

# **Delta Asset Backed Securitisation 1 Limited**

## **Annual Report and Financial Statements**

**For the year ended 30 June 2019**



**Delta Asset Backed Securitisation 1 Limited**  
**Annual report and financial statements for the year ended 30 June 2019**

<b>Contents</b>	<b>Page</b>
Officers and professional advisers	1
Strategic report	2
Directors' report	4
Statement of directors' responsibilities	5
Independent auditor's report	6
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Notes to the financial statements	11

## Officers and professional advisers

### Directors

Apex Trust Corporate Limited  
(formerly Link Trust Corporate Limited)  
Apex Corporate Services (UK) Limited  
(formerly Link Corporate Services Limited)  
Colin Arthur Benford

### Secretary

Apex Trust Corporate Limited  
6<sup>th</sup> Floor  
125 Wood Street  
London  
EC2V 7AN

### Registered address

125 Wood Street  
London  
EC2V 7AN

### Independent auditor

Deloitte LLP  
Statutory Auditor  
2 Hardman Street  
Manchester  
M3 3HF

### Bankers

National Westminster Bank PLC  
135 Bishopsgate  
London  
EC2M 3UR

### Facility Agent

Elavon Financial Services, DAC UK Branch  
Meridien House  
69-71 Clarendon Road  
Watford  
WD17 1DS

### Security trustee

US Bank Trustees Limited  
125 Old Broad Street  
Fifth Floor  
London  
EC2N 1AR

### Legal advisers

Macfarlanes LLP  
20 Cursitor Street  
London  
EC4A 1LT

Allen & Overy LLP  
One Bishops Square  
London  
E1 6AD

# Strategic report

The directors present their annual report and the audited financial statements of Delta Asset Backed Securitisation 1 Limited ('the Company') for the year ended 30 June 2019.

## Business review

### Business model and strategy

The Company is registered in England and Wales as a securitisation vehicle established to raise finance for a number of companies owned by Together Financial Services Limited (known as the Together Group). Its principal activity is to acquire beneficial ownership of a portfolio of mortgage loans originated by the Together Group and funded by the issuance of a term loan and revolving loan facility.

The securitisation was entered into by the Company as issuer, by Elavon Financial Services, DAC UK Branch as facility agent, by Goldman Sachs Bank USA as loan-note purchasers, and by Together Commercial Finance Limited, Bridging Finance Limited, Harpmanor Limited and Auction Finance Limited as originators and servicers (collectively the Together Group originators and servicers).

The Together Group originators carry on the business of originating mortgage loans secured on residential and commercial property in England, Wales and Scotland. From time to time the originators sold to the Company eligible mortgage loans, together with the benefit of the related collateral security, for the consideration and on the terms set out in the mortgage sale agreement. The Company was able to sell defaulted or ineligible loans back to the Together Group originators.

The facility was fully repaid on 29 March 2019 and it is the intention of the directors to dissolve the Company in the forthcoming year.

All the share capital of the Company is held in trust by Apex Trust Nominees No. 1 Limited (formerly Link Trust Nominees No. 1 Limited) and therefore the Company is not legally part of the Together Group. However, the Together Group controls the principal activities of the Company and it is exposed to variability of returns in respect of the mortgage loans sold. The results of the Company are therefore consolidated into the Together Group's financial statements by virtue of the substance of the companies' relationship.

### Review of the business

As expected the Company generated neither a profit nor a loss for either the current year or the preceding year.

## Strategic report (continued)

### Principal risks and uncertainties

The principal risks facing the Company are credit risk, liquidity risk and market risk. These risks have been monitored on an on-going basis during the year and the Company follows the risk-management policies of the Together Group, its controlling party, to mitigate these risks. The principal nature of such risks is summarised below.

#### Credit risk

Credit risk is the risk arising as a result of default by customers or counterparties due to failure to honour obligations when they fall due.

See Note 14 for further details of the Company's credit risk.

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due, or can only do so at excessive cost.

The loan facility has been fully repaid. The Company holds cash and cash equivalents in excess of its liabilities and so has no material liquidity risk.

#### Market risk

Market risk is the risk of loss as a result of the value of financial assets or liabilities being adversely affected by movements in market rates or prices.

The Company does not carry out proprietary trading or hold positions in assets or equity which are actively traded, nor does it engage in any treasury trading operations. It also has no foreign currency exposure. Therefore the main market risk potentially faced by the Company is interest-rate risk, the risk of loss through mismatched asset and liability positions sensitive to changes in interest rates. The Company's results are not considered to be at material risk from changes in interest rates that are reasonably expected in the next 12 months.

#### Statement of going concern

As set out in the statement of directors' responsibilities, the directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

As explained under business model and strategy, the loan facility has been fully repaid and it is the intention for the directors to dissolve the company in the forthcoming year. As required by UK accounting standards, the directors have therefore prepared the financial statements on the basis that the Company is no longer a going concern. For further details see Note 2 in the financial statements.

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



Apex Corporate Services (UK) Limited  
Director  
18 October 2019

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2019.

### Results and dividends

The Company made neither a profit nor a loss for the year ended 30 June 2019 (30 June 2018: £nil).

The directors do not recommend the payment of a dividend (2018: £nil).

### Future developments and risk management

Future developments and risk management are discussed in the strategic report set out on pages 2 to 3.

### Directors and their interests

The directors of the Company are set out on page 1. All directors served throughout the year and to the date of this report.

The directors and secretary who held office during the year did not hold shares in the Company at the reporting date or during the year. There were no contracts of any significance in relation to the business of the Company in which the directors had any interest at any time during the year.

### Audit information

In the case of each of the persons who are directors of the Company at the date when this report is approved:

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

This statement is given and should be interpreted in accordance with the provisions of s418 (2) of the Companies Act 2006.

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



Apex Corporate Services (UK) Limited  
Director  
18 October 2019

## Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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

## Independent auditor's report to the members of Delta Asset Backed Securitisation 1 Limited

### Report on the audit of the financial statements

#### Opinion

In our opinion the financial statements of Delta Asset Backed Securitisation 1 Limited (the 'company'):

- give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 related Notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

#### 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.

#### Emphasis of matter – Financial statements prepared other than on a going concern basis

We draw attention to Note 2 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

#### 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

#### 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.



# Independent auditor's report (continued)

## Responsibilities of directors (continued)

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.

## 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

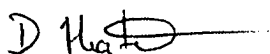
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.



**David Heaton (Senior Statutory Auditor)**  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Manchester, United Kingdom  
18 October 2019

## Statement of comprehensive income

For the year ended 30 June 2019

All amounts are stated in £

Income statement	Note	2019	2018
Interest receivable and similar income	4	16,955,201	16,810,204
Interest payable and similar charges	5	(14,560,627)	(14,579,527)
Net interest income		2,394,574	2,230,677
Administrative expenses	6	(90,406)	(108,866)
Profit before taxation		2,304,168	2,121,811
Income tax	7	(2,304,168)	(2,121,811)
Profit after taxation			

The results for the current and preceding year relate entirely to discontinued operations. There is no other comprehensive income in either period.

## Statement of financial position

As at 30 June 2019


All amounts are stated in £

	Note	2019	2018
<b>Assets</b>			
Cash and cash equivalents	8	90,857	6,534,227
Deemed loans to Group undertakings	9	-	110,946,485
Other debtors	10	1	1
<b>Total assets</b>		<b>90,858</b>	<b>117,480,713</b>
<b>Liabilities</b>			
Borrowings	11	-	112,590,545
Other liabilities	12	66,991	2,113,153
Current tax liabilities		23,866	2,777,014
<b>Total liabilities</b>		<b>90,857</b>	<b>117,480,712</b>
<b>Equity</b>			
Share capital	13	1	1
Retained earnings		-	-
<b>Total equity</b>		<b>1</b>	<b>1</b>
<b>Total equity and liabilities</b>		<b>90,858</b>	<b>117,480,713</b>

These financial statements were approved and authorised for issue by the Board of Directors on 18 October 2019.

Company Registration No. 10493948

Signed on behalf of the Board of Directors



Apex Corporate Services (UK) Limited  
Director

## Statement of changes in equity

As at 30 June 2019

All amounts are stated in £

2019	Share capital	Retained earnings	Total
At beginning of year	1	-	1
Profit for the year	-	-	-
At end of year	1	-	1

2018	Share capital	Retained earnings	Total
At beginning of year	1	-	1
Profit for the year	-	-	-
At end of year	1	-	1

## Notes to the financial statements

### 1. Reporting entity and general information

Delta Asset Backed Securitisation 1 Limited (the Company) is a company incorporated in the United Kingdom under the Companies Act. It is a private Company limited by shares and is registered in England (Company number: 10493948). The address of the Company's registered office is shown on page 1.

The principal activities of the Company and the nature of the Company's operations are set out in the strategic report.

### 2. Significant accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current year and the preceding year.

#### Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland* and the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of presentation of a cash flow statement. The financial statements have been prepared under the historical cost convention.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

#### Going concern

The Company's business activities, together with the factors likely to affect its future development are set out in its strategic report. The facility was repaid in the year and the directors consider it appropriate to prepare the financial statements on a basis other than going concern as the Company is expected to cease trading and it is the intention to dissolve the Company in the forthcoming year. No material adjustments arose as a result of ceasing to apply the going-concern basis.

#### Interest income and expense

Interest receivable and payable are accounted for using the effective interest method. The effective interest method calculates the amortised cost of a financial asset or a financial liability and allocates the interest income or interest expense over the expected life of the instrument. The effective interest rate is the rate that, at inception of the instrument, discounts its estimated future cash payments or receipts to the net carrying amount of the financial instrument. The calculation includes all fees, transaction costs and other premiums or discounts that relate to the origination of the instrument.

#### Other income and expense recognition

All operating income and expenses are accounted for on an accruals basis.

#### Deferred consideration payable

Deferred consideration payable depends on the extent to which the surplus income generated by the underlying mortgage loans, to which the Company has a beneficial interest, exceeds the costs of the securitisation transaction. Deferred consideration payable is accounted for separately as a liability and held at amortised cost.

## Notes to the financial statements (continued)

### 2. Significant accounting policies (continued)

#### **Taxation**

Tax on the profit or loss for the year comprises current tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date. The Company does not qualify as a securitisation company as defined by The Taxation of Securitisation Companies Regulations 2006.

#### **Cash and cash equivalents**

Cash comprises cash in hand, demand deposits, and cash reserves. Cash equivalents comprise highly liquid investments which are convertible into cash with an insignificant risk of changes in value with a maturity of three months or less at the date of acquisition, including short-term highly liquid debt securities.

Where cash is not freely available for the Company to use for its general purposes, it is disclosed as restricted cash; this includes cash collected prior to paying down loan notes.

#### **Deemed loans**

The beneficial ownership of the loans and advances to customers sold to the Company by the originators of the loans fails the derecognition criteria of accounting standards. Consequently these loans remain on the statements of financial position of the originators. The originators are therefore required to recognise deemed loan financial liabilities on their statements of financial position and the corresponding deemed-loan assets are held on the Company's statement of financial position as purchaser.

Deemed loans are stated at amortised cost using the effective interest method, net of receipts receivable. Any impairment is calculated and recorded by the originators who receive any excess interest income as deferred consideration.

#### **Loan notes**

Loan notes issued by the Company are recognised at amortised cost. Interest and fees payable to the loan note holders during the financial period are recognised in the statement of comprehensive income over the term of the notes using the effective interest rate method.

## Notes to the financial statements (continued)

Unless otherwise indicated, all amounts are stated in £

### 2. Significant accounting policies (continued)

#### Financial assets & liabilities

##### Financial assets

The majority of the Company's financial assets are deemed loans to subsidiaries of the Together Group. They are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method, less impairment losses.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset have expired or where substantially all the risks and rewards of ownership have been transferred.

##### Financial liabilities

The Company's financial liabilities are held at amortised cost and largely consist of amounts owed to Together Group undertakings and, in the previous year, of amounts owed to noteholders. A financial liability is measured initially at fair value less the transaction costs that are directly attributable to its issue. Interest and fees payable on the borrowings are recognised in the statement of comprehensive income over the term of the instruments using the effective interest rate method.

Financial liabilities are derecognised when their contractual obligations are discharged, cancelled or have expired.

### 3. Critical accounting estimates and judgements

In applying the accounting policies set out above, the Company makes no critical accounting judgements but makes the following significant estimates and assumptions that affect the reported amounts of assets and liabilities:

#### Revenue

##### Interest income

The effective interest rate method applies a rate that discounts estimated future cash payments or receipts relating to a financial instrument to its net carrying amount. The estimated future cash flows take into account all contractual terms of the financial instrument including transaction costs and all other premiums or discounts but not future credit losses. Models are reviewed at least annually to assess expected lives of groups of assets based upon actual repayment profiles.

### 4. Interest receivable and similar income

	2019	2018
Interest receivable on deemed loans to Group undertakings	16,955,201	16,810,204

All income is derived from the Company's principal activity in the United Kingdom.

### 5. Interest payable and similar charges

	2019	2018
Discount and costs payable on loan notes	4,308,152	5,041,518
Interest payable on subordinated loans from Group undertakings	429,445	470,388
Deferred consideration payable to originators	9,823,030	9,067,621
	14,560,627	14,579,527

Deferred consideration relates to any amounts that remain payable in respect of any deferred purchase price due to the Together Group originators under the mortgage sale agreement.

## Notes to the financial statements (continued)

Unless otherwise indicated, all amounts are stated in £

### 6. Administrative expenses

	2019	2018
Administrative expenses	90,406	108,866

Fees payable to the Company's auditor were borne by Blemain Finance Limited, a subsidiary company of Together Financial Services Limited. The audit fee borne by Blemain Finance Limited in respect of the Company is £8,000 (30 June 2018: £8,000). The Company has no employees.

#### Directors' fees

The directors received no remuneration in respect of qualifying services from the Company in the year (30 June 2018: £nil).

### 7. Income tax

The analysis of the taxation charge for the year is as follows:

	2019	2018
<b>Current tax</b>		
Corporation tax	2,304,168	2,125,992
Adjustment in respect of previous period	-	(4,181)
<b>Total tax on profit</b>	<b>2,304,168</b>	<b>2,121,811</b>
 <b>Profit before tax</b>	 2,304,168	 2,121,811
Tax on profit at standard UK corporation tax rate of 19.00% (2018: 19.00%)	437,792	403,144
 <b>Effects of:</b>		
Expenses not deductible for tax purposes	1,866,376	1,722,848
Adjustment to tax charge in respect of previous period	-	(4,181)
<b>Tax charge for the year</b>	<b>2,304,168</b>	<b>2,121,811</b>

### 8. Cash and cash equivalents

	2019	2018
Unrestricted cash	90,857	2,442,967
Restricted cash	-	4,091,260
<b>Total cash on profit</b>	<b>90,857</b>	<b>6,534,227</b>



## Notes to the financial statements (continued)

Unless otherwise indicated, all amounts are stated in £

### 9. Deemed loans to Group undertakings

As the facility has been fully repaid there are no deemed loans remaining.

Loans outstanding by subsidiary as at the year end: were as follows:

	2019	2018
Auction Finance Limited	-	440,228
Bridging Finance Limited	-	2,065,003
Harpmanor Limited	-	187,602
Together Commercial Finance Limited	-	108,253,652
		<b>110,946,485</b>

The deemed loans arose from the transfer of the beneficial ownership of a portfolio of Together Group mortgage loans to the Company. The Together Group originators do not recognise the sale of the mortgage assets as they retain the risks and rewards of ownership. Consequently they recognise deemed loan liabilities to the Company and the Company recognises corresponding deemed loan assets.

The loans are made available by the Company through the revolving securitisation facility which it entered into with the note purchasers and the Together Group originators. The deemed loan increases as the Company acquires additional mortgage assets, and is repaid by the originators as they receive cash from their customers as repayments of principal on the mortgage loans. The Company also sells defaulted or ineligible loans back to the originators.

### 10. Other debtors

	2019	2018
Unpaid share capital		

## Notes to the financial statements (continued)

Unless otherwise indicated, all amounts are stated in £

### 11. Borrowings

	2019	2018
Cash reserve (not available to recycle)	-	100,000
Subordinated loan	-	22,490,545
Loan notes	-	90,000,000
<b>Total borrowings</b>		<b>112,590,545</b>

Subordinated loans outstanding as at the year end were as follows:

	2019	2018
Auction Finance Limited	-	93,065
Bridging Finance Limited	-	443,957
Harpmanor Limited	-	39,669
Together Commercial Finance Limited	-	22,013,854
Cash reserve	-	(100,000)
<b>Total subordinated loans</b>		<b>22,490,545</b>

Interest was payable on the subordinated loans at Bank rate plus a margin of 2.0%. The cash reserve, which is funded through subordinated loans, was set at a minimum of 1.0% of mortgage loans.

The securitisation was supported by a facility provided by Goldman Sachs Bank USA as purchasers of the loan notes. The facility contractually expires in January 2021, but as detailed within the strategic report was fully repaid during the current year.

The loan notes were transacted at face value and carried a fixed-rate discount. The interest rate in relation to the loan notes was reset every one to three months.

### 12. Other liabilities

	2019	2018
Interest and fees payable to loan note providers	-	339,075
Deferred consideration payable to the originators	63,868	1,770,764
Sundry creditors	3,123	3,314
	<b>66,991</b>	<b>2,113,153</b>

### 13. Share capital

	2019	2018
<b>Issued share capital</b>		
1 ordinary share of £1 each	1	1

All of the share capital is held in trust by Apex Trust Nominees No. 1 Limited.

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to optimise its capital structure in order to reduce its cost of capital as a securitisation vehicle. The Company regards its equity as shown in the statement of financial position as its capital for these purposes. The Company has no externally imposed capital requirements to which it is subject.

## Notes to the financial statements (continued)

Unless otherwise indicated, all amounts are stated in £

### 14. Credit risk

The principal factors taken into account by the Together Group originators in assessing the credit risk of mortgage loans as part of the lending decision are:

- an evaluation of the borrower's ability to service the loan; and
- the level of the loan-to-value (LTV) ratio ensuring that appropriate downside protection exists.

The table below shows the arrears profile of the underlying mortgage portfolio as at 30 June 2019:

	2019	2018
	%	%
Neither past due nor impaired	-	92.5
>0 <= 1 months arrears	-	6.9
>1 <= 2 month arrears	-	0.6
		100.0

The mortgage loan portfolio was exposed to changes in the economic position of the borrowers, which may adversely impact their ability to make loan repayments. The level of risk in this respect was driven by both macro-economic factors, such as house prices, as well as by factors relating to individual customers, such as changes in the borrowers' circumstances. The directors monitored macro-economic factors which could adversely affect the business.

#### Maximum exposure to credit risk

The Company's maximum exposure to credit risk is as follows:

	2019	2018
Cash and cash equivalents	90,857	6,534,227
Deemed loans to Group undertakings	-	110,946,485
Other debtors	1	1
	90,858	117,480,713

### 15. Ultimate parent and controlling party

The Company's immediate parent Company is Apex Trust Nominees No. 1 Limited, a company registered in England and Wales.

The entire share capital of 1 ordinary share is held in trust by Apex Trust Nominees No. 1 Limited under the terms of a discretionary trust, and is held ultimately for charitable purposes.

The Company is controlled by Together Financial Services Limited. Consequently, the results of the Company are consolidated into the group that is headed by Together Financial Services Limited.

The smallest group of which the Company is a member, and for which group financial statements will be drawn up, is that headed by Together Financial Services Limited. The largest group of which the Company is a member, and for which group financial statements will be drawn up, is that headed by Redhill Famco Limited. The principal place of business for Together Financial Services Limited and Redhill Famco Limited is Lake View, Lakeside, Cheadle, Cheshire, SK8 3GW, from where consolidated financial statements can be obtained.

### 16. Related party transactions

The directors of the Company and the Company secretary are either employed by or are provided by companies whose ultimate parent company is Genstar VIII GP AIV Ltd, a Company registered in the Cayman Islands. These operating companies provide directors, company administration and secretarial services to the Company at normal commercial rates.

The amount of transactions and balances with Together Group companies are disclosed in Notes 4, 5, 6, 9 and 11.