

Company Registration No. 10479863

ASSET FINANCE 1 CLASS A NOTE ISSUECO PLC

Report and Financial Statements

As at and for the year ended 31 December 2019



ASSET FINANCE 1 CLASS A NOTE ISSUECO PLC
REPORT AND FINANCIAL STATEMENTS 2019

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ASSET FINANCE 1 CLASS A NOTE ISSUECO PLC
REPORT AND FINANCIAL STATEMENTS 2019

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Asset Finance Partners Group Limited (Company Registration Number 10807584)
Intertrust Directors 1 Limited (Company Registration Number 03920254)
Christoph M. Widmer

REGISTERED OFFICE

1 Bartholomew Lane
London
EC2N 2AX
United Kingdom

REGISTERED NUMBER

10479863 (England & Wales)

BANKERS

Lloyds Bank
Minster Place
Ely
Cambridgeshire
CB7 4EN
United Kingdom

AUDITOR

Ecovis Wingrave Yeats LLP
Waverley House
7 – 12 Noel Street
London
W1F 8GQ
United Kingdom

ASSET FINANCE 1 CLASS A NOTE ISSUECO PLC

STRATEGIC REPORT

PRINCIPAL ACTIVITY AND A FAIR REVIEW OF THE BUSINESS

Asset Finance 1 Class A Note IssueCo plc (the “**Company**”) is a securitisation company under regulation 4 and a note issuing company under regulation 5 of the Taxation of Securitisation Companies Regulations 2006 (the “**Regulations**”).

The only activity of the Company, apart from incidental activities, consists in acquiring, holding and managing financial assets forming the whole or part of the security for a capital market arrangement by which holders of notes issued by the Company are able to make a capital market investment in a diversified underlying portfolio of finance lease receivables and instalment debtor receivables held by an asset holding company. The activities of and relationships between the Company and the asset holding company are set out in transaction documents entered into by inter alia the Company and the asset holding company at the time of the first issuance of notes by the Company (the “**Transaction Documents**”).

The Company shows a profit before tax for the year ending 31 December 2019 of £2,000 (2018: £1,649). The net asset position as at the end of the year is £54,921 (2018: £53,301).

During the year, the Company issued notes, listed on the Channel Islands Stock Exchange operated by the International Stock Exchange Authority (TISEA), with a value of £3.4m (2018: £14.4m). As at the year end, the notes had a book value using the amortised cost method of £54.1m (2018: £51.0m). The amortised cost of the notes is higher than the nominal amount of the notes due to the inclusion of accrued interest and the capitalisation and amortisation over the life of the notes of a premium that is receivable upon the issuance of the notes.

The Company has no key performance indicators.

CORPORATE GOVERNANCE

As a note company the governance structure of the Company is determined by the Transaction Documents.

The directors have had regards to the matters set out in section 172(1) of the Companies Act 2006 as follows:

- (a) The Transaction Documents are formulated to achieve the Company’s purpose and business objectives, safeguard its assets and promote the success of the Company with a long-term view.
- (b) In accordance with relevant securitisation legislation the Company is only permitted to retain minimal profit.
- (c) The Company has no employees.
- (d) The Transaction Documents determine the nature and quality of assets that can be securitised and how the cash flows from securitised assets are distributed.
- (e) The Company has no customers.
- (f) The Company fosters relationships with service providers and has assigned to them operational roles and agreed with them fee arrangements in advance in accordance with and governed by the Transaction Documents. Invoices are paid strictly in accordance with the Transaction Documents including a priority of payments.
- (g) As a securitisation vehicle, the Company has no physical presence or operations and accordingly has minimal impact on the community and the environment.
- (h) The Company maintains a reputation for high standards of business conduct.
- (i) The Company has a sole member with all of the issued shares held by Intertrust Corporate Services Limited.

PRINCIPAL RISKS AND UNCERTAINTIES

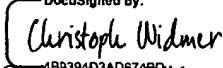
The directors have considered the principal risks and uncertainties associated with the Company’s activities. Information on this is disclosed in note 14 to the financial statements.

FUTURE DEVELOPMENTS

The directors, after reviewing the forecasts for the business, expect the total notes in issuance to more than double over the next 3 years whilst maintaining the current profitability. This growth is expected to be achieved with no material deviation from the current investment parameters.

Approved by the board of directors on 18 December 2020.

Signed on behalf of the board of directors by

DocuSigned by:

18B394D3AD674ED
Christoph M. Widmer
Director

ASSET FINANCE 1 CLASS A NOTE ISSUECO PLC

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements as at and for the year ended 31 December 2019.

DIRECTORS

The directors who served during the year and subsequent to the year end are as follows:

Asset Finance Partners Group Limited (Company Registration Number 10807584)

Intertrust Directors 1 Limited (Company Registration Number 03920254)

Christoph M. Widmer.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union. 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 the affairs of the Company and of the profit or loss of the Company for that year.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

RESULTS AND DIVIDENDS

The results for the year are set out on page 10. The directors do not propose the payment of a dividend.

FINANCIAL RISKS DUE TO USE OF FINANCIAL INSTRUMENTS

The directors have considered the risks associated with the Company's use of financial instruments. Information on this is disclosed in notes 14 to the financial statements.

FUTURE DEVELOPMENTS

Details of future developments can be found in the strategic report and form part of this report by cross reference.

GOING CONCERN

At the time of approving the financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

Further details regarding the adoption of the going concern basis can be found in the Company's accounting policies in the financial statements.

ASSET FINANCE 1 CLASS A NOTE ISSUECO PLC

DIRECTORS' REPORT

POST BALANCE SHEET EVENTS

At the time of approving the financial statements, there have been no events post the balance sheet date requiring disclosure or financial adjustments in the financial statements.

COVID-19

There have been significant global and local developments related to the coronavirus (COVID-19) pandemic. As a result, the Company may experience uncertainties that could impact both its financial results and its ability to efficiently conduct its business. The directors continue to monitor the situation, to evaluate the impact of the pandemic and to implement strategies to ensure business continuity for the Company.

AUDITOR

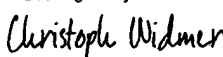
Each of the persons who is a director at the date of approval of this annual report confirms that:

- 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 or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Approved by the board of directors on 18 December 2020.

Signed on behalf of the board of directors by

DocuSigned by:

489394D3A06748D
Christoph M. Widmer
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSET FINANCE 1 CLASS A NOTE ISSUECO PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Asset Finance 1 Class A Note IssueCo plc (the 'Company') for the year ended 31 December 2019, which comprise the income statement, the balance sheet, the statement of cash flows, the statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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 United Kingdom, including the Financial Reporting Council's (the 'FRC') 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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt on the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSET FINANCE 1 CLASS A NOTE ISSUECO PLC (CONTINUED)

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.

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. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSET FINANCE 1 CLASS A NOTE ISSUECO PLC (CONTINUED)

Use of our report

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

DocuSigned by:

Gerard Collins

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Gerard Collins (Senior statutory auditor)
for and on behalf of
Ecovis Wingrave Yeats LLP
Chartered Accountants and Statutory Auditor
7-12 Noel Street
London
W1F 8GQ
United Kingdom
Date: 18 December 2020

ASSET FINANCE 1 CLASS A NOTE ISSUECO PLC**INCOME STATEMENT****For the year ended 31 December 2019**

	Note	2019 £	2018 £
Revenue	4	2,863,435	2,217,275
Cost of sales	5	(2,863,435)	(2,217,275)
Gross profit		-	-
Other revenue		61,037	64,545
Administrative expenses		(59,037)	(62,896)
Operating profit, being profit before tax		2,000	1,649
Tax	6	(380)	(246)
Profit for the year	7	1,620	1,403

All activities derive from continuing operations.

There are no comprehensive income or expenses other than the result for the current year. Accordingly, no statement of comprehensive income is given.

The notes on pages 14 to 23 form part of these financial statements.

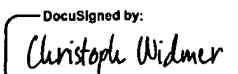
ASSET FINANCE 1 CLASS A NOTE ISSUECO PLC**BALANCE SHEET**
As at 31 December 2019

	Note	2019 £	2018 £
Current assets			
Cash and cash equivalents		15,004	26,501
Other receivables and prepayments	8	3,113	-
Net investment in held-to-maturity investments	9	276,913	254,115
Total current assets		295,030	280,616
Non-current assets			
Net investment in held-to-maturity investments	9	53,803,826	50,763,042
Other receivables	8	37,499	37,499
Total non-current assets		53,841,325	50,800,541
Total assets		54,136,355	51,081,157
Current liabilities			
Trade and other payables	10	695	10,699
Borrowings	11	276,913	254,115
Total current liabilities		277,608	264,814
Non-current liabilities			
Borrowings	11	53,803,826	50,763,042
Total non-current liabilities		53,803,826	50,763,042
Total liabilities		54,081,434	51,027,856
Equity			
Share capital	12	50,000	50,000
Retained earnings		4,921	3,301
Total equity		54,921	53,301
Total equity and liabilities		54,136,355	51,081,157

The notes on pages 14 to 23 form part of these financial statements.

The financial statements of Asset Finance 1 Class A Note IssueCo plc, registered number 10479863, were approved by the board of directors and authorised for issue on 18 December 2020.

They were signed on behalf of the board of directors by

DocuSigned by:

 4B9394D3AD674BD...
 Christoph M. Widmer
 Director

ASSET FINANCE 1 CLASS A NOTE ISSUECO PLC**STATEMENT OF CHANGES IN EQUITY**
For the year ended 31 December 2019

	Share capital £	Retained earnings £	Total £
Balance at 31 December 2017	50,000	1,898	51,898
Profit for the year	-	1,403	1,403
Balance at 31 December 2018	50,000	3,301	53,301
Profit for the year	-	1,620	1,620
Balance at 31 December 2019	50,000	4,921	54,921

The notes on pages 14 to 23 form part of these financial statements.

ASSET FINANCE 1 CLASS A NOTE ISSUECO PLC**CASH FLOW STATEMENT****For the year ended 31 December 2019**

	Note	2019 £	2018 £
Operating activities			
Profit for the year		2,000	1,649
<u>Adjustments for:</u>			
Amortisation of premium paid on purchase of loans	9	267,668	201,200
Amortisation of premium received on issuance of notes	11	(267,668)	(201,200)
Operating cash flow before changes in working capital and provisions		2,000	1,649
<u>Adjustments for:</u>			
Taxation paid		(384)	-
(Increase)/decrease in other receivables and prepayments		(3,113)	860,935
(Decrease) in trade and other payables		(10,000)	(865,934)
Net cash (used in) operating activities		(11,497)	(3,350)
Investing activities			
Net investment in held-to-maturity investments		(3,365,744)	(14,350,000)
Net cash (used in) investing activities		(3,365,744)	(14,350,000)
Financing activities			
Proceeds from issuance of notes		3,365,744	14,350,000
Net cash from financing activities		3,365,744	14,350,000
Net decrease in cash and cash equivalents		(11,497)	(3,350)
Cash and cash equivalents at the beginning of the year		26,501	29,851
Cash and cash equivalents at the end of the year		15,004	26,501

The notes on pages 14 to 23 form part of these financial statements.

ASSET FINANCE 1 CLASS A NOTE ISSUECO PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. GENERAL INFORMATION

The financial statements are prepared in accordance with applicable International Financial Reporting Standards.

General information

Asset Finance 1 Class A Note IssueCo plc (the “**Company**”) is a securitisation company under regulation 4 and a note issuing company under regulation 5 of the Taxation of Securitisation Companies Regulations 2006 (the “**Regulations**”).

The only activity of the Company, apart from incidental activities, consists in acquiring, holding and managing financial assets forming the whole or part of the security for a capital market arrangement by which holders of notes issued by the Company are able to make a capital market investment in a diversified underlying portfolio of finance lease receivables and instalment debtor receivables held by an asset holding company. The activities of and relationships between the Company and the asset holding company are set out in transaction documents entered into by inter alia the Company and the asset holding company at the time of the first issuance of notes by the Company (the “**Transaction Documents**”).

The Company is a company incorporated in the United Kingdom (England & Wales) under the Companies Act.

The Company is a public limited company limited by shares.

The address of the Company's registered office and its registered number are given on page 3.

The financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the International Accounting Standards Board (IASB), and interpretations as adopted by the European Union (together IFRS).

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates. Sterling is also the functional currency of the Company.

During the year, the Company had no employees and therefore no disclosure in respect of employees is required.

Adoption of new and revised standards

The Company has adopted IFRS 16 with effect from 1 January 2019.

Adoption of IFRS 16 has had no material impact on the Company's financial statements. No adjustment was necessary to the opening retained earnings on the adoption of IFRS 16.

The Company has also complied with minor revisions to IAS 12 and IAS 23 which became effective from 1 January 2019. The changes to these standards have not had a material impact on the Company's financial statements.

ASSET FINANCE 1 CLASS A NOTE ISSUECO PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies, all of which have been applied consistently throughout the year, are as follows:

Historical cost

The financial statements have been prepared under the historical cost convention as defined in the IFRS Conceptual Framework.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured regardless of when the payment is being made.

Interest revenue is recorded depending on the nature of financial instruments:

(a) Loan income

Interest and other charges earned on instalment finance and other loan agreements are credited to the income statement over the life of the agreement using the effective interest rate such that a constant rate of return is earned in proportion to the capital balances outstanding.

Cost of sales

Cost of sales includes the interest expense calculated on the Company's financial liabilities and loss if any relating to the impairment of financial assets.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

(a) Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. Tax liability is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

(b) Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

ASSET FINANCE 1 CLASS A NOTE ISSUECO PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(c) Current and deferred tax for the period

In the event that current and deferred tax relate to items credited or debited directly to equity, they are recognised directly in equity. In the event that current and deferred tax do not relate to items credited or debited directly to equity, they are recognised in the income statement.

Financial instruments

(a) Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash at bank, term deposits and other treasury applications which mature in less than three months and are subject to insignificant risk of change in value.

(b) Financial assets

Initially, financial assets are measured at fair value including transaction costs.

Subsequently, financial assets are measured at amortised cost using the effective interest method with interest income recognised on the basis of 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 through the expected life of the financial asset, or, where appropriate, a shorter period, to the fair value including transaction costs on initial recognition.

(c) Impairment of financial assets

Under IFRS 9, the Company assesses at each reporting date whether there has been a significant change in the lifetime credit risk associated with a financial asset. A financial asset is impaired and an impairment adjustment incurred if the Company assesses that there has been a significant increase in the lifetime credit risk associated with a financial asset since initial recognition of the asset. The Company's assessment is probability weighted and uses both historic and forward-looking information.

If the Company concludes that there has been a significant increase in the lifetime credit risk associated with a financial asset classified as a held-to-maturity investment, the Company measures the amount of the impairment as the difference between the carrying amount of the asset and the present value of the estimated future cash flows from the asset discounted at the effective interest rate of the instrument at initial recognition.

Impairments are recognised in the statement of comprehensive income and the carrying amount of the financial asset reduced by establishing an allowance for impairment losses. If, in a subsequent period, the amount of the impairment reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised impairment is reversed by adjusting the allowance. Once an impairment has been recognised in relation to a financial asset, interest income is recognised on the carrying amount using the effective interest rate of the instrument at initial recognition.

ASSET FINANCE 1 CLASS A NOTE ISSUECO PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Factors, including forward-looking information, that would lead the Company to conclude that there has been a material increase in the lifetime credit risk associated with a financial asset include without limitation the following:

1. significant financial difficulty of the borrower or lessee;
2. a breach of contract such as a default or delinquency in interest or principal payments;
3. the financial circumstances of the borrower or lessee indicate that the Company may need to renegotiate the financial terms to the borrower or lessee or otherwise make financial concessions;
4. there are indications that the borrower or lessee may enter into a financial re-structuring or arrangement with its creditors, administration or bankruptcy; and
5. general economic and business factors which may affect the borrower's or lessee's ability to pay.

(d) Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights of the cash flows from the asset expire or it transfers the financial asset and subsequently all the risks and rewards of ownership of the asset to another entity.

(e) Trade accounts payable

Accounts payable are stated at their nominal value which the directors approximate to their fair value.

(f) Classification of equity or liability

Financial liabilities and equity instruments are classified and accounted for based on their contractual substance independent of their legal form.

(g) Financial liabilities

Initially, financial liabilities, including borrowings, are measured at fair value net of transaction costs.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method with interest expense recognised on the basis of the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(h) Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled, or they expire.

ASSET FINANCE 1 CLASS A NOTE ISSUECO PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, 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 ongoing 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.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

(a) Impairments for bad and doubtful debts

Held-to-maturity investment contracts ordinarily have terms greater than one year. As a result, there is uncertainty as to whether the contracts can be recovered in the future. Provisions and bad debts are recognised when, and only when, there is an indication that a contract cannot be satisfied or recovered in full.

To identify if there are any indications that the contracts cannot be recovered in full, the directors consider the projected cashflows of the held-to-maturity investments.

At the year end, the total value of held-to-maturity investments is £54,080,739 (2018: £51,017,157). No impairment of this value is considered necessary. An analysis of the expected repayment profile is included in note 9 to the financial statements.

4. REVENUE

An analysis of the Company's revenue for the year is as follows:

	2019 £	2018 £
Interest revenue	2,595,767	2,016,075
Amortisation of premium received on issuance of notes	267,668	201,200
Total	<u>2,863,435</u>	<u>2,217,275</u>

All revenue is generated from the United Kingdom.

5. COST OF SALES

An analysis of the Company's cost of sales for the year is as follows:

	2019 £	2018 £
Interest expense	2,595,767	2,016,075
Amortisation of premium paid on purchase of loan	267,668	201,200
Total	<u>2,863,435</u>	<u>2,217,275</u>

ASSET FINANCE 1 CLASS A NOTE ISSUECO PLC**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2019****6. TAX**

	2019 £	2018 £
Corporation tax:		
Current year	380	246
Deferred tax	-	-
Tax for the year	<u>380</u>	<u>246</u>

Tax for the year can be reconciled to the profit in the income statement as follows:

	2019 £	2018 £
Profit before tax on continuing operations	<u>2,000</u>	<u>1,649</u>
Tax at the UK corporation tax rate of 19.00% (2018: 19.00%)	380	313
Tax rate changes	-	(67)
Tax for the year	<u>380</u>	<u>246</u>

7. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2019 £	2018 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	<u>9,000</u>	<u>9,000</u>

8. OTHER RECEIVABLES AND PREPAYMENTS

	2019 £	2018 £
Current		
Prepayments	3,113	-
Total current other receivables and prepayments	<u>3,113</u>	<u>-</u>
Non-current		
Unpaid share capital	37,499	37,499
Total non-current other receivables and prepayments	<u>37,499</u>	<u>37,499</u>
Total other receivables and prepayments	<u>40,612</u>	<u>37,499</u>

ASSET FINANCE 1 CLASS A NOTE ISSUECO PLC**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2019****9. NET CARRYING VALUE OF HELD-TO-MATURITY INVESTMENTS****2019**

	Year in which receipt is expected		Total
	<1 year	1 to 5 years	
	£	£	£
Future minimum instalments	2,912,788	59,075,576	61,988,364
Unearned finance income	(2,635,875)	(5,271,750)	(7,907,625)
Net carrying value and present value	276,913	53,803,826	54,080,739
Amortisation of premium paid on purchase of loan	(276,913)	(553,826)	(830,739)
Net balance due for cash settlement	-	53,250,000	53,250,000

2018

	Year in which receipt is expected		Total
	<1 year	1 to 5 years	
	£	£	£
Future minimum instalments	2,729,115	58,188,042	60,917,157
Unearned finance income	(2,475,000)	(7,425,000)	(9,900,000)
Net carrying value and present value	254,115	50,763,042	51,017,157
Amortisation of premium paid on purchase of loan	(254,115)	(763,042)	(1,017,157)
Net balance due for cash settlement	-	50,000,000	50,000,000

At the year end, the held-to-maturity investments represent a secured loan advanced to AFP 1 Asset HoldCo LLP ("Asset HoldCo").

The year end net carrying value of the loan is £54,080,739 (2018: £51,017,157) comprising:

- (i) the nominal value of the loan of £53,250,000 (2018: £50,000,000);
- (ii) accrued but unpaid interest of £Nil (2018: £Nil); and
- (iii) premium paid on the purchase of the loan net of amortisation of £830,739 (2018: £1,017,157).

10. TRADE AND OTHER PAYABLES

	2019	2018
	£	£
Corporation tax payable	695	699
Other payables	-	10,000
Total	695	10,699

There are no trade payables outstanding as at 31 December 2019.

ASSET FINANCE 1 CLASS A NOTE ISSUECO PLC**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2019****11. BORROWINGS**

2019	Year in which payment is expected		
	<1 year £	1 to 5 years £	Total £
Future minimum repayments	2,912,788	59,075,576	61,988,364
Unearned finance income	(2,635,875)	(5,271,750)	(7,907,625)
Net carrying value and present value	276,913	53,803,826	54,080,739
Amortisation of premium received on issuance of notes	(276,913)	(553,826)	(830,739)
Net balance due for cash settlement	-	53,250,000	53,250,000

2018	Year in which payment is expected		
	<1 year £	1 to 5 years £	Total £
Future minimum repayments	2,729,115	58,188,042	60,917,157
Unearned finance income	(2,475,000)	(7,425,000)	(9,900,000)
Net carrying value and present value	254,115	50,763,042	51,017,157
Amortisation of premium received on issuance of notes	(254,115)	(763,042)	(1,017,157)
Net balance due for cash settlement	-	50,000,000	50,000,000

The notes are secured borrowings with a floating charge over all assets of the Company including bank accounts and instalment debtor receivables.

The notes are denominated in sterling.

The final maturity date of the notes is 31 December 2028.

The year end net carrying value of the notes is £54,080,739 (2018: £51,017,157) comprising:

- (i) the nominal value of the notes issued of £53,250,000 (2018: £50,000,000);
- (ii) accrued but unpaid interest of £Nil (2018: £Nil); and
- (iii) premium received on the issuance of notes net of amortisation of £830,739 (2018: £1,017,157).

There are no changes relating to foreign exchange or changes in fair value.

The Company has complied with all covenants included in the note agreements during both the current year and the preceding year.

ASSET FINANCE 1 CLASS A NOTE ISSUECO PLC**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2019****12. SHARE CAPITAL**

The Company is a public limited company limited by shares which are made up as follows:

	2019 £	2018 £
Issued:		
Called and paid	12,501	12,501
Not called and not paid	37,499	37,499
Total	<u>50,000</u>	<u>50,000</u>

On incorporation, 50,000 ordinary shares of £1 were issued at par.

Ordinary shares have the following rights:

	Ordinary
Voting rights	1 vote per share
Dividend rights	Full rights
Redemption rights	None

13. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

During the year ended 31 December 2019, there were no emoluments to directors.

The Company does not have any employees.

14. FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company seeks to manage the financial risks relating to the operations of the Company through the following methods:

Credit risk management

The Company's credit risk is primarily attributable to held-to-maturity investments.

Credit risk refers to the risk that a counterparty will default on its contractual obligations. Credit risk is managed to minimise losses, maximise recoveries and prevent fraud. The Company's credit policy requires consideration to be given to the financial and credit status of the borrower and the quality of the collateral taken or asset being financed.

At the year end, the Company had lent funds to a single counterparty - Asset HoldCo. Accordingly the maximum exposure to a single borrower, or group of related borrowers, at 31 December 2019 was £54,080,739 (2018: £51,017,157).

The funds lent by the Company to Asset HoldCo are used by Asset HoldCo to purchase a diversified portfolio of collateralised finance lease receivables and instalment debtor receivables which are then held-to-maturity.

At the balance sheet date, the net carrying value of the Company's held-to-maturity investments was considered to be fully recoverable. Therefore no impairment was required.

ASSET FINANCE 1 CLASS A NOTE ISSUECO PLC**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2019****14. FINANCIAL RISK MANAGEMENT OBJECTIVES (CONTINUED)****Liquidity risk management**

The Company manages liquidity risk by maintaining adequate cash reserves and borrowing facilities and by continuously monitoring forecast and actual cash flows.

Capital risk management

The capital structure of the Company consists of debt (borrowings disclosed in note 11) and equity (comprising issued capital disclosed in note 12).

The Company is not subject to any externally imposed capital requirements.

15. FINANCIAL INSTRUMENTS**Significant accounting policies**

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 2.

Categories of financial instruments

All financial instruments are held as loans and receivables and their classification under IFRS 9 is summarised in the table below.

	Note	2019 £	2018 £
Financial assets			
Cash and bank balances		15,004	26,501
Net investment in instalment debtors	9	54,080,739	51,017,157
Other receivables	8	37,499	37,499
Financial liabilities			
Trade and other payables	10	695	10,699
Borrowings	11	54,080,739	51,017,157

16. ULTIMATE CONTROLLING UNDERTAKING

At the year end, the immediate and ultimate parent undertaking is Asset Finance 1 Class A Note IssueCo HoldCo Limited, a company incorporated in the United Kingdom with registered office at 1 Bartholomew Lane, London, EC2N 2AX, United Kingdom.