)	282,824
Cash, beginning of year	282,826	2
<b>(Cash overdraft) cash, end of year</b>	<b>(271,611)</b>	<b>282,826</b>

The accompanying notes are an integral part of the financial statements.

## **Gresham Receivables (No. 44) UK Limited**

### **Notes to financial statements**

**For the year ended 31 December 2021**

#### **1. Organisation**

Gresham Receivables (No. 44) UK Limited (the "Company") was incorporated on 18 December 2014. The Company is a private limited company limited by shares. The Company is a special purpose vehicle sponsored by Lloyds Bank plc which purchases investments backed by eligible receivables. These are funded through borrowings from Cancara Asset Securitisation Limited, Lloyds Bank plc or Bank of Scotland plc. The borrowings are collateralized by the purchased assets.

Shortly after formation, the Company entered into several agreements including an Administration Agreement and a Commissioning Agreement. Pursuant to the original agreements and subsequent amendments, the Company engaged Lloyds Bank plc to provide administration, structuring, documenting, monitoring and surveillance services. Lloyds Bank plc is compensated as Administrative Agent. Wilmington Trust SP Services (London) Limited provides corporate administration services to the Company pursuant to a Corporate Services Agreement, for which it receives compensation.

The registered office of the Company is C/O Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London, EC2R 7AF.

#### **2. Significant Accounting policies**

##### **Basis of Preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements are presented in US Dollars which is the Company's functional and presentation currency and have been prepared on the historical cost basis. The Company is part of the Cancara Programme of the Lloyds Banking Group Plc ('LBG') or ('Group'). The going concern assumption of the Cancara Programme is validated by the provision of full support liquidity facilities provided by Group entities, Lloyds Bank plc and Bank of Scotland plc, to the purchaser companies collectively known as 'Greshams'. Cancara provides funding to the Greshams through the issuance of commercial paper in the asset backed commercial paper market. Where the programme is unable to access external commercial paper funding, these liquidity facilities would be drawn on and would be expected to bear any credit losses that arose on the Gresham receivable assets – though, as highly-rated secured assets, the expected credit losses on these assets remain at a low level.

**Gresham Receivables (No. 44) UK Limited**

**Notes to financial statements**

**For the year ended 31 December 2021**

**2. Significant Accounting policies (continued)**

**Basis of preparation (continued)**

The Directors have considered the going concern assessment of LBG at a consolidated level, which incorporates the capital and funding requirements of the Cancara Programme. It is in the Directors' view that the going concern assessment of LBG illustrates the Group's ability to continue as a going concern and support the Cancara programme in a stressed scenario. As a result, the Directors are of the view that the Company will continue to be a going concern and accordingly the Company's financial statements have been prepared on a going concern basis.

**Critical accounting judgements and key sources of estimation uncertainty**

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Company's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements on carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates used in the financial statements.

The Gresham receivable assets are all highly-rated secured assets and therefore, the expected credit losses remain at a low level. On this basis, there have been no critical accounting judgements and sources of estimation and uncertainty which have been used in the current or prior reporting period.

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 the current and future periods.

**Cash and cash equivalents**

Cash and cash equivalents consist of amounts on deposit, overdrafts are liabilities. Due to the short-term nature, carrying value of cash and cash equivalents approximate their fair values.

**Gresham Receivables (No. 44) UK Limited****Notes to financial statements****For the year ended 31 December 2021****Financial assets and liabilities**

On initial recognition, financial assets are classified as measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss, depending on the Company's business model for managing the financial assets and whether the cash flows represent solely payments of principal and interest. The Company assesses its business model based on its objectives for the relevant assets, how the performance of the assets is managed and reported, and the frequency of asset sales.

Financial liabilities are recognized initially at fair value, being their issue proceeds net of transaction costs incurred. These instruments are subsequently stated at amortised cost using the effective interest method.

The Company initially recognises loans and advances, deposits, debt securities in issue and subordinated liabilities when the Company becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual right to receive cash flows from those assets has expired or when the Company has transferred its contractual right to receive the cash flows from the assets and either: substantially all of the risks and rewards of ownership have been transferred; or the Company has neither retained nor transferred substantially all of the risks and rewards, but has transferred control.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

**Financial assets at amortised cost**

The Company holds eligible receivables in a business model whose objective is to hold financial assets in order to collect contractual cash flows and, where the cash flows represent solely payments of principal and interest, they are eligible to be accounted for at amortised cost. They are initially measured at the amount of the advance being fair value and subsequently measured at amortised cost.

**Advances from issuer Company**

Borrowings from Cancara Asset Securitisation Limited under a commissioning agreement are at amortized cost. Interest expense is recorded on an accrual basis. The interest incurred on advances from the issuer Company is recorded as interest expense on a straight-line basis over the term of the advances which approximates the effective interest method due to their short-term maturities.

**Gresham Receivables (No. 44) UK Limited**

**Notes to financial statements**

**For the year ended 31 December 2021**

**2. Significant Accounting policies (continued)**

**Interest income and expense**

Interest income and expense are recognised in the income statement for all interest-bearing financial instruments using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense over the expected life of the financial instrument.

The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument to the gross carrying amount of the financial asset (before adjusting for expected credit losses) or to the amortised cost of the financial liability, including early redemption fees, and related penalties, and premiums and discounts that are an integral part of the overall return. Direct incremental transaction costs related to the acquisition, issue or disposal of a financial instrument are also taken into account.

Interest income from non-credit impaired financial assets is recognised by applying the effective interest rate to the gross carrying amount of the asset; for credit impaired financial assets, the effective interest rate is applied to the net carrying amount after deducting the allowance for expected credit losses. Impairment policies are set out below.

Interest revenues are recognized on a straight-line basis over the related funding period which approximates the effective interest method due to their short-term maturities.

**Fee income and expense**

Other income is comprised of fees, chargeable by the Company to borrowers for the advances and facility availability provided to them. Programme fees include a used fee and unused fee, where applicable, based on the facility size and level of utilisation.

Other expenses is predominantly comprised of programme fees, administration fees and liquidity fees. Programme fees are payable to Lloyds Bank plc for its arranging and administration services. Liquidity fees are incurred in relation to the supporting liquidity facilities. and are payable to the relevant liquidity provider, being Lloyds Bank plc or Bank of Scotland plc, dependent on the source of funding for the facility.

**Gresham Receivables (No. 44) UK Limited**

**Notes to financial statements**

**For the year ended 31 December 2021**

**2. Significant Accounting policies (continued)**

**Impairment**

The impairment charge in the Statement of comprehensive income includes the change in expected credit losses. Expected credit losses are recognised for financial assets held at amortised cost and loan commitments.

Expected credit losses are calculated by using an appropriate probability of default, adjusted to take into account a range of possible future economic scenarios, and applying this to the estimated exposure of the Company at the point of default after taking into account the value of any collateral held or other mitigants of loss and including the impact of discounting using the effective interest rate.

At initial recognition, allowance (or provision in the case of some loan commitments and financial guarantees) is made for expected credit losses resulting from default events that are possible within the next 12 months (12-month expected credit losses). In the event of a significant increase in credit risk, allowance (or provision) is made for expected credit losses resulting from all possible default events over the expected life of the financial instrument (lifetime expected credit losses). Financial assets where 12-month expected credit losses are recognised are considered to be Stage 1; financial assets which are considered to have experienced a significant increase in credit risk are in Stage 2; and financial assets which have defaulted or are otherwise considered to be credit impaired are allocated to Stage 3.

An assessment of whether credit risk has increased significantly since initial recognition considers the change in the risk of default occurring over the remaining expected life of the financial instrument. The assessment is unbiased, probability-weighted and uses forward-looking information consistent with that used in the measurement of expected credit losses.

In determining whether there has been a significant increase in credit risk, the Company uses quantitative tests based on relative and absolute probability of default (PD) movements linked to internal credit ratings together with qualitative indicators such as watchlists and other indicators of historic delinquency. However, unless identified at an earlier stage, the credit risk of financial assets is deemed to have increased significantly when more than 30 days past due. Where the credit risk subsequently improves such that it no longer represents a significant increase in credit risk since origination, the asset is transferred back to Stage 1.

Assets are transferred to Stage 3 when they have defaulted or are otherwise considered to be credit impaired.

**Gresham Receivables (No. 44) UK Limited**

**Notes to financial statements**

**For the year ended 31 December 2021**

**2. Significant Accounting policies (continued)**

**Foreign currency translation**

Assets and liabilities in foreign currencies are translated into United States dollars at year-end rates. Revenues and expenses in foreign currencies are translated into United States dollars at the rate at the date of transaction. Realized and unrealized gains from foreign currency translation are included in interest expense in the Statement of comprehensive income.

**Capital management**

The Company's capital is comprised of nominal equity. The Company is structured so that the assets are expected to provide the Company with a return sufficient to pay its obligations under the short-term financing and expenses incurred. Dividends are recorded when they are appropriately authorised and no longer at the discretion of the entity.

The financial statements have been prepared on a going concern basis. The Company has the benefit of a committed limited recourse liquidity facility with Lloyds Bank plc which can be drawn down in the event that Cancara Asset Securitisation Limited is unable to issue commercial paper and therefore provide the funding for the Company.

In the event that Lloyds Bank plc was not to renew its commitments whilst a transaction is outstanding, the available facility amount could be drawn in full by the Company to ensure it remains in a position to meet obligations under the transaction. Under the terms of the liquidity facility agreements, the Company is only obliged to repay the drawn down amount from the facility to Lloyds Bank plc to the extent that it has funds available for such purpose.

In 2021 the shareholders of the Company waived their right to unpaid dividends for 2019 (\$1,321) and 2020 (\$1,365). No new dividends are proposed.

The eligible assets are structured to incorporate credit enhancement to mitigate a stressed level of defaults in the underlying assets. In the event that the performance of the assets held deteriorates, triggers are in place which provide for draws on their committed limited recourse liquidity facilities.

**Gresham Receivables (No. 44) UK Limited**

**Notes to financial statements**

**For the year ended 31 December 2021**

**2. Significant Accounting policies (continued)**

**Income taxes**

Tax expense comprises current and deferred tax. Current and deferred tax are charged or credited in the statement of comprehensive income except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different period, outside the statement of comprehensive income (either in other comprehensive income, directly in equity, or through a business combination), in which case the tax appears in the same statement as the transaction that gave rise to it.

Current tax is the amount of corporate income taxes expected to be payable or recoverable based on the profit for the period as adjusted for items that are not taxable or not deductible, and is calculated using tax rates and laws that were enacted or substantively enacted at the balance sheet date.

Current tax includes amounts provided in respect of uncertain tax positions when management expects that, upon examination of the uncertainty by Her Majesty's Revenue and Customs (HMRC) or another tax authority, it is more likely than not that an economic outflow will occur. Provisions reflect management's best estimate of the ultimate liability based on their interpretation of tax law, precedent and guidance, informed by external tax advice as necessary. Changes in facts and circumstances underlying these provisions are reassessed at each balance sheet date, and the provisions are re-measured as required to reflect current information.

**Future accounting changes**

IFRS 17 Insurance Contracts

IFRS 17 replaces IFRS 4 Insurance Contracts and is effective for annual periods beginning on or after 1 January 2023. This is not expected to have any impact on the Company.

Minor amendments to other accounting standards

The IASB has issued a number of minor amendments to IFRSs effective during the year and as at 1 January 2022. These amendments are not expected to have a significant impact on the Company.



**Gresham Receivables (No. 44) UK Limited**

**Notes to financial statements**

**For the year ended 31 December 2021**

**3. Fair value of financial instruments**

In accordance with IFRS 13, all financial instruments measured at fair value are categorized into one of three hierarchy levels, described below, for disclosure purposes. Each level is based on the observability of the inputs used to measure fair value:

Level 1 – inputs are unadjusted quoted prices of identical instruments in active markets;

Level 2 – inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly; and

Level 3 – one or more significant inputs used in a valuation technique are unobservable in determining fair value of the instruments.

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

As at 31 December 2021 the Company had no financial instruments classified as Level 1 Level 2 or Level 3. There were no transfers between Level 1, 2 or 3 during 2021.

The carrying value of all financial instruments, as disclosed in the Company's statement of financial position as at 31 December 2021, approximate their fair value because such instruments are short-term in nature and/or bear variable interest rates.

**4. Financial assets at amortised cost**

The Company's financial assets at amortised cost are eligible receivables purchased by the Company. The eligible receivables purchased by the Company were pledged as security for the Company's borrowings from Cancara Asset Securitisation Limited. The total purchase commitments in place by the Company as at 31 December 2021 and 2020 equalled \$410,972,250 and \$416,294,500 respectively.

All of the outstanding eligible receivables of the Company as at 31 December 2021 were denominated in the Great Britain pound.

All of the outstanding eligible receivables as at 31 December 2021 and 2020 were auto loans.

**Gresham Receivables (No. 44) UK Limited****Notes to financial statements****For the year ended 31 December 2021**

Assuming no prepayments, the Company's eligible receivable are anticipated to be collected as follows:

	\$
2022	410,807,137
2023	-
2024	-
2025	-
2026	-
	<hr/>
	410,807,137

There were no overdue amounts due to the Company as at 31 December 2021.

The company had a gross asset balance of financial assets held at amortised cost of \$410,972,250. All assets are regarded as stage 1 for impairment purposes, and have remained as stage 1 over the course of the period.

The 12-month expected credit loss held against these assets, and associated undrawn facilities, was \$165,113 at 31 December 2021. The movement in the provision during the period of an increase of \$165,113 was recognised in the Statement of comprehensive income.

**5. Advances from issuer Company**

Advances from issuer Company are amounts funded to the Company by Cancara Asset Securitisation Limited under the commissioning agreement. These amounts are initially stated at fair value on initial recognition which is equal to the amount of proceeds received. The carrying amount is increased by the finance cost in respect of the reporting period and reduced by payments made.

All of the outstanding advances from the issuer Company as at 31 December 2021 were due in one period or less, or on demand, dependent on cash receipts from the assets. Please refer to note 6 for the advances from issuer Company maturity analysis.

**Gresham Receivables (No. 44) UK Limited**

**Notes to financial statements**

**For the year ended 31 December 2021**

**6. Nature and extent of risks arising from financial instruments**

Structured transactions such as securitizations involve risks including but not limited to (1) credit risk; (2) market risk and (3) liquidity risk. Credit risk is the risk of payment default or non-cash adjustments to receivable balances. Liquidity risk is the risk that funds will not be available to repay outstanding advances and that there will be a draw under the applicable liquidity or credit facility. Market risk incorporates interest rate risk, currency risk and other risks, including disruptions in the asset backed commercial paper market. Further discussion on each of these risks follows:

**a) Credit risk**

Credit risk refers to the risk that the eligible receivables will not be repaid to the Company.

The credit risk faced by the Company is that the receivables acquired by the Company will default, thereby impairing the Company's ability to meet its obligations under short-term borrowings. The default risk is reduced through a combination of over-collateralisation measures and the imposition of transaction triggers.

As at 31 December 2021 and 2020, the Company's maximum exposure to credit risk totals were \$411,098,864 and \$416,311,556.

**Allowance for impairment losses**

Expected credit losses are calculated by using an appropriate probability of default, adjusted to take into account a range of possible future economic scenarios, and applying this to the estimated exposure of the Company at the point of default after taking into account the value of any collateral held or other mitigants of loss and including the impact of discounting using the effective interest rate.

**Gresham Receivables (No. 44) UK Limited**

**Notes to financial statements**

**For the year ended 31 December 2021**

**6. Nature and extent of risks arising from financial instruments (continued)**

The calculation of the Company's expected credit loss (ECL) allowances and provisions against loan commitments under IFRS 9 requires the Company to make a number of judgements, assumptions and estimates. The most significant are set out below.

*Definition of default*

The probability of default (PD) of an exposure, both over a 12 month period and over its lifetime, is a key input to the measurement of the ECL allowance. Default has occurred when there is evidence that the customer is experiencing significant financial difficulty which is likely to affect the ability to repay amounts due. The definition of default adopted by the Company is aligned to the Lloyds Banking Group impairment policy, details of which are available in the Lloyds Banking Group financial statements

*Significant increase in credit risk*

Performing assets are classified as either Stage 1 or Stage 2. An ECL allowance equivalent to 12 months expected losses is established against assets in Stage 1; assets classified as Stage 2 carry an ECL allowance equivalent to lifetime expected losses. Assets are transferred from Stage 1 to Stage 2 when there has been a significant increase in credit risk (SICR) since initial recognition.

The Company uses a quantitative test together with qualitative indicators to determine whether there has been a SICR for an asset. A doubling of PD with a minimum increase in PD of 1 per cent and a resulting change in the underlying grade is treated as a SICR. All financial assets are assumed to have suffered a SICR if they are more than 30 days past due. The setting of precise trigger points combined with risk indicators requires judgement. The use of different trigger points may have a material impact upon the size of the ECL allowance.

**b) Interest rate risk**

Interest rate risk arises from the mismatches between the maturities of interest rate sensitive assets and interest rate sensitive liabilities. The Company has minimised the interest rate risk by matching interest terms of assets and liabilities. During the period, all of the Company's borrowings and assets were at floating rates.

If interest rates had been 10 basis points higher during the year ended 31 December 2021, interest expense would have been approximately \$411,000 higher, and interest revenue would have been approximately \$411,000 higher, resulting in no change to net income.

**Gresham Receivables (No. 44) UK Limited**

**Notes to financial statements**

**For the year ended 31 December 2021**

**6. Nature and extent of risks arising from financial instruments (continued)**

If interest rates had been 10 basis points lower during the year ended 31 December 2021, interest expense would have been approximately \$411,000 lower, and interest and fee revenue would have been approximately \$411,000 lower, resulting in no change to net income.

**c) Currency risk**

The Company provides asset securitisation financing to companies operating in OECD countries. These relevant funding agreements are denominated in the operating currencies of the customers involved.

The Company's policy is to manage currency exposures on transactions. This is achieved through matching, as far as it is possible, assets and liabilities in order to reduce the net exposure to movements in foreign exchange rates.

**d) Liquidity risk**

Funding has been obtained through Cancara Asset Securitisation Limited. Repayments on these advances are dependent on cash receipts from the eligible receivables. Cancara Asset Securitisation Limited has limited recourse to the assets pledged under the terms of the Commissioning Agreement. The Company also has the benefit of a limited recourse liquidity facility which can be drawn upon should there be any timing gaps on the availability of borrowing.

In the addition to the purchase commitments discussed in note 4, in the normal course of business the Company enters into contracts that give rise to commitments of future payments that affect the Company's short-term and long-term liquidity. The following table provides a summary of the Company's primary contractual funding commitments:

**Gresham Receivables (No. 44) UK Limited**  
**Notes to financial statements**  
**For the year ended 31 December 2021**

**6. Nature and extent of risks arising from financial instruments (continued)**

	Within 1 year	31 December 2021
	\$	\$
Accrued expenses and other liabilities	36,074	36,074
Advances from liquidity provider	291,116,573	291,116,573
Advances from issuer company	119,834,328	119,834,328
	<u>410,986,975</u>	<u>410,986,975</u>
	Within 1 year	31 December 2020
	\$	\$
Accrued expenses and other liabilities	312,356	312,356
Advances from liquidity provider	228,279,525	228,279,525
Advances from issuer company	188,144,925	188,144,925
	<u>416,736,806</u>	<u>416,736,806</u>

The following table provides a summary of the Company's expected asset recovery.

	Within 1 year	1 year to 3 years	4 years to 6 years	31 December 2021
	\$	\$	\$	\$
Accrued interest and fees receivable	29,727	-	-	29,727
Loans and receivables	410,807,137	-	-	410,807,137
	<u>410,836,864</u>	<u>-</u>	<u>-</u>	<u>410,836,864</u>
	Within 1 year	1 year to 3 years	4 years to 5 years	31 December 2020
	\$	\$	\$	\$
Accrued interest and fees receivable	17,056	-	-	17,056
Loans and receivables	-	416,294,500	-	416,294,500
	<u>17,056</u>	<u>416,294,500</u>	<u>-</u>	<u>416,311,556</u>

The net funding gap between loan assets and liabilities is overcome by the roll forward of the commercial paper in Cancara Asset Securitisation Limited and fundings from Lloyds Bank plc or Bank of Scotland plc, which facilitates the funding in the Company.

**e) Market Risk**

The liquidity arrangements noted above mitigate market risks associated with disruptions in the asset backed commercial paper market that would result in an inability of the Issuer to refinance any of its maturing commercial paper obligations.

**Gresham Receivables (No. 44) UK Limited****Notes to financial statements****For the year ended 31 December 2021****7. Ultimate controlling party**

The shares in the Company are held by Wilmington Trust SP Services (London) Limited under a declaration of trust for charitable purposes. There is one authorized share of £1 allotted, called up and fully paid as of 31 December 2021.

In accordance with the requirements of IFRS 10 "Consolidated Financial Statements" the Company's financial statements are consolidated within the group financial statements of Lloyds Banking Group plc for the year ended 31 December 2021.

The Company regarded by the directors as the ultimate parent Company of the Company is Lloyds Banking Group plc which is the parent undertaking of the largest group of undertakings for which group accounts are drawn and of which the Company is a member. Lloyds Bank plc is the parent undertaking of the smallest such group of undertakings. Copies of the group accounts of both may be obtained from the Company secretary's office, Lloyds Banking Group plc, 25 Gresham Street, London, EC2V 7HN.

**8. Related party transactions**

Corporate administration services are provided to the Company by Wilmington Trust SP Services (London) Limited. The directors' fees are included in the corporate administration services fee. The fees charged in the period were \$10,195 (2020: \$8,645). No additional compensation was paid to the directors.

The number of employees and the key management remuneration for the Company are nil.

Also, Lloyds Bank plc acts in various capacities under the conduit programme documents including as the overdraft provider, a liquidity provider and a hedge counterparty. The Company had the following transactions with Lloyds Bank plc in the period:

	<u>2021 - \$</u>	<u>2020 - \$</u>
Liquidity and administration expense	1,501,480	117,488
Interest expense	72,775	5,616

The Company had the following transactions outstanding with Lloyds Bank plc at the period end:

	31 December <u>2021 - \$</u>	31 December <u>2020 - \$</u>
Accounts payable (receivable)	1,275	(143,791)
Liquidity draw	145,558,286	114,139,76
Interest payable	1,541	298

**Gresham Receivables (No. 44) UK Limited****Notes to financial statements****For the year ended 31 December 2021****8. Related party transactions (continued)**

Also, Bank of Scotland plc acts as a liquidity provider to the Company during the financial year. The Company had the following transactions with Bank of Scotland plc in the period:

	<u>2021 - \$</u>	<u>2020 - \$</u>
Liquidity expense	1,466,919	139,368
Interest expense	72,775	5,616

The Company had the following transactions outstanding with Bank of Scotland plc at the period end:

	<u>31 December 2021 - \$</u>	<u>31 December 2020 - \$</u>
Accounts payable	7,882	7,984
Liquidity Draw	145,558,286	114,139,763
Interest payable	1,541	298

In addition, the Company had short-term borrowings from Cancara Asset Securitisation Limited, which are fellow members of the group headed by Lloyds Banking Group plc, and had the following interest expense on those borrowings in 2021:

	<u>2021 - \$</u>	<u>2020 - \$</u>
Interest expense	11,134	(856)

The Company had the following secured short-term borrowings outstanding with Cancara Asset Securitisation Limited at period end:

	<u>31 December 2021 - \$</u>	<u>31 December 2020 - \$</u>
Short-term borrowings	119,834,328	188,144,925

**9. Income tax expense**

The company's taxable profits are calculated under the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296) as amended by The Taxation of Securitisation Companies (Amendment) Regulations 2018 (SI 2018/143) and disclosed in accordance with IAS 12 "Income Taxes". Tax is assessed on the cash retained as profit in the company.



**Gresham Receivables (No. 44) UK Limited**  
**Notes to financial statements**  
**For the year ended 31 December 2021**

**9. Income tax expense (continued)**

a) Analysis of charge for the year

	2021 - \$	2020 - \$
Current tax charge	253	243
Prior year adjustment	-	(242)
	<u>253</u>	<u>1</u>

**10. Auditor's Remuneration**

	<u>2021 - \$</u>	<u>2020 - \$</u>
Fees payable to the company's auditor for the audit of the company's annual accounts	<b>12,939</b>	10,646

**11. Non-interest Expenses**

The following amounts were included by the Company in non-interest expenses during 2021 and 2020:

	<u>2021</u>	<u>2020</u>
	\$	\$
Auditors remuneration	<b>12,939</b>	10,646
Liquidity and administration - Lloyds Bank plc	<b>1,501,480</b>	117,488
Liquidity - Bank of Scotland plc	<b>1,466,919</b>	139,368
Corporate administration services fee	<b>10,195</b>	8,645
Other administrative fees	<b>9,104</b>	11,245
	<u><b>3,000,637</b></u>	<u>287,392</u>

**12. Subsequent events**

There was no adjusting event to the Company's financial statements as of 31 December 2021.