

GLOBALDRIVE AUTO RECEIVABLES UK VFN 2017 PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021



GLOBALDRIVE AUTO RECEIVABLES UK VFN 2017 PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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GLOBALDRIVE AUTO RECEIVABLES UK VFN 2017 PLC

OFFICERS AND PROFESSIONAL ADVISERS

AS AT 31 DECEMBER 2021

The board of directors	Wilmington Trust SP Services (London) Limited Mr D J Wynne
Servicer	FCE Bank Plc
Cash manager	Elavon Financial Services DAC, UK Branch
Swap counterparty	Lloyds Bank Corporate Markets Plc BNP Paribas
Banker	US Bank Global Corporate Trust Limited
Company secretary	Wilmington Trust SP Services (London) Limited
Registered office	c/o Wilmington Trust SP Services (London) Limited Third Floor 1 King's Arms Yard London EC2R 7AF
Independent Auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RD
Security trustee	US Bank Trustees Limited 125 Old Broad Street 5 th Floor London EC2N 1AR

GLOBALDRIVE AUTO RECEIVABLES UK VFN 2017 PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their strategic report of Globaldrive Auto Receivables UK VFN 2017 Plc (the "Company") for the year ended 31 December 2021. The Company is incorporated as a public limited company with limited liability and registered in England and Wales under the Companies Act 2006.

GENERAL

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is a special purpose company established solely for the purpose of issuing loan notes in order to purchase receivables from FCE Bank Plc (the "Originator" and the "Servicer"). Under the terms of the securitisation transaction documents dated 20 May 2019, the Company has a programme to issue a maximum of £300,000,000 for Class A1 and Class A2 Floating Rate Notes due 20 November 2025, £600,000,000 Class A3 and £400,000,000 Class B Fixed Rate Asset Backed Notes due 20 November 2025 (the Class A Notes and the Class B Notes together being, together with any further notes issued, the "Notes"). In May 2020, the Company issued an additional £150,000,000 Class A3 Notes. In June 2020, the Company issued an additional £440,000,000 Class A3 Notes and in November 2020 the Company issued an additional £175,000,000 Class A1 Notes and an additional £175,000,000 Class A2 Notes. On 20th November 2020, the due date of the Class A1 Notes, Class A2 Notes, Class A3 Notes and Class B shares was extended from 20 November 2025 to 20 May 2027. In February 2021, the Company issued an additional £150,000,000 Class A3 Notes, in March 2021 the Company issued additional £200,000,000 Class A3 Notes. In December 2021, the Company issued additional £50,000,000 Class A1 Notes and an additional £50,000,000 Class A2 Notes. On 20 May 2022, the Company opted to extend the revolving period from May 2022 to November 2023 and the Notes maturity date from May 2027 to November 2028.

As at 31 December 2021, the following amounts and classes of Notes were outstanding: Class A1 £55,000,000 (2020: £180,000,000); Class A2 £55,000,000 (2020: £180,000,000); Class A3 £490,000,000 (2020: £240,000,000); and Class B £217,784,501 (2020: £214,515,605). The Class A3 Notes and Class B Notes are held by the Originator.

The Notes are non-listed obligations of the Company, privately placed with certain institutional investors in respect of the Class A1 and A2 Notes.

The principal activities of the Company as described in the underlying legal transaction documents of the securitisation, are restricted under the terms of the securitisation transaction to issuing the Notes, the acquisition from the Originator of interests in assigned receivables under a receivables trust and the exercise of related rights and powers and other activities reasonably incidental thereto. The Company's use of derivatives in risk management is explained in the Strategic Report under Principal risks and Uncertainties. The sale of the receivables was adjudged to have failed the derecognition criteria of IFRS 9 and as such, was accounted for a deemed loan to the Originator, representing in substance a financing arrangement between the Company and the Originator.

REVIEW OF THE BUSINESS

RESULTS

The trading results for the year and the Company's financial position at the end of the year are shown in the attached financial statements. The profit for the year after tax was £748,866 (2020: £1,184,171) following a £748,056 (2020: £1,176,611) gain from the fair value of interest rate swaps.

IMPACT OF COVID, BREXIT & RUSSIA UKRAINE CONFLICT

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

This has resulted in significant cost inflation (9.1%, based on the CPI for May 2022) and therefore increased pressure for the Bank of England to continue to increase base rate from an unprecedented low level (with the first increase being from 0.25% to 0.75% in March 2022). All of these factors result in increased pressure on affordability and a heightened risk that borrowers may ultimately default on their Loan. While the extent and duration of the effect of this economic uncertainty remains unclear, there is a risk of financial instability for the Company.

GLOBALDRIVE AUTO RECEIVABLES UK VFN 2017 PLC

STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

IMPACT OF COVID, BREXIT & RUSSIA UKRAINE CONFLICT (continued)

As at 31 December 2021, the vaccination programme in the United Kingdom was well received, with many of the population receiving their third booster vaccinations. In addition to this, a new variant "Omicron" had been discovered, the impact of this new variant was still to be determined.

As at the signing date, around 65% of the population has received their booster jab and daily cases have seen a reduction since the start of 2022. In February 2022, the UK removed the last remaining Covid-19 restrictions, indicating that the vaccination programme has been relatively successful in controlling the spread of the virus.

The directors acknowledge that there may be further unexpected impacts that are currently unforeseeable. The Company will continue to monitor the potential impact Covid-19 may have on the Company and will make necessary adjustments to its financial statements should this happen.

The effects of Brexit have been determined by the EU-UK Trade Cooperation Agreement (the "Withdrawal Agreement") which was ratified by the UK Parliament on 30 December 2020 and entered into force on 1 May 2021.

However, as at the report date there has been no material impact from these macroeconomic factors on the Company's financial performance or cash flows. There is a risk of financial instability, for example a detrimental effect on the UK economy may ultimately impact the underlying borrowers' ability to repay the auto loans. However, in the worst case scenario the Notes are a limited recourse obligation of the Company, therefore payment of them is limited to the application of receipts from the underlying auto loans.

FUTURE DEVELOPMENTS

On 20 May 2022, the Company opted to reduce commitment capacity from £300,000,000 Class A1 Notes, £300,000,000 Class A2 Notes, £600,000,000 Class A3 Notes and £400,000,000 Class B Notes to £150,000,000 Class A1 Notes, £150,000,000 Class A2 Notes, £300,000,000 Class A3 Notes and £330,000,000 Class B Notes. On the same day, the revolving period was extended from May 2022 to November 2023 with the maturity date for the Notes being extended from May 2027 to November 2028 (together "the Renewal").

KEY PERFORMANCE INDICATORS

The key performance indicators of the business are considered to be total assets and delinquent receivables. As at 31 December 2021, total assets were £113,258,081 (2020: £362,978,041). Receivables aged 61+ days are considered to be delinquent receivables. At the year end, delinquent receivables were £688,857 (2020: £1,300,257), which only equates to 0.9% (2020: 0.4%) of the total portfolio of motor vehicles. The KPIs are in line with expectations.

Early amortisation triggers

The terms of the securitisation transaction include early amortisation triggers which are reported each month by the Servicer in an Investor Report. At 31 December 2021 the status of these triggers were as follows:

	In Compliance 2021	In Compliance 2020
Test		
The Aggregate Outstanding Receivable Balance of all receivables that are 61 days or more delinquent, exceeds 1.0%	Yes	Yes
The Aggregate Outstanding Receivable Balance of all receivables which are determined to be uncollectible, exceeds 4.0%	Yes	Yes
The required Reserve Amount is not fully funded	Yes	Yes
An Event of Default has occurred	Yes	Yes
A Termination Event has occurred	Yes	Yes
The Aggregate Outstanding Receivables Balance is lower than the Aggregate Outstanding Principal Amount of the Notes	Yes	Yes
The Seller ceases to be directly or indirectly majority owned and / or controlled by Ford Motor Company	Yes	Yes

GLOBALDRIVE AUTO RECEIVABLES UK VFN 2017 PLC

STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

Section 172(1) Statement

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

- (a) the transaction documents have been formulated to achieve the Company's purpose and business objectives, safeguard the assets and promote the success of the Company with a long-term view and as disclosed in note 1 in accordance with relevant securitisation legislation the Company is only permitted to retain minimal profit;
- (b) the Company has no employees;
- (c) the Company is a securitisation vehicle and therefore a key stakeholder are the noteholders. The transaction documents determine the nature and quality of assets that can be securitised and how the cash flows from securitised assets are distributed. Relationships are also fostered with suppliers and others via professional third parties who have been assigned operational roles with their roles strictly governed by the transaction documents and fee arrangements agreed in advance. The Company has no customers;
- (d) as a securitisation vehicle the Company has no physical presence or operations and accordingly has minimal impact on the community and the environment;
- (e) the Company maintains a reputation for high standards of business conduct via professional third parties who have been assigned operational roles. Fee arrangements have been agreed in advance and supplier invoices paid strictly in accordance with the transaction documents including a priority of payments, if applicable;
- (f) the Company's operations have no impact on the community or environment and;
- (g) the Company has a sole member with the issued shares all held by Wilmington Trust SP Services (London) Limited under a Declaration of Trust for charitable purposes.

PRINCIPAL RISKS AND UNCERTAINTIES

The Servicer continues to administer the motor vehicle finance receivables portfolio under the servicer agreement with the Company. In administering the motor vehicle finance receivables portfolio, FCE applies their formal structure for managing risk, including established risk limits, reporting lines, mandates and other control procedures.

Interest rate risk

The Company's assets consist primarily of a deemed loan to FCE secured by fixed-rate motor vehicle finance receivables which are funded by fixed and floating rate notes issued as part of a securitisation transaction. To manage this interest rate risk, interest rate swaps are entered into at the start of a securitisation transaction to hedge interest rate mismatch between the two to within a tolerable range.

After taking into consideration the Company's derivative instruments, the administered interest rate nature of the Company's deemed loan, the regular re-pricing of the interest on the Notes (with the exception of Class B Notes), together with the nature of the Company's other assets and liabilities, the directors do not believe that the Company has any significant interest rate re-pricing risk exposure.

If the swap agreement with Lloyds Bank Corporate Markets Plc or BNP Paribas is terminated early, termination payments may be payable by the Company and the Company may be unable to meet its obligations under the Notes as payments of such termination amounts rank senior to payment of interest on the Notes. During the year, Lloyds Bank Corporate Markets PLC were appointed as the swap counterparty relating to the Class A1 Notes.

If the swap agreement with Lloyds Bank Corporate Markets Plc or BNP Paribas is terminated prior to the repayment in whole of the principal on the Notes, the Company will be obliged to enter into an agreement on similar terms with a new swap counterparty, failing which an Event of Default will occur and each Note may become due and payable at its principal amount together with accrued interest thereon.

Credit risk

Credit risk on the deemed loan to the Originator is considered to be minimal because the credit losses on the Originator's securitised motor vehicle receivables are not expected to exceed the amount of credit enhancements provided by the Originator. These credit enhancements include the excess spread on the receivables underlying the deemed loan to the Originator, the reserve fund financed by a loan from the Originator and the Class A3 Notes and Class B Notes retained by the Originator.

GLOBALDRIVE AUTO RECEIVABLES UK VFN 2017 PLC

STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

These amounts are available in the event of any shortfall in funds required to be paid to the note holders in accordance with the transaction documents.

The deemed loan to the Originator may become impaired in the case of a significant deterioration in the performance of the motor vehicle finance receivables. This could potentially occur as a result of the significant deterioration of the general economic conditions in the UK in the future. This deterioration may result in higher levels of delinquencies and/or in a larger number of vehicle returns to the Originator at the end of the financing contracts, when their market price could be less than currently forecasted and currently observed. As defined by the transaction documents, any defaulted receivables are repurchased by the Originator. The directors estimate that the level of delinquencies in the pool of vehicle finance receivables underlying the deemed loan to the Originator would have to increase significantly from the level as at 31 December 2021 before the credit losses would exceed the amount of credit enhancement warranties provided by the Originator. The credit quality of the underlying motor vehicle receivables is set out in note 13. Based on the historical data available and the abovementioned credit enhancement in place, the probability of both of these scenarios occurring is considered to be remote. The performance of the vehicle finance receivables underlying the deemed loan is closely monitored by the directors, and the deemed loan to the Originator is assessed for evidence of impairment on a regular basis.

Under the terms of the securitisation transaction, the bank accounts of the Company are required to be held at a financial institution which is permitted under the Financial Services and Market Act 2000 to accept deposits (an “eligible institution”) and whose short-term unsecured, unsubordinated and unguaranteed debt obligations are rated at least A-1 by Standard & Poor’s Rating Service, a division of The McGraw-Hill Companies, Inc. and P-1 by Fitch and Moody’s Investor Services Limited. As at 31 December 2021, should the rating fall below these levels, the Company has to procure the transfer of the relevant bank accounts to an eligible institution within 30 days of the circumstances arising.

Liquidity risk

The Notes are limited recourse instruments, the repayment of which is primarily driven by available principal receipts from the receivables underlying the deemed loan to the Originator. The excess spread in the structure also ensures senior expenses are always well covered. As such, liquidity risk is deemed to be minimal.

Currency risk

All of the Company’s assets and liabilities are denominated in Sterling (“£”), and therefore there is no foreign currency risk.

Streamlined Energy and Carbon Reporting

The Company is out of the scope of the Streamlined Energy and Carbon Reporting (SECR), as it does not meet the numerical thresholds in relation to turnover and number of employees.

Signed on behalf of the board



Ioannis Kyriakopoulos

Wilmington Trust SP Services (London) Limited
Director
23 June 2022

GLOBALDRIVE AUTO RECEIVABLES UK VFN 2017 PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the audited financial statements of Globaldrive Auto Receivables UK VFN 2017 Plc (the "Company") for the year ended 31 December 2021. The Company is incorporated as a public limited company and domiciled in the United Kingdom.

CORPORATE GOVERNANCE STATEMENT

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

THE DIRECTORS

The directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

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

INDEMNIFICATION OF DIRECTORS

The company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third-party indemnity provision remained in force during the year and at the date of approving the Directors' Report.

FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are stated in Note 13 to these financial statements.

Future developments are disclosed in the strategic report.

DIVIDENDS

The directors have not recommended payment of a dividend for the current year (2020: £nil).

INDEPENDENT AUDITORS

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 489 of the Companies Act 2006.

GOING CONCERN

The Directors consider the financial assets held at the balance sheet date to be sufficient to cover and accrued ordinary expenses and foreseeable overheads over the year from the date of approval of these financial statements. Additionally, the directors believe that preparing the financial statements on the going concern basis is appropriate due to the limited recourse nature of the Notes, which means, that any losses made by the Company are ultimately borne by the Noteholders. Even in the case that the Originator exercised this option to early terminate the transaction through the repurchase of the loans, according to the terms of the transaction documents, the motor vehicle finance portfolio would be repurchased at gross amounts and sufficient resources would be available to the Company to repay the Notes outstanding. As part of the Going concern review the Directors have considered the positive impact the Renewal will have on the business.

GLOBALDRIVE AUTO RECEIVABLES UK VFN 2017 PLC

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES STATEMENT IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK-adopted international accounting standards.

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

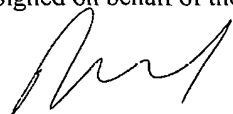
The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

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

Signed on behalf of the board



Ioannis Kyriakopoulos

Wilmington Trust SP Services (London) Limited
Director
23 June 2022

Independent auditors' report to the directors of Globaldrive Auto Receivables UK VFN 2017 Plc

Report on the audit of the financial statements

Opinion

In our opinion, Globaldrive Auto Receivables UK VFN 2017 Plc's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: Statement of Financial Position as at 31 December 2021; Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Auditors' 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 auditors' 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to acts by the Company which were contradictory to the underlying legal documents and agreements governing this securitisation transaction, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to deliberate concealment by forgery, intentional misrepresentations, or through collusion. Audit procedures performed by the engagement team included:

- Making inquiries to those charged with governance in relation to known or suspected instances of non-compliance with laws and regulation and fraud;
- Testing, on a sample basis, that the priority of payments has been applied in accordance with the transaction documents;
- Testing the financial statement disclosures to underlying supporting documentation; and

- Review of minutes of meetings of the Directors that occurred during the year.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's directors as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility



Jessica Miller (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
23 June 2022

GLOBALDRIVE AUTO RECEIVABLES UK VFN 2017 PLC

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Interest income	4	1,092,835	5,161,856
Interest expense and similar charges	5	<u>(847,520)</u>	<u>(4,907,958)</u>
Net interest income		245,315	253,898
Fair value movement of derivative financial instruments	10	748,056	1,176,611
Administrative expenses	6	<u>(244,315)</u>	<u>(244,565)</u>
Profit before tax for the year		749,056	1,185,944
Taxation charge	7	<u>(190)</u>	<u>(1,773)</u>
Profit for the year		<u>748,866</u>	<u>1,184,171</u>
Total comprehensive income for the year		<u>748,866</u>	<u>1,184,171</u>

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share Capital £	(Accumulated Losses) / Retained earnings £	Total Equity £
Balance at 1 January 2020	12,501	(1,739,151)	(1,726,650)
Profit and total comprehensive income for the year	-	<u>1,184,171</u>	<u>1,184,171</u>
Balance at 31 December 2020	<u>12,501</u>	<u>(554,980)</u>	<u>(542,479)</u>
Balance at 1 January 2021	12,501	(554,980)	(542,479)
Profit and total comprehensive income for the year	-	<u>748,866</u>	<u>748,866</u>
Balance at 31 December 2021	<u>12,501</u>	<u>193,886</u>	<u>206,387</u>

The notes on pages 14 to 26 form part of these financial statements.

GLOBALDRIVE AUTO RECEIVABLES UK VFN 2017 PLC

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	As at 31 December 2021 £	As at 31 December 2020 £
Non-current assets			
Deemed loan to the Originator	8	-	309,123,388
Total non-current assets		-	309,123,388
Current assets			
Deemed loan to the Originator	8	64,325,137	-
Derivative financial instruments	10	166,211	-
Other assets	9	3,938,714	5,317,072
Cash and cash equivalents	11	44,828,019	48,537,581
Total current assets		<u>113,258,081</u>	<u>53,854,653</u>
Total assets		<u>113,258,081</u>	<u>362,978,041</u>
Non-current liabilities			
Liabilities evidenced by paper	12	-	360,000,000
Derivative financial instruments	10	-	581,845
Total non-current liabilities		-	<u>360,581,845</u>
Current liabilities			
Liabilities evidenced by paper	12	110,000,000	-
Other liabilities	14	3,051,504	2,936,902
Tax	7	190	1,773
Total current liabilities		<u>113,051,694</u>	<u>2,938,675</u>
Total liabilities		<u>113,051,694</u>	<u>363,520,520</u>
Equity			
Share capital	15	12,501	12,501
Retained earnings / (Accumulated losses)		193,886	(554,980)
Total equity		<u>206,387</u>	<u>(542,479)</u>
Total equity and liabilities		<u>113,258,081</u>	<u>362,978,041</u>

These financial statements of Globaldrive Auto Receivables UK VFN 2017 Plc, Company Registration 10965730 on pages 11 to 26 were approved and authorised for issue by the directors on 30 June 2022 and signed on its behalf by:



Ioannis Kyriakopoulos

Wilmington Trust SP Services (London) Limited
Director

The notes on pages 14 to 26 form part of these financial statements.

GLOBALDRIVE AUTO RECEIVABLES UK VFN 2017 PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Cash flows from operating activities			
Profit before tax for the year		749,056	1,185,944
<i>Adjustments for:</i>			
Interest income	4	(1,092,835)	(5,161,856)
Interest expense and similar charges	5	847,520	4,907,958
Fair value movement of derivative financial instruments	10	(748,056)	(1,176,611)
<i>Working capital adjustments</i>			
Decrease / (increase) in other assets	9	19,044	(569,527)
Increase / (decrease) in other liabilities	14	80,659	(443,745)
Tax paid		(1,773)	(2,090)
Cash used in operating activities		<u>(146,385)</u>	<u>(1,259,927)</u>
Investing activities			
Net increase in deemed loan to Originator	8	245,944,857	249,895,661
Interest received		1,354,140	5,161,856
Reserve loan	8	51,520	(27,919)
Net cash flows generated from investing activities		<u>247,350,517</u>	<u>255,029,598</u>
Cash flows from financing activities			
Issue of Notes		100,000,000	350,000,000
Repayment of Notes		(350,000,000)	(590,000,000)
Interest paid		(913,694)	(4,907,958)
Net cash flows used in financing activities		<u>(250,913,694)</u>	<u>(244,907,958)</u>
Net (decrease) / increase in cash and cash equivalents		(3,709,562)	8,861,713
Cash and cash equivalents at beginning of the year		48,537,581	39,675,868
Cash and cash equivalents at end of year	11	<u>44,828,019</u>	<u>48,537,581</u>

All withdrawals from the Company's bank accounts are restricted by the detailed priority of payments set out in the securitisation agreements and as such the cash and cash equivalents are not freely available to be used.

There are no non-cash changes in liabilities from financing activities.

The notes on pages 14 to 26 form part of these financial statements.

GLOBALDRIVE AUTO RECEIVABLES UK VFN 2017 PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1. PRINCIPAL ACCOUNTING POLICIES

Globaldrive Auto Receivables UK VFN 2017 Plc is a public limited company incorporated and domiciled in the United Kingdom with registered number 10965730.

The principal accounting policies which have been used for the preparation of these financial statements are set out below. The accounting policies have been applied consistently.

Basis of preparation

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. Globaldrive Auto Receivables UK VFN 2017 Plc transitioned to UK-adopted International Accounting Standards in its company financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

The financial statements of Globaldrive Auto Receivables UK VFN 2017 Plc have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The preparation of financial statements in conformity with the requirements of the Companies Act 2006 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Accounting standards

There are no new accounting standards impacting the Company that have a significant effect in the financial statements for the year ended 31 December 2021.

There are no standards or amendments not yet effective which are relevant or have a material impact on the Company.

Going concern

The Company meets its day-to-day working capital requirements through collections under the terms of the securitisation transaction. Projected outflows on the derivative financial instruments are expected to be matched by movements in non-derivative net interest income over the life of the structure, until the Notes are called.

The directors have undertaken a detailed assessment of the Company's ongoing business model and have made enquiries of the management of the Originator. After making these enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the next 12 months from the date of approving these financial statements. As part of the Going concern review the Directors have considered the positive impact the Renewal will have on the business and therefore continues to adopt the going concern basis in preparing its financial statements.

Financial instruments

The Company's financial instruments comprise a Deemed Loan to the Originator, derivatives, cash and liquid resources, liabilities evidenced by paper and various receivables and payables that arise from its ongoing operations as a securitisation special purpose entity. These financial instruments are classified and measured as described below in accordance with IFRS 9.

Deemed loan to the Originator

Upon an asset transfer, if the transferor retains substantially all the risks and rewards associated with the asset, the transaction does not qualify for derecognition under IFRS 9 and is therefore accounted for as a financing transaction. In respect of the motor vehicle finance receivables sold to the Company by the Originator, this was adjudged to fail the derecognition criteria of IFRS 9, on the basis the Originator had retained significant risk (in the form of credit enhancement contributed) and rewards (in the form of deferred purchase consideration due).

GLOBALDRIVE AUTO RECEIVABLES UK VFN 2017 PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Deemed loan to the Originator (continued)

Accordingly, these motor vehicle finance receivables remain on the statement of financial position of the Originator and instead the transaction is accounted for, in substance, as a collateralised loan to the Originator, where recourse is limited to the cash flows from the motor vehicle finance receivables and any credit enhancement provided by the Originator.

The deemed loan to the Originator represents the consideration paid by the Company in respect of the acquisition of the legal ownership of the motor vehicle finance receivables less a reserve loan granted by the Originator and Class B Notes retained by the Originator, subsequently adjusted for repayments from the underlying motor vehicle finance receivables and which represent repayments of the loan to the Originator.

On the basis that the deemed loan to the Originator is to be held for collection of the underlying contractual cash flows and the cash flows are deemed to represent solely payments of principal and interest ("SPPI"), it is measured initially at fair value and then subsequently at amortised cost using the effective interest rate method.

The deemed loan to the Originator is regularly assessed for impairment on a forward-looking basis in respect of Expected Credit Losses ("ECL") associated with the underlying receivables. In arriving at this ECL in respect of the underlying receivables, a three-stage model is adopted:

- Stage 1: 12 month ECL calculated at initial recognition covering expected defaults over the next 12 months;
- Stage 2: Lifetime ECL (not credit impaired) calculated following a significant deterioration in credit quality relative to initial recognition; and
- Stage 3: Lifetime ECL (credit impaired) calculated once deemed to be credit impaired and interest revenue recognised on the revised receivable balance, net of the lifetime loss allowance (as opposed to gross).

The ECL allowance on the underlying receivables is calculated using probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD") and utilise a variety of measurement models and other relevant judgements exercised by the Originator. These models incorporate the Originator's historical experience of credit losses and recoveries, the specific composition of the underlying receivables portfolio, risk evaluation at the time of origination and a forecast of future economic conditions.

The deemed loan to the Originator would be considered impaired if the expected cash flows in respect of the securitised assets (taking into account corresponding ECLs) were considered lower than the expected over-collateralisation and excess spread to be returned to the deemed loan to the Originator over the life of the securitisation arrangement. As at the balance sheet date this was not the case and no impairment was recognised in respect of the deemed loan to the Originator.

Derivative financial instruments

The Company uses derivative financial instruments to manage its exposure to interest rate risk arising from its activities. In accordance with its policy, the Company does not hold or issue derivative financial instruments for trading purposes. Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value with gains and losses recognised in the statement of comprehensive income. Fair values are obtained using valuation techniques, including discounted cash flow that incorporate current market interest rates and current creditworthiness of counterparties, where appropriate. All derivatives are carried as financial assets when fair value is positive and as financial liabilities when fair value is negative.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with less than 3 months maturity from the date of initial recognition. All withdrawals from the Company's bank accounts are governed by the detailed priority of payments set out in the securitisation agreements and as such are considered restricted.

GLOBALDRIVE AUTO RECEIVABLES UK VFN 2017 PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Liabilities evidenced by paper

Liabilities evidenced by paper are Notes issued by the Company. These Notes are initially recognised at fair value and are subsequently stated at amortised cost using the effective interest method.

Interest income and interest expense

Interest income and expense for all interest-bearing financial instruments are recognised in the statement of comprehensive income using the effective interest method. The effective interest method is a method of allocating the interest income or interest expense over the relevant year so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument.

The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

Realised interest income or expense on derivatives goes through the statement of comprehensive income as a respective income or expense in the year in which it occurs.

Taxation

The Company has elected to be taxed under The Taxation of Securitisation Companies Regulations 2006 (the “permanent tax regime”) under which the Company is taxed by reference to the retained amount as defined in the transaction legal documents.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain estimates in the financial statements are based wholly or in part on estimates or assumptions made by the directors. There is, therefore, a potential risk that they may be subject to change in future periods. The most significant of these estimates are as follows:

Fair values

Where financial assets and liabilities are carried at fair value and a quoted price is not available the valuation is based on cash flow models based on independently sourced parameters or internal models based on historic information or comparable data. The accuracy of the calculation would therefore be affected by unexpected market movements or other variances in the operation of models or assumptions used. In preparing these financial statements, the Company determined the fair values of the derivative financial instruments based solely on valuation models observing market indicators for interest rates.

Measurement of the deemed loan to the Originator

It has been concluded that the deemed loan to the Originator should be measured at amortised cost under IFRS 9 having assessed the business model and underlying cash flows against the relevant criteria below.

Given the nature of the Company’s activities, the applicable business model was identified as being one that holds to collect the cash flows of the deemed loan. It was then necessary to confirm that cash flows received in respect of the deemed loan represent payments of solely principal and interest (“SPPI”).

IFRS 9 does not provide specific guidance on assessing the SPPI criterion for deemed loan assets. Furthermore, a deemed loan does not have a single contract which sets out its contractual terms, but instead is formed from elements of different contracts that give rise to the deemed loan. It is therefore necessary to determine what the contractual terms of the deemed loan are by considering the various contractual rights and obligations that the deemed loan asset represents. This requires consideration of the terms of the underlying assets and of the notes purchased by the Originator, as well as any associated instruments and which of the cash flows of those underlying assets are included in the deemed loan.

GLOBALDRIVE AUTO RECEIVABLES UK VFN 2017 PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

In assessing SPPI and possible non-compliance, the following features of the deemed loan to the Originator were identified:

- Given the level of overcollateralisation inherent in the deemed loan, the Company is not deemed to be materially exposed to external risks other than credit risk associated with the motor vehicle finance receivables, despite some of these receivables having optional balloon payments at the end of the term that are at the borrowers' discretion.
- Additionally, a clean-up call option exists whereby the Originator can repurchase the receivables on any interest payment date when the aggregate principal amount outstanding of the Class A1 Notes and the Class A2 Notes is 5% or less of the sum of both the Class A1 Note Maximum Principal Amount (£300,000,000) and the Class A2 Note Maximum Principal Amount (£300,000,000 and both as defined in the receivables sale agreement). This call can only be exercised to the extent the consideration is sufficient to redeem all outstanding Class A and Class B Notes and as such, would be expected to reduce the deemed loan to nil in such a scenario with no resultant exposure to additional upside or downside for the Company.

Based on the above, the directors have concluded that the deemed loan to the Originator does not violate the SPPI test and therefore measured at amortised cost under IFRS 9 as opposed to fair value.

3. GENERAL INFORMATION

The principal asset of the Company is the deemed loan to the Originator which is originated in the UK and funded by floating rate loan notes issued in the UK. All cash and cash equivalents are held in the UK. The directors do not use any other segments for the purpose of managing the Company and further segmental reporting is not considered necessary.

The loan notes are due to redeem in May 2027.

4. INTEREST INCOME

	2021	2020
	£	£
Interest income related to the deemed loan to the Originator	1,068,150	5,082,879
Interest income from bank deposits	-	67,639
Interest income from net swap	<u>24,685</u>	<u>11,338</u>
	<u>1,092,835</u>	<u>5,161,856</u>

5. INTEREST EXPENSE AND SIMILAR CHARGES

	2021	2020
	£	£
Interest expense on liabilities evidenced by paper	834,490	3,754,112
Interest expense on interest rate swaps	<u>13,030</u>	<u>1,153,846</u>
	<u>847,520</u>	<u>4,907,958</u>

GLOBALDRIVE AUTO RECEIVABLES UK VFN 2017 PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

6. ADMINISTRATIVE EXPENSES

	2021	2020
	£	£
Servicing fees paid/payable to the Originator	162,915	163,503
Corporate services	20,019	19,545
Auditors' remuneration – audit of the statutory financial statements of the Company (inclusive of VAT)	38,400	38,400
Trustee fees	5,441	6,016
Bank fees	181	260
Taxation services	1,800	1,800
Cash manager fees	15,559	15,041
	<u>244,315</u>	<u>244,565</u>

The Company had no employees during the year ended 31 December 2021 (2020: nil). The directors did not receive any emoluments in respect of their services to the Company (2020: £nil). One of the directors, Wilmington Trust SP Services (London) Limited, received fees during the year for management and accountancy services provided to the Company. These fees are disclosed in note 16 and are classed above as management and accountancy fees.

During the year ended 31 December 2021 the Company did not receive any non-audit services from the statutory auditors (2020: £nil).

7. TAXATION CHARGE

	2021	2020
	£	£
Current tax:		
Corporation tax charge for the period	190	1,773
Total income tax charge for the period	<u>190</u>	<u>1,773</u>

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill (on 03 March 2021). These include an increase of the main rate to 25% (2020: 19%) from 01 April 2023. The small profits rate will remain at 19% (2020: 19%) for the financial year beginning 01 April 2023.

The actual tax charge differs from the theoretical amount that would arise using the standard rate of corporation tax in the UK as follows:

	2021	2020
	£	£
Profit before tax	<u>749,056</u>	<u>1,185,944</u>
Current tax charge at 19% (2020: 19%)	142,321	225,329
Accounting loss not taxed in accordance with SI 2006/3296	(142,131)	(223,556)
Cash retained profit taxed in accordance with SI 2006/3296 taxed at 19%	190	1,773
	<u>190</u>	<u>1,773</u>
Total tax payable	<u>190</u>	<u>1,773</u>

Under the powers conferred by Finance Act 2005, secondary legislation (the permanent tax regime) was enacted in 2006 which ensures that, subject to certain conditions being met and an election being made, for periods commencing on or after 1 January 2007, corporation tax for a 'securitisation company' will be calculated by reference to the profit of the securitisation company required to be retained in accordance with the relevant capital market arrangement.

GLOBALDRIVE AUTO RECEIVABLES UK VFN 2017 PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

7. TAXATION CHARGE (continued)

The Company has elected to enter the permanent tax regime as in prior periods for securitisation companies commencing with the year ended 31 December 2021.

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

8. DEEMED LOAN TO THE ORIGINATOR

	2021 £	2020 £
Consideration paid to the Originator net of principal repayments of the underlying motor vehicle finance receivables	780,701,672	772,106,420
Reserve loan	(8,177,846)	(8,145,157)
Liabilities evidenced by paper held by the Originator	(707,784,501)	(454,515,605)
Interest expense accrued on liabilities evidenced by paper held by the Originator	(409,791)	(317,891)
Accrued service fees payable to the originator	(4,397)	(4,379)
	<u>64,325,137</u>	<u>309,123,388</u>

The deemed loan to the Originator comprises the amount of scheduled principal payments outstanding on the motor vehicle finance receivables originated by the Originator and financed by the Notes issued. The Servicer continues to service these motor vehicle finance receivables, for which it receives a fee from the Company. The deemed loan is repaid as and when the cash is received by the Originator from customers towards repayments of the motor vehicle finance receivables.

The deemed loan to the originator has been split between non-current assets and current assets on the Statement of Financial Position as it is anticipated that £64,325,137 (2020: £nil) of the principal of the underlying receivables will be redeemed within the next year. See ageing split table below:

	2021 £	2020 £
Ageing split:		
Deemed loan due in more than one year	-	309,123,388
Loan due in one year or less	<u>64,325,137</u>	<u>-</u>
	<u>64,325,137</u>	<u>309,123,388</u>

9. OTHER ASSETS

	2021 £	2020 £
Cash in transit from the Originator	3,937,687	5,297,001
Prepaid expenses	<u>1,027</u>	<u>20,071</u>
	<u>3,938,714</u>	<u>5,317,072</u>

10. DERIVATIVE FINANCIAL INSTRUMENTS

The fair values of interest rate swap contracts have been determined using models by the originator with reference to market indicators and projected cash flows of the receivables. The notional values of the interest rate swaps outstanding as at 31 December are determined based on the amount of Class A1 Notes and Class A2 Notes outstanding.

GLOBALDRIVE AUTO RECEIVABLES UK VFN 2017 PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

10. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The fair values of derivative instruments held are set out in the following tables:

			Interest rate swap
			£
Balance as at 1 January 2020			(1,758,456)
Movement during the year			<u>1,176,611</u>
Balance as at 31 December 2020			(581,845)
Movement during the year			<u>748,056</u>
Balance as at 31 December 2021			<u><u>166,211</u></u>

	Notional amount	Assets	Liabilities
	£	£	£
Interest rate swaps			
At 31 December 2021	<u>110,000,000</u>	<u>166,211</u>	<u>-</u>

	Notional amount	Assets	Liabilities
	£	£	£
Interest rate swaps			
At 31 December 2020	<u>360,000,000</u>	<u>-</u>	<u>(581,845)</u>

11. CASH AND CASH EQUIVALENTS

All withdrawals from the bank accounts are restricted by the detailed priority of payments set out in the securitisation agreements.

	2021	2020
	£	£
Cash and bank current accounts	36,637,672	40,379,923
Bank reserve account	8,177,846	8,145,157
Client account	<u>12,501</u>	<u>12,501</u>
	<u><u>44,828,019</u></u>	<u><u>48,537,581</u></u>

The bank reserve account relates to the reserve fund financed by the subordinated loan from the Originator, and as such are considered restricted.

12. LIABILITIES EVIDENCED BY PAPER

	2021	2020
	£	£
Class A1 and A2 floating rate notes	110,000,000	360,000,000
Class A3 floating rate notes	490,000,000	240,000,000
Class B fixed rate notes	<u>217,784,501</u>	<u>214,515,605</u>
	817,784,501	814,515,605
Less: Class A3 floating rate notes held by the Originator	(490,000,000)	(240,000,000)
Less: Class B fixed rates notes held by the Originator	<u>(217,784,501)</u>	<u>(214,515,605)</u>
	<u><u>110,000,000</u></u>	<u><u>360,000,000</u></u>

The Notes are secured by means of a fixed and floating charge over the pool of motor vehicle finance receivables. The repayment of the Notes is dependent on the receipt of the payments from the motor vehicle finance receivables purchased, and follows a priority of payments, whereby principal and interest payments are first made on the Class A1 Notes, then Class A2 Notes, then Class A3 Notes and then Class B Notes.

Interest on the Notes is payable on the 20th day of each month. The Class A1 and A2 Notes will bear interest at compounded daily SONIA plus 1.00% per annum. The Class A3 Notes will bear interest at a fixed rate of 1.25% per annum. The Class B Notes will bear interest at a fixed rate of 4% per annum.

GLOBALDRIVE AUTO RECEIVABLES UK VFN 2017 PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

12. LIABILITIES EVIDENCED BY PAPER (continued)

The Notes are the sole obligations of the Company. The Notes are limited in recourse to the underlying receivables to customers. The noteholders will have a claim under the Notes against the Company only to the extent of amounts payable in respect of the Notes which are derived from cash flows generated by payments on the receivables, subject to the payment of amounts ranking in priority to the payment of amounts due in respect of the Notes. If there are insufficient funds available to the Company to pay in full all principal, interest and other amounts outstanding in respect of the Notes at the final maturity date or earlier, then the noteholders will have no further claim against the Company in respect of the unpaid amounts. There will be no other assets of the Company available to meet any outstanding claims of the noteholders, who will bear any shortfall *pro rata* to their holdings of the Notes.

The directors of the Company believe that there were no defaults on principal, interest or any other breaches with respect to the issued Notes during the current period. The liabilities evidenced by paper has been split between non-current assets and current assets on the Statement of Financial Position as it is anticipated that £110,000,000 (2020: £nil) of the Class A1 and Class A2 Notes will be redeemed within the next year. See ageing split table below:

	2021 £	2020 £
Ageing split:		
Class A1 and Class A2 notes due in more than one year	-	360,000,000
Class A1 and Class A2 notes due in one year or less	<u>110,000,000</u>	<u>-</u>
	<u>110,000,000</u>	<u>360,000,000</u>

Accrued interest payable on liabilities evidenced by paper is included within Note 14 Other Liabilities.

13. FINANCIAL RISK MANAGEMENT

The Originator manages the motor vehicle finance receivables portfolio under the servicer agreement with the Company. In managing the motor vehicle finance receivables portfolio, the Originator applies their formal structure for managing risk, including established risk limits, reporting lines, mandates and other control procedures.

Credit risk

Credit risk on the deemed loan to the Originator is considered to be minimal because the directors do not expect the amount of incurred credit losses on the securitised motor vehicle receivables to exceed the amount of credit enhancement supplied by the Originator. The three-month average delinquency rate as at 31 December 2021 is 0.08% (2020: 0.15%). The maximum exposure to credit risk is the carrying value of the deemed loan to the Originator, bank deposits, cash and other assets.

The credit quality of the underlying motor vehicle receivables is summarised as follows:

	2021 £	2020 £
Current	778,694,690	769,391,408
31 – 60 days delinquent	1,318,125	1,414,755
61 – 90 days delinquent	378,183	527,433
91 – 120 days delinquent	133,658	357,133
Greater than 120 days delinquent	<u>177,016</u>	<u>415,691</u>
Total portfolio	780,701,672	772,106,420

Interest rate risk

The Company has an exposure to interest rate risk as the motor vehicle finance receivables underlying the deemed loan to the Originator earn interest at a fixed rate. However, whilst the Class A3 Notes and Class B Notes are fixed rate, the Class A1 and Class A2 Notes pay interest at a floating rate. The Company manages this risk by entering into interest rate swaps receiving interest at floating rate and paying interest at fixed rate. These positions are constructed in a way to nearly eliminate existing interest rate risk. The tenure of the swaps is matched on a monthly basis to the maturities of the Notes issued and the deemed loan to the Originator.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

13. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk (continued)

After taking into consideration the derivative instruments, the interest rate nature of the deemed loan to the Originator, the regular re-pricing of the liabilities evidenced by paper (with the exception of the Class B Notes), together with the nature of the other assets and liabilities, the directors do not believe that the Company has any significant interest rate re-pricing risk exposure.

Interest rate sensitivity

The sensitivity analysis has been determined based on the Company's exposure to interest rates for interest bearing assets and liabilities at the financial reporting date and has been based on management's assessment of the possible changes in interest rates.

The sensitivity of the Company to interest rate changes, and the resulting changes in net assets attributable to equity shareholders, is negligible due to the structuring of the interest rate swaps and the fact that the Company only retains 0.01% of interest collections. If interest rates had been 25 basis points higher and all other variables held constant, net assets attributable to equity shareholders for the year ended 31 December 2021 would have been £204 (2020: £204) higher. If interest rates had been 25 basis points lower and all other variables held constant, net assets attributable to equity shareholders for the year ended 31 December 2021 would have been lower by £204 (2020: £204).

Management of capital

The Company manages one item as capital only, being share capital. Quantitative information regarding the level of share capital is provided in note 15. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company is not subject to any external capital requirements except for the minimum requirement under the Companies Act 2006, which is that a quarter of the nominal share value must be paid up. The Company has not breached the minimum requirement. Due to the nature of the business of the Company, including the ability to utilise the credit enhancement provided by the Originator, the directors of the Company believe that its capital need not exceed the minimum statutory requirements.

Financial instruments

The Company's financial instruments, other than derivatives, are comprised of a deemed loan to the Originator, cash and liquid resources, interest-bearing borrowings and various receivables and payables that arise directly from its operations. The Company also enters into derivative transactions (interest rate swaps). The purpose of such transactions is to manage the interest rate risks arising from the Company's operations and its sources of finance.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments is undertaken. This has not occurred throughout the period.

Fair value hierarchy

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

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

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

Level 3 - valued by reference to valuation techniques using inputs that are not based on observable market data the valuation techniques used by the Company are explained in the accounting policies note.

GLOBALDRIVE AUTO RECEIVABLES UK VFN 2017 PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

13. FINANCIAL RISK MANAGEMENT (continued)

Fair value hierarchy (continued)

All gains and losses in relation to the level 3 instruments have been recognised in the Statement of comprehensive income for the year and are fully attributable to the level 3 instruments held at the year end.

The carrying value of the Deemed loan to the Originator is categorised as level 3. The carrying value of the Notes are categorised as level 3.

As at 31 December 2021	Level 1	Level 2	Level 3	Total
Hierarchy levels, assets	£	£	£	£
<i>Assets at amortised cost whose fair value is disclosed</i>				
Deemed loan to the Originator	-	-	64,325,137	64,325,137
Derivative financial instruments	-	-	166,211	166,211

	Level 1	Level 2	Level 3	Total
Hierarchy levels, liabilities	£	£	£	£
<i>Liabilities at amortised cost whose fair value is disclosed</i>				
Notes	-	-	110,000,000	110,000,000

<i>Liabilities recognised and measured at fair value</i>				
Derivative financial instruments	-	-	-	-

As at 31 December 2020	Level 1	Level 2	Level 3	Total
Hierarchy levels, assets	£	£	£	£
<i>Assets at amortised cost whose fair value is disclosed</i>				
Deemed loan to the Originator	-	-	309,123,388	309,123,388

	Level 1	Level 2	Level 3	Total
Hierarchy levels, liabilities	£	£	£	£
<i>Liabilities at amortised cost whose fair value is disclosed</i>				
Notes	-	-	360,000,000	360,000,000

<i>Liabilities recognised and measured at fair value</i>				
Derivative financial instruments	-	-	581,845	581,845

The table below provides details of the fair value of financial assets and liabilities:

	Note	Carrying amount 2021 £	Fair value 2021 £	Carrying amount 2020 £	Fair value 2020 £
Financial assets					
Deemed loan to the Originator	8	64,325,137	94,323,422	309,123,388	305,313,696
Derivative financial instruments	10	166,211	166,211	-	-
Other assets	9	3,938,714	3,938,714	5,317,072	5,317,072
Cash and cash equivalents	11	<u>44,828,019</u>	<u>44,828,019</u>	<u>48,537,581</u>	<u>48,537,581</u>
Financial liabilities					
Liabilities evidenced by paper	12	110,000,000	109,891,404	360,000,000	360,160,211
Derivative financial instruments	10	-	-	581,845	581,845
Other liabilities	14	<u>3,051,504</u>	<u>3,051,504</u>	<u>2,936,902</u>	<u>2,936,902</u>

GLOBALDRIVE AUTO RECEIVABLES UK VFN 2017 PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

13. FINANCIAL RISK MANAGEMENT (continued)

Currency risk

All of the Company's assets and liabilities are denominated in Sterling ("£"), and therefore there is no foreign currency risk.

Liquidity risk

As long as the contractual and expected maturity of motor vehicle finance receivables underlying the deemed loan to the Originator is shorter than the notes issued; the notes issued can be repaid/redeemed using the proceeds from the redemption of the underlying motor vehicle finance receivables; and the reserve loan from the Originator (note 8) is available to cover shortfalls in the proceeds from the underlying motor vehicle finance receivables. As a result of this the directors of the Company believe that the Company is not exposed to any significant liquidity risks.

The following table details the Company's principal liquidity analysis for its financial liabilities at 31 December 2021. The amounts are calculated based on undiscounted cash flows based on expected redemption rates and contractual principal repayments on the vehicle finance receivables underlying the deemed loan to the Originator. The actual principal cash flows are likely to vary from these estimates due to fluctuations in redemption rates.

As at 31 December 2021	Total	Less than 1 month	1 to 3 months	3 to 12 months	In more than 1 year but not more than 5 years
	£	£	£	£	£
Financial liabilities					
Liabilities evidenced by paper	110,000,000	-	-	110,000,000	-
Other liabilities	<u>3,051,504</u>	<u>3,051,504</u>	<u>-</u>	<u>-</u>	<u>-</u>

At 31 December 2020	Total	Less than 1 month	1 to 3 months	3 to 12 months	In more than 1 year but not more than 5 years
	£	£	£	£	£
Liabilities evidenced by paper	367,182,891	-	923,762	2,745,112	363,514,017
Other liabilities	2,936,902	2,936,902	-	-	-
Net outflows on derivative financial instruments (net settled)	<u>581,845</u>	<u>581,845</u>	<u>-</u>	<u>-</u>	<u>-</u>

14. OTHER LIABILITIES

	2021	2020
	£	£
Interest payable on liabilities evidenced by paper	35,507	99,993
Accruals	<u>3,015,997</u>	<u>2,836,909</u>
	<u>3,051,504</u>	<u>2,936,902</u>

The interest payable on liabilities evidenced by paper disclosed above excludes interest payable on liabilities evidenced by paper held by the Originator which is included within the deemed loan to the Originator (note 8).

GLOBALDRIVE AUTO RECEIVABLES UK VFN 2017 PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

15. SHARE CAPITAL

Allotted and called up share capital:	2021	2020
	£	£
1 ordinary shares - £1 each – fully paid	1	1
49,999 ordinary shares - £1 each – quarter paid up	<u>12,500</u>	<u>12,500</u>
	<u>12,501</u>	<u>12,501</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

16. RELATED PARTY TRANSACTIONS

The Company is a special-purpose company governed by its Board of directors, which comprises two directors. Wilmington Trust SP Services (London) Limited and Mr D J Wynne. Mr D J Wynne who is a director of the Company, is also a director of Wilmington Trust SP Services (London) Limited. The Company pays a management fee and an accountancy fee to Wilmington Trust SP Services (London) Limited in connection with corporate services received. The fees payable to Wilmington Trust SP Services (London) Limited for their services in the year amounted to £20,019 (2020: £19,545) (including irrecoverable VAT). At 31 December 2021 £nil (2020: £ nil) was owed to Wilmington Trust SP Services (London) Limited.

During the year, under the terms of the Globaldrive Auto Receivables UK VFN 2017 Plc securitisation, the Originator sold £484,366,366 (2020: £500,141,227) additional motor vehicle finance receivables to the Company. The amount of scheduled principal payments outstanding on the motor vehicle finance receivables sold by the Originator at 31 December 2021 amounted to £780,701,672 (2020: £772,106,420) and are included in the deemed loan to the Originator. Interest received on the motor vehicle receivables, included within interest income on the deemed loan to the Originator, during the year amounted to £36,798,057 (2020: £38,228,918).

The Servicer receives a fee equal to 0.02% p.a. of the principal outstanding on the motor vehicle finance receivables for acting as cash manager and servicer of the vehicle finance receivables. For the year ended 31 December 2021 this fee amounted to £162,915 (2020: £163,503) and is included as a deduction from interest income on the deemed loan to the Originator. At 31 December 2021 £4,397 (2020: £4,379) was owed to the Servicer and is included as a deduction from the deemed loan to the Originator.

At 31 December 2021 FCE held £490,000,000 (2020: £240,000,000) Class A3 Notes and £217,784,501 (2020: £214,515,605) Class B Notes which are included as a deduction from the deemed loan to the Originator. For the year ended 31 December 2021 the interest paid in relation to Class A3 notes to the Originator amounted to £6,496,144 (2020: £3,554,883). At 31 December 2021 the interest paid to the Originator in relation to Class B notes amounted to £8,583,199 (2020: £8,700,503). At 31 December 2021 the deferred purchase consideration paid to the Originator amounted to £26,355,087 (2020: £25,324,414).

17. ULTIMATE PARENT AND CONTROLLING PARTY

The shares in Globaldrive Auto Receivables UK VFN 2017 Plc are held by Wilmington Trust SP Services (London) Limited under a Declaration of Trust for charitable purposes.

Although FCE Bank plc, a company incorporated in the United Kingdom, has no direct ownership interest in the Company, it is considered to exert control over its activities and the results of the Company are therefore included in the consolidated financial statements of FCE Bank plc. The financial statements of FCE Bank plc can be obtained from FCE Bank plc, Eagle Way, Brentwood, Essex, CM13 3AR, United Kingdom.

The financial results of FCE Bank plc are included in the consolidated financial statements of its ultimate parent, Ford Motor Company, a company incorporated in the United States of America. The financial statements of Ford Motor Company can be obtained from Ford Motor Company, The One American Road, Dearborn, Michigan, 48126, United States of America.

GLOBALDRIVE AUTO RECEIVABLES UK VFN 2017 PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

17. ULTIMATE PARENT AND CONTROLLING PARTY (continued)

The directors regard FCE Bank plc as the immediate controlling parent undertaking and Ford Motor Company as the ultimate controlling parent undertaking and these are the smallest group and largest group respectively into which the Company is consolidated.

18. POST BALANCE SHEET EVENTS

On 20 May 2022, the Company opted to reduce commitment capacity from £300,000,000 Class A1 Notes, £300,000,000 Class A2 Notes, £600,000,000 Class A3 Notes and £400,000,000 Class B Notes to £150,000,000 Class A1 Notes, £150,000,000 Class A2 Notes, £300,000,000 Class A3 Notes and £330,000,000 Class B Notes. On the same day, the revolving period was extended from May 2022 to November 2023 with the maturity date for the Notes being extended from May 2027 to November 2028. The Directors have considered the Renewal to be a non-adjusting event after the reporting period under IAS 10, as the decision to extend the revolving period date and the Note maturity date was considered to be an event after the reporting period that was indicative of a condition that arose after 31st December 2021. As such, the maturity profile of the Deemed Loan and Notes as at the year end have not been adjusted to reflect the Renewal.