Registered number: 12541031

ELVET MORTGAGES 2020-1 PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

CONTENTS

COMPANY INFORMATION

Directors	L.D.C Securitisation Director No.1 Limited L.D.C Securitisation Director No.2 Limited Mark Filer
Company secretary	Law Debenture Corporate Services Limited
Registered number	12541031
Registered office	8th Floor 100 Bishopsgate London EC2N 4AG
Independent auditors	PricewaterhouseCoopers LLP Central Square 29 Wellington Square Leeds LS1 4DL

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2022

Introduction

The directors present their Strategic report for Elvet Mortgages 2020-1 PLC (the "Company") for the year ended 31 March 2022.

Overview of the Company

The Company is a public company limited by shares, incorporated in the United Kingdom on 31 March 2021 with the registered number of 12541031 as Elvet Mortgages 2020-1 PLC.

On 28 July 2020 the Company issued a prospectus (the "Prospectus") to issue floating rate notes ("Notes"), which are listed on the Euronext Dublin exchange, in order to acquire a portfolio of mortgages (the "Mortgage Portfolio") as part of a securitisation transaction. The Company raised £770,215k through the Note issue. The Notes have a final maturity date of March 2065. Under the terms of the securitisation transaction the Mortgage Portfolio is serviced by Atom Bank PLC (the "Servicer"). The interest payments are made via pass-through as they are not predetermined but dependent on cash flows.

Principal activities

The sole principal activity of the Company is to issue loan notes in order to raise finance under the terms of a securitisation transaction to acquire a portfolio of residential mortgages from Atom Bank PLC. The activities of the Company are managed in accordance with the securitisation transaction documents. The transaction documents can be found on https://www.euronext.com/en.

Business review and outline of the securitisation transaction

During the year, the Company performed in accordance with its obligations under the securitisation transaction documents. In the year, the Company repaid £113,116k (2021: £60,695k) of its issued class A Notes (being 18.2% (2021: 9.8%) of the issued Notes in that class) and repaid £5,953k (2021: £4,532k) of its issued class VRR Notes (being 15.5% (2021: 11.8%) of the issued Notes in that class) in line with the transaction documents.

As part of structuring the securitisation transaction, the Company also entered into a loan agreement with Atom Bank PLC. The proceeds from the issue of Notes were used to purchase pool of mortgages from Atom Bank PLC and £11,553k was used to fund the General Reserve Fund.

The Company entered into a call option with Atom Bank PLC, which the Company will, amongst other things, be required to sell the mortgage portfolio held as security for the Notes to allow the Notes to fully redeem. The call option can only be exercised from the date the interest steps up on the Notes, being the interest payment date in June 2025, or any interest payment date thereafter.

The sale of the Mortgage Loans by the seller to the Company are deemed to have achieved derecognition under the financial reporting standard IAS 39: Financial Instruments: Recognition and Measurement. The seller was deemed to have transferred significantly all the risks and rewards of ownership to the Company. It follows therefore that the Mortgage Loans have been recognise directly in the balance sheet of the Company.

Results

The results for the year are set out on page 11.

During the year the Company made a profit of £14,323k (2021: loss - £746k). Profits are attributable due to favourable movements on derivatives of £15,477k (2021: loss - £2,536k) during the year. The Company has retained an issuer profit of £1.2k as at year end as per the terms of the securitisation transaction documents.

On 28 July 2020 the Company issued a prospectus as part of the securitisation transaction in order to issue the following Loan Notes (the "Notes"), which are non-recourse:

Class	Principal £000s	Interest rate	Interest rate after step up date
Class A	621,949	SONIA + 0.85%	SONIA + 1.70%
Class B	42,073	SONIA + 1.65%	SONIA + 2.65%
Class C	42,073	SONIA + 2.25%	SONIA + 3.25%
Class D	7,317	SONIA + 2.65%	SONIA + 3.65%
Class E	7,317	SONIA + 4.45%	SONIA + 5.45%
Class Z	10,975	-	-
VRR notes	38,511	-	-

Financial key performance indicators

As a securitisation transaction, the key performance indicators used by management are the credit quality of the underlying mortgage loans as detailed in Note 17 and consideration whether there have been any breaches of the transaction documents. There have been no breaches during the year.

Financial KPIs - the directors monitor the actual receipts and payments of interest to and by the Company through the bank statements and measure these against schedules and forecasts prepared by the Servicers of the mortgage pools, in accordance with the transaction documents. Detailed information about the performance of the Mortgage Portfolio is contained in the quarterly investor reports that contain a range of data on the performance of the mortgage portfolio. As presented in the 31 March 2022 (comparative 31 March 2021) mortgage report, the KPIs of the portfolio include:

- the percentage of the pool greater than 3 months in arrears was 0.02% (2021: 0.02%);
- the weighted average current loan to value (by original value) was 63.52% (2021: 66.25%);
- the average loan size was £164,566 (2021: £172,160);
- the weighted average interest rate was 2.00% (2021: 1.99%).

The total number of loans with payment holidays amounted to 0 (2021: 23), representing £Nil (2021: £3,717,922) of total loans, as presented in the 31 March 2022 investor report.

Non-financial KPIs – as the purpose of the business is entirely finance-related, the directors are of the view that there are no meaningful non-financial KPIs that could be adopted.

Principal risks and uncertainties

The principal financial risks are credit, interest and liquidity risks. These include the correct and timely receipts of interest and principal on the mortgage loans. Further details about these risks and the steps that are taken to manage them are set out at note 16 to the financial statement.

Impairment provisions are recorded on loans in arrears where the value of the loan in arrears is in excess of the estimated forced sale value of the underlying property held as security based on the probability of the loan going to repossession. More information, including about forbearance, is included in Note 1.

The Russia/Ukraine conflict has affected the global economic markets and is exacerbating ongoing economic challenges, including inflation and global supply chain disruption. Furthermore, the Company continues to manage the progress, performance and risks associated with the COVID-19 pandemic.

The operations of the Company are limited in nature and the market risks from the financial assets and liabilities have been economically hedged. As a result, the financial market volatility caused by the Russia/Ukraine conflict and COVID-19 are expected to have minimal impact on the Company's ability to provide services and support to its investors.

The Company has been structured to withstand extreme liquidity stresses. There are a variety of liquidity mechanisms, which can be used for support and protection, including a reserve fund. The reserve fund of £11,553k is in place to make good certain shortfalls in the funds available to meet the senior payments, including shortfalls of interest payable on the Notes and principal deficiencies. The reserve fund was not used in the year.

Internal controls, risk profile and risk management

The directors have overall responsibility for the Company's internal control system which encompasses a business, operational and compliance risks in relation to the securitisation transaction entered into by the Company. The principal risks faced by the Company are set out in the following paragraphs, and expanded upon at Note 16, including a description of how those risks are managed.

Future developments

The Company will continue to receive the cash flows from the underlying mortgage loans. Due to repayments reducing the capital value of the mortgages in each period, both the Company's assets and interest income will decrease in future years. The rate of decrease is dependent on future redemptions and future advances.

Derivatives and other financial instruments

The Company's financial instruments, other than derivatives and fixed and variable rate mortgages, comprise the Notes, and cash and other liquid resources. Further details are set out in Note 15 of the financial statements. The Company entered into an interest rate swap to manage and economically hedge the difference between the variable rate applicable to the Notes issued and the fixed interest rate mortgages acquired.

Going concern

Key factors in determining going concern include cash flows, realised loan losses and loan loss impairment provisions. The repayment of Notes issued by the Company is solely dependent on the performance of the pool of mortgages acquired. Specifically, if mortgages in arrears and losses on repossession increase, there may be less cash available to pay Noteholders. The legal structure of the Notes means that the Company is only required to pay out funds to the extent that it has received them from mortgage holders. The Company will draw on the reserve fund from Citibank when necessary and this might lead to a principal deficiency if there are insufficient cash flows or reserve funds to pay Noteholders and others.

The Company is not required to fund a deficiency until either contractual maturity of the Notes or an early termination trigger event has occurred. The Company has entered into a call option under which the Company will amongst other things, be required to sell the mortgage portfolio held as security for the Notes to be redeemed in full. The call option can only be exercised from the date the interest steps up on the Notes, being the interest payment date in June 2025, or any interest payment date thereafter. These trigger events are monitored for the Company by its cash manager, corporate services provider and the directors. There have been no such trigger events occurred in the financial period or up to the date of this report.

The Directors have assessed, taking into consideration the principal risks and uncertainties set out in note 16 of the financial statements, the future strategic plans and anticipated economic conditions including the Coronavirus impact, and the entity's ability to continue as a going concern.

Having assessed the impact on the entity's principal risks on the basis of current financial position and the latest investor report including stressed scenario analysis, the directors have a reasonable expectation that the entity has adequate resources to continue in operational existence for the foreseeable future and therefore believe that the entity is well placed to manage its business risks successfully despite the current uncertain economic outlook. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. Further details are provided in the directors' report.

Directors' statement of compliance with duty to promote the success of the Company

As a special purpose vehicle the governance structure of the Company is such that the key policies have been predetermined at the time the Company issued the bonds which are listed on the London Stock Exchange. 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, which cannot be changed without bondholder consent, 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:
b. the transaction documents only allow the Company to retain a minimal profit and due to the limited recourse nature of the structure, the returns to bond holders are limited by the cashflows received;
c. the company has no employees;
d. the Company is a securitisation vehicle and therefore a key stakeholder are the bondholders. The transaction documents determine the nature and quality of assets that can be securitized 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;
e. as a securitisation vehicle the Company has no physical presence or operations and accordingly has minimal impact on the community and the environment;
f. the Company maintains a reputation for high standards of business conduct via professional third parties who have contracted with the Company to provide specific 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; and
g. the Company has a sole member The Law Debenture Intermediary Corporation and entire issued share capital on a discretionary trust basis for the benefit of certain charities.

This report was approved by the board and signed on its behalf.

Mark Filer

Law Debenture Corporate Services Limited
Company Secretary

Date: 30 September 2022

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2022

The directors present their report and the audited financial statements for the year ended 31 March 2022.

Results and dividends

The profit for the year, after taxation, amounted to £14,323k (2021 - loss £746k).

The company has no employees.

Directors

The directors who served during the year were:

L.D.C Securitisation Director No.1 Limited
L.D.C Securitisation Director No.2 Limited
Mark Filer

During the year, none of the directors held beneficial interests in the shares of the Company. The directors do not recommend the payment of a dividend (2021: nil).

Future developments

There have been no reportable subsequent events between the balance sheet date and date of signing this report that would meet the criteria to be disclosed or adjusted in the financial statements as at 31 March 2022.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Political and charitable donations

The Company made no political or charitable donations during the year. (2021: nil).

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Going concern

In assessing this risk, the directors considered the potential available cash and the payment waterfalls within the transaction documents. The cash reserve fund can be used to mitigate the effect of economic downturns and help in settlement of the Company's liabilities as they fall due in accordance with the transaction documents. The directors therefore believe that the COVID-19 economic impact does not call into question the Company's adoption of the going concern basis of preparation.

The directors believe that these factors should enable the Company to continue to trade normally and that, notwithstanding any deterioration that might arise in the housing market or in the general economy within the next 12 months, the Company should be able to meet the payments required under the transaction cash waterfalls falling due for payment over the next 12 months based on current expectations of the performance of the mortgage portfolio. Should the Cash-flows be insufficient the Company may default on any Note payments due. In such circumstances and in accordance with the transaction documents, the Security Trustee may choose to dispose of the Company's assets and, potentially, wind up the Company.

Having reviewed these factors, and taking into account current market conditions, in the opinion of the directors, the Company remains a going concern and the financial statements have been prepared on this basis. There are a variety of liquidity mechanisms, which can be used for support and protection, including reserve fund.

The reserve fund of £11,553k is in place to make good certain shortfalls in the funds available to meet the senior payments, including shortfalls of interest payable on the Notes and principal deficiencies.

Streamlined Energy and Carbon Reporting (SECR)

The Company is out of 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.

This report was approved by the board and signed on its behalf.

Mark Filer
Director

Date:30 September 2022

DIRECTORS' RESPONSIBILITIES STATEMENT IN RESPECT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements and then apply them consistently;
- make judgements 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Independent auditors' report to the directors of Elvet Mortgages 2020-1 Plc

Report on the audit of the financial statements

Opinion

In our opinion, Elvet Mortgages 2020-1 Plc's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); 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 and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 March 2022; the Statement of Comprehensive Income, Statement of Changes in Equity and 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, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Audit scope

- The scope of our audit and the nature, timing and extent of audit procedures performed were determined by our risk assessment and other qualitative factors (including evaluation of history of misstatement through fraud or error).
- We tailored the scope of our audit to ensure that we performed sufficient work to enable us to opine on the financial statements.
- We identified all material financial statement line items and disclosures, including those that were considered qualitatively material, and conducted our work over these accordingly.

Key audit matters

- Risk of errors in the priority of payments (the 'Waterfalls')

Materiality

- Overall materiality: £5,966,000 (2021: £7,150,000) based on 1% of total assets.
- Performance materiality: £4,474,000 (2021: £5,360,000).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit;

and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Impact of Covid-19, which was a key audit matter last year, is no longer included because of our consideration of the pandemic in the current year being adequately captured by other key audit matters and it not representing an area of increased audit focus in its own right. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Risk of errors in the priority of payments (the 'Waterfalls') As a special purpose entity, the Company is required on each Interest Payment Date to make payments in accordance with the priority of payments, which are set out in the underlying transaction documents and referred to as the Waterfall. The priority of payments in the Waterfall is key to ensuring that expenses, principal repayments and interest payments are being paid in the correct order of seniority. Related disclosures in the financial statements: Note 4: Interest payable and similar expenses Notes 11 and 13: Financial liabilities	We undertook the following procedures to test the Waterfall: • Agreed the priority of payments to the transaction documents; • For each Interest Payment Date occurring during the period, we compared the available amounts for distribution to the amounts received in respect of the Receivables, and verified the split of interest and principal received by recalculating the monthly interest for a sample of contracts; • Recalculated the Notes balance outstanding as at the period-end based on issuances and repayments during the period, and agreed these balances to the investor reports and bank statements.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall company materiality	£5,966,000 (2021: £7,150,000).
How we determined it	1% of total assets
Rationale for benchmark applied	As an SPE is established as a not for profit entity, funded almost entirely by debt, it follows that users may focus their attention on the SPE's total assets as suggested by ISA (UK) 320 paragraph A3. It is therefore considered appropriate that overall materiality can, in the context of an SPE audit, be calculated as 1% of total assets.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2020: 75%) of overall materiality, amounting to £4,474,000 (2021: £5,360,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above 298,000 (2021: 357,500) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

- Inspection of transaction documents to verify that Notes are limited recourse in all circumstances and that certain expenses can be deferred if there are insufficient funds
- Considered historical levels of non-deferrable expenses and payments and considered the sufficiency of liquidity to cover such expenses
- Inspection of post year-end investor reports for pertinent changes in cash flows, such as deterioration in the performance of the mortgage loans or uncleared write offs on the principal deficiency ledgers
- Considered the events of default set out in the transaction documents and verification that no trigger breaches had occurred

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 March 2022 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 any breach of the listing requirements of the Euronext Dublin under which the offering circular was issued or of the underlying transaction documents, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 posting inappropriate journal entries. Audit procedures performed by the engagement team included:

- Making inquiries of those charged with governance in relation to known or suspected instances of non-compliance with laws and regulation and fraud.
- Testing of the reconciliation and consistency of the year end servicer's reports to the financial statements and underlying bank statements of the Company.
- Testing that the priority of payments has been applied in accordance with the transaction documents.
- Reviewing journal postings and evaluating whether there was evidence of bias.

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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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.

D Brydon

Daniel Brydon (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
30 September 2022

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

	Note	**Year ended 31 March 2022 £000**	Period from 31 March 2020 to 31 March 2021 £000
Interest receivable and similar income	5	**14,410**	14,016
Interest payable and similar expenses	6	**(14,481)**	(11,475)
Net interest (expense)/income		**(71)**	2,541
Administrative expenses		**(1,028)**	(751)
Impairment charge	9	**(55)**	-
Fair value movement on derivative	7	**15,477**	(2,536)
Profit/(loss) before tax		**14,323**	(746)
Tax on profit/(loss)	8	**-**	-
Profit/(loss) for the financial year		**14,323**	(746)
Total comprehensive expense for the year		**14,323**	(746)

The notes on pages 18 to 37 form part of these financial statements.

BALANCE SHEET
AS AT 31 MARCH 2022

	Note		2022 £000		2021 £000
Non-current assets					
Mortgage loans	9		**364,468**		441,737
			364,468		441,737
Current assets					
Derivative asset	13	**12,942**		-	
Debtors: amounts falling due within one year	10	**139**		13	
Mortgage loans	9	**206,697**		250,518	
Cash at bank and in hand	11	**25,358**		23,005	
Current liabilities		**245,136**		273,536	
Creditors: amounts falling due within one year	12	**(212,929)**		(88,898)	
Net current assets			**32,207**		184,638
Total assets less current liabilities			**396,675**		626,375
Creditors: amounts falling due after more than one year	15		**(383,085)**		(624,572)
Derivative liability	14		**-**		(2,536)
Net assets/(liabilities)			**13,590**		(733)
Capital and reserves					
Called up share capital	19		**13**		13
Accumulated losses			**13,577**		(746)
Total shareholders' deficit			**13,590**		(733)

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Mark Filer
Director

Date: 30 September 2022

The notes on pages 18 to 37 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 31 March 2020	**13**	**-**	**13**
Loss for the year	**-**	**(746)**	**(746)**
Balance at 31 March 2021 and at 1 April 2021	**13**	**(746)**	**(733)**
Profit for the year	**-**	**14,323**	**14,323**
At 31 March 2022	**13**	**13,577**	**13,590**

The notes on pages 18 to 37 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £000	2021 £000
Cash flows from operating activities			
Loss before tax		**14,323**	(746)
Adjustments for:			
Impairment charge	9	**55**	-
(Increase)/decrease in fixed assets held for sale		**(12,942)**	-
Interest paid	6	**14,481**	11,475
Interest received	5	**(14,410)**	(14,016)
Increase in debtors	10	**(126)**	(13)
Increase in creditors	12	**42**	40
Fair value derivative movement		**10,406**	2,536
Net cash used in operating activities		**11,829**	(724)
Cash flows from investing activities			
Loan notes interest paid		**(14,333)**	(11,296)
Mortgage loans repaid	9	**121,035**	66,642
Mortgage loans purchased	9	**-**	(758,897)
Mortgage loan interest received	9	**14,410**	14,016
Net cash generated from/(used in) investing activities		**121,112**	(689,535)
Cash flows from financing activities			
New share capital issued		**-**	13
Reserve fund		**-**	11,553
Loan notes issued		**-**	716,101
Z notes issued		**-**	10,975
VRR notes issued		**-**	39,849
Loan notes repaid		**(111,692)**	(60,695)
VRR notes repaid		**(5,954)**	(4,532)
Net cash (used in)/generated from financing activities		**(117,646)**	713,264
Net increase in cash and cash equivalents		**15,295**	23,005
Cash and cash equivalents at beginning of year		**23,005**	-
Cash and cash equivalents at the end of year	11	**38,300**	23,005
Cash at bank and in hand		**38,300**	23,005

1. General information

The Company was incorporated in England and Wales on 31 March 2020, as Elvet Mortgages 2020-1 PLC. The Company has its registered office at 8th Floor, 100 Bishopsgate, London, EC2N 4AG.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

In accordance with Section 11 of FRS 102, the provisions of IAS 39 have been adopted with respect to the recognition and measurement of financial instruments.

The financial statements are prepared on the historical cost basis except for derivative financial instruments and financial instruments classified at fair value through the profit or loss, which are stated at their fair value.

The following principal accounting policies have been applied:

2. Accounting policies (continued)

2.2 Going concern

Key factors in determining going concern include cash flow forecasts, with some assumptions in the calculations, loan losses and loan loss impairment provisions. The repayment of the Notes issued by the Company is solely dependent on the performance of the pool of mortgages acquired. Specifically, if mortgages in arrears and expected losses on repossession increase, there may be less cash available in the structure to pay Noteholders. The legal structure of the Notes means that the Company is only required to pay out funds to the extent that it has received them from mortgage holders.

Due to the inherent nature of the Company, Notes are limited recourse and are only paid down when cash is received, and movements in the underlying interest rates are predominantly mitigated by the financial derivatives and for this reason the Directors are of the opinion that the entity continues to be a going concern for the foreseeable future. This is further supported by the cash reserve held by the Company.

The Russia/Ukraine conflict has affected the global economic markets and is exacerbating ongoing economic challenges, including inflation and global supply chain disruption. Furthermore, the Company continues to manage the progress, performance and risks associated with the COVID-19 pandemic.

The operations of the Company are limited in nature and the market risks from the financial assets and liabilities have been economically hedged. As a result, the financial market volatility caused by the Russia/Ukraine conflict and COVID-19 are expected to have minimal impact on the Company's ability to provide services and support to its investors.

The Company holds a pool of prime residential mortgages which were purchased from Atom Bank PLC and securitised in the Company. The repayment of the non-recourse finance issued by the Company is solely dependent on the performance of this pool of mortgages. Payments are made by the Company on quarterly Interest Payment Dates (IPD) in accordance with the priority of payments set out in the securitisation transaction documentation. Payments are made only to the extent that the Company has funds available in accordance with the terms of the securitisation documentation.

Principal deficiency ledgers are maintained and cash held back from distribution to Noteholders in respect of any amount of principal which remains outstanding under a mortgage loan after completion of the arrears and default procedures up to certain pre-set limits. These Principal Deficiency Ledgers have reached the maximum permitted levels under the securitisation documentation with the cash held by the Company and this has not been used in the year.

In accordance with the operation of the cash waterfall within the transaction documentation, the Principal Deficiency Ledger has been funded at £11,553k which has been withheld from Noteholders' repayments and held within the cash balance of the Company. The directors believe that this reserve fund will continue to meet its target levels.

In the event that the reserve funds drops below the target level and should the Company face shortfalls in receipts, the transaction documents permit deferral of interest payments on certain junior Notes. Taking these factors into account, the directors consider that they will be able to pay any interest actually due in cash over the next 12 months based on current expectations of the performance of the mortgage portfolio.

2. Accounting policies (continued)

2.2 Going concern (continued)

Should the cashflow be insufficient, the Company may default on any loan note payments due. In such circumstances and in accordance with the transaction documents, the Security Trustee may choose to dispose of the Company's assets and, potentially, wind up the Company. The directors have considered the cashflows for the next 12 months and are satisfied that the Company will continue to be able to meet its liabilities as they fall due.

While the loan notes are non-recourse in nature, the interest on the top tranche of notes cannot be deferred and would therefore, be considered to be a trigger event. However, there is sufficient cash/liquidity reserves in order to pay up to 12 months of interest. Therefore, a default would not be expected to occur. Having reviewed these factors, and taking into account current market conditions, in the opinion of the directors, the Company is a going concern and the financial statements have been prepared on this basis.

2.3 Interest income

Interest income is recognised in profit or loss using the effective interest method.

Interest income is recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes transaction costs and fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Other income is bank interest earned in the year.

2.4 Interest payable

Interest is paid to Noteholders quarterly during the year and is recognised on an effective interest rate basis. Interest is calculated using the SONIA plus a margin on each class of Notes outstanding (see Strategic report for table of interest rates on each class of notes).

2. Accounting policies (continued)

2.5 Mortgage loans

The sale of the Mortgage Loans by the seller to the Company are deemed to have achieved derecognition under the financial reporting standard IAS 39: Financial Instruments: Recognition and Measurement. The seller was deemed to have transferred significantly all the risks and rewards of ownership to the Company. It follows therefore that the Mortgage Loans have been recognise directly in the balance sheet of the Company.

Mortgages are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

In applying FRS 102 the Company has made an accounting policy choice by applying the recognition and measurement requirement of IAS 39 instead of Section 11 and 12 of FRS 102. The Company has designated that the mortgage loans upon initial recognition are measured at fair value and subsequently at amortised cost.

The amortised cost of the mortgages is the amount at which the mortgage is measured at initial recognition, minus principal repayment, plus or minus the cumulative amortisation using the effective interest method (see income recognition) of any difference between the initial amount recognised and the maturity amount minus any reduction for impairment.

2.6 Mortgage impairment provisions

At each reporting date the Company assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is 'impaired' when objective evidence demonstrates that a loss event has occurred after the initial recognition of the assets and that the loss event has an impact on the future cash flows of the assets that can be estimated reliably. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

All individually significant loans and advances are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances that are not individually significant are collectively assessed for impairment by grouping together loans and advances with similar risk characteristics. Individual assessments are made of all loans and advances on properties which are in possession or in arrears by 3 months or more.

A provision may also be made in the case of accounts, which may not currently be in arrears, where the Servicer on behalf of the Company has exercised forbearance in the conduct of the account. The provision will be based on the propensity of the account to realise a loss had forbearance not been shown. In all cases account will be taken of any amounts recoverable under contract of indemnity insurance and of anticipated disposal costs. No provision is made against the future carrying costs of impaired loans.

Provisions made during the year are charged to the Statement of comprehensive income, net of recoveries.

2. Accounting policies (continued)

2.7 Recognition and de-recognition of assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial assets expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.8 Administrative expenses

All administrative expenses, which comprise primarily professional fees, are accounted for on an accruals basis.

2.9 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.11 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2. Accounting policies (continued)

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.13 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2. Accounting policies (continued)

2.13 Financial instruments (continued)

Financial liabilities

Financial liabilities comprise the mortgage-backed floating rate Loan Notes and deferred consideration to the residual noteholders. Financial liabilities are initially recorded in the Balance sheet as the proceeds received net of any direct issue costs. On subsequent reporting dates, financial liabilities are measured at amortised cost based on the original effective interest rate.

2.14 Taxation

The Company has elected to enter the permanent tax regime for securitisation companies. 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.

2. Accounting policies (continued)

2.15 Significant accounting judgements and estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and judgements that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's knowledge of the amount, actual results may differ from these estimates. If actual results differ from the estimates, the impact will be recorded in future periods.

Impairment

Impairment provisions are recorded on loans in arrears where the value of the loan in arrears is in excess of the estimated forced sale value of the underlying property held as security, based on the probability of the loan going into repossession. Estimates are required of the likely forced sale discount on the property and likelihood of the loan going into repossession based on the limited historical experience of the vehicle.

Effective interest rate

In order to determine the EIR applicable to the mortgage loans an estimate must be made of the expected life of each mortgage loan and the cash flows related thereto. Any changes in these estimates would result in an adjustment to the carrying value of the deferred consideration. The corresponding charge or release to the profit and loss will be included in the period in which the estimates are revised.

For all financial assets and liabilities measured at amortised cost, income and expenses are recognised in the Statement of comprehensive income on an EIR basis.

Fair value

Fair values are used in these financial statements for recognition (derivatives) and disclosure purposes.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction. The existence of published price quotations in an active market is the best evidence of fair value and when they are available, they are used. If the market for a financial instrument is not active, fair value is established using a valuation technique. Fair value represents point-in-time estimates that may change in subsequent reporting periods due to market conditions or other factors.

The fair value of derivatives is calculated as the present value of their estimated future cash flows.

2.16 Segmental reporting

The Company has not disclosed segmental information because in the opinion of the directors the Company operates in one business sector and generates all income in the United Kingdom.

3. Auditors' remuneration

	2022 £000	2021 £000
Fees payable to the Company's auditors and its associates for the audit of the Company's annual financial statements (VAT inclusive)	**45**	40

No non-audit fees were provided in the year.

4. Employees

The Company has no employees other than the directors, all of whom are appointed under the terms of a Corporate Services Agreement entered into by the Company with Law Debenture Corporate Services Limited, who did not receive any remuneration (2021 - £NIL).

5. Interest receivable and similar income

	2022 £000	2021 £000
Interest receivable from group companies	**-**	116
Interest receivable on mortgage loans	**13,509**	13,690
Swap interest	**901**	210
	14,410	14,016

6. Interest payable and similar expenses

	2022 £000	2021 £000
Loan interest payable to note holders	**7,392**	5,138
Residual certificate holders payable	**6,372**	5,772
Payments made to VRR holders	**717**	565
	14,481	11,475

7. Fair value movements on derivative

	2022 £000	2021 £000
Fair value movements on derivative financial instruments	**15,477**	(2,536)
	15,477	(2,536)

8. Tax on loss

	2022 £000	2021 £000
Total current tax	**-**	-
Taxation on loss	**-**	-

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £000	2021 £000
Loss before tax	**14,323**	(746)
Loss multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	**(2,197)**	(142)
Effects of:		
Accounting profit/(loss) not taxable in accordance with Statutory Instrument No 3296 The Taxation of Securitisation Companies Regulation 2006	**2,197**	142
Total tax charge for the year	**-**	-

Factors affecting the Company current tax charge for the year

The Company has elected to enter the permanent tax regime for securitisation companies. 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.

9. Mortgage loans

Mortgage assets movement – gross

	2022	2021
	£000s	£000s
Mortgage assets acquired	**696,040**	762,682
Redemptions	**(122,200)**	(66,642)
Mortgage assets carried forward	**573,840**	696,040

Analysis of net mortgage balance

	2022	2021
	£000s	£000s
Gross mortgage assets	**367,143**	445,522
Impairment provision	**(55)**	-
Discount on mortgage purchase	**(2,620)**	(3,785)
Net mortgage balance at year end	**571,165**	692,255

Reconciliation of loan loss impairment provision

	2022	2021
	£000s	£000s
Provision for impairment brought forward	**-**	-
Impairment charged for the year	**(55)**	-
Provision for impairment carried forward	**(55)**	-

10. Debtors

	2022	2021
	£000	£000
Other debtors	**13**	13
Prepayments and accrued income	**126**	-
	139	13

11. Cash at bank and in hand

	2022 £000	2021 £000
Cash at bank and in hand	**25,358**	23,005
	25,358	23,005

12. Creditors: Amounts falling due within one year

	2022 £000	2021 £000
Loan notes due within one year	**212,520**	88,679
Sundry creditors	**82**	40
Interest due on loan notes	**327**	179
	212,929	88,898

13. Derivative asset

	2022 £000	2021 £000
Derivative Asset (Notional value £770,216k)	**12,942**	-
	12,942	-

14. Derivative liability

	2022 £000	2021 £000
Derivative Liability (Notional value £770,216k)	**-**	2,536
	-	2,536

15. Creditors: Amounts falling due after more than one year

	2022 £000	2021 £000
Loan notes	**383,085**	624,572
	383,085	624,572

The aggregate amount of liabilities repayable wholly or in part more than five years after the balance sheet date is:

	2022 £000	2021 £000
Class A (Floating Loan Notes due 2065 Interest margin 0.85%)	**235,618**	472,575
Class B (Floating Loan Notes due 2065 Interest margin 1.65%)	**42,073**	42,073
Class C (Floating Loan Notes due 2065 Interest margin 2.25%)	**42,073**	42,073
Class D (Floating Loan Notes due 2065 Interest margin 2.65%)	**7,317**	7,317
Class E (Floating Loan Notes due 2065 Interest margin 4.45%)	**7,317**	7,317
Class Z notes	**10,975**	10,975
Class VRR notes	**29,363**	35,317
Discount on Class C Loan Notes due 2065	**792**	(632)
Discount on Class D Loan Notes due 2065	**(231)**	(231)
Discount on Class E Loan Notes due 2065	**(253)**	(253)
Discount on Class Z Notes	**(3,512)**	(3,512)
Reserve fund	**11,553**	11,553
	383,085	624,572

Notes are denominated in sterling. Coupons are paid quarterly on each interest payment date (IPD) based on SONIA plus relevant Note margin. The Notes are repayable at maturity in November 2065.

Residual certificate holders will be paid any amount left from the waterfall, after paying all the expenses, interest due to note holders, issuer's profit and any shortfall on principal redemption of the Notes, at each interest payment date.

In each case there is an option for early repayment which will only be exercised with the prior consent of the Irish Financial Services Regulatory Authority ("IFSRA").

The Subordinated Loan Notes are recognised at their principal amount, but in the event of the Security Trustee serving an Enforcement notice, payments will be made in accordance with the "post-enforcement priority of payments" set out in the transaction documents.

16. Financial instruments

The Company does not trade in financial instruments. The Company's financial instruments, other than the mortgage-backed floating rate Notes it has issued, comprise mortgage assets, borrowings, derivatives, cash and liquid resources. The main purpose of these financial instruments is to fund the initial origination of mortgages and to provide the Company's working capital. The Note issue structure and interest payments thereon are designed to match the funding and risks inherent in the mortgage portfolios acquired by the Company.

Set out below is the classification of the Company's financial instruments.

	2022	2021
	£000	£000
Financial assets (measured at amortised cost less impairment)		
Cash at bank and in hand	**25,358**	23,005
Mortgage loans	**571,165**	692,255
Derivative asset	**12,942**	-
	609,465	715,260
Financial liabilities		
Derivative liability	**-**	(2,536)
Long term borrowings	**(587,256)**	(706,326)
	(587,256)	(708,862)

On maturity of the loan Notes in November 2065, in accordance with the terms of the loan Notes the Company is contractually obliged to repay the outstanding loan Notes. At 31 March 2022, this amounts to £595,605k.

17. Financial risk management

a) General

The Company raised £770,215k in 2020 by the issue of mortgage-backed floating rate Notes secured on the mortgage portfolios acquired at that time. The Company's activities, and the respective roles and responsibilities of the parties to the transaction (such as swap counterparties, cash manager, servicer etc) are clearly defined under contractual arrangements between the company and those parties, and are summarised in the transaction prospectus published on 28 July 2020.

The Company's financial instruments comprise debt securities issued on the Euronext Dublin (see Note 13), mortgage loans and derivatives.

The risks arising from exposures to the financial instruments are summarised below. When the securitisation was established, the contractual arrangements with counterparties were structured to enable the Company or agents on its behalf to identify all potential risks, monitor them through stress testing and other techniques, and take mitigating action as required. In addition, the securitisation was structured with credit enhancements including a reserve fund to help manage the consequences of any risk materialising.

The Company enters into derivative transactions in the nature of interest rate swaps to manage the interest rate risks associated with certain fixed and floating rate mortgages.

The principal risks arising from the Company's financial instruments are credit risk, interest rate risk and liquidity risk.

b) Types of risk

Credit risk

Credit risk arises primarily from the potential for default in the mortgage pool. This risk is managed via the Note Issue terms and conditions whereby credit risk is transferred to the Note holders. All mortgages are secured on residential property, and the Company places strong emphasis on the market value of the properties.

There are no significant concentrations of risk due to the large number of customers within the mortgage portfolio.

The table below provides further information on residential loans by payment due status.

	2022	**2022**	2021	2021
	£000s	**%**	£000s	%
Not impaired (0-2 months)	**583,732**	**99.98**	695,201	99.88
Impaired (3-6 months)	**80**	**0.01**	839	0.12
Impaired (7-12 months)	**29**	**-**	-	-
Impaired (over 12 months)	**-**	**-**	-	-
Total	**583,841**	**100**	696,040	100
Possessions	**-**	**-**	-	-
Total	**583,841**	**100**	696,040	100

The maximum exposure to credit risk for the Company is represented by the carrying value of each financial asset as set out below:

	2022	2021
	£000s	£000s
Mortgage loans gross	367,143	445,522
Cash at bank and in hand	25,358	23,005
Total on-Balance sheet and maximum exposure to credit risk	392,501	468,527

The table below sets out the carrying amount and the approximate fair value of collateral held against exposures to customers. The estimate of fair value is based on the valuation performed at the time of borrowing or re-valued using the house price index (HPI) at 31 March 2022, or the most recent valuation if the loan has been individually assessed as impaired. The fair values of collateral are capped at the lower of mortgage book value or collateral fair value on a loan by loan basis.

	2022 Carrying value	2022 Fair value of collateral	2021 Carrying value	2021 Fair value of collateral
	£000s	£000s	£000s	£000s
Mortgage loans	573,840	573,840	696,040	696,040

Interest rate risk

Interest rate risk exists where assets and liabilities have interest rates set under different bases or which reset at different times.

To this extent the Company has mitigated the risk by only matching the floating rates on the mortgage pool with floating rate liabilities. The rates of interest on both the mortgage pool and floating rate liabilities are reset on the basis of Bank of England Base rate and Sterling Overnight Index Average (SONIA).

The directors regularly monitor the risks associated with any timing differences that arise with the resetting of the SONIA and Bank of England Base rate (BBR) rates, and have entered into interest basis swap agreements with a third party to manage this risk. The principal profiles for each swap are calculated based on the expected redemption profile of the individual mortgage pools.

As the mortgages are on a fixed rate, an increase or decrease in the SONIA rate would not effect the Company's interest receipts.

Liquidity risk

Mortgage assets are funded by the issue of non-recourse Notes. Liquidity risk is managed by issuing the Notes prior to or at the same time as the assets are acquired. Cash flow forecasts are used to determine the Company's liquidity requirements. Liquidity risks generated by delinquencies and any ultimate credit losses are managed through the non-recourse nature of the Notes.
In the prior year, mortgage loans have been split between current and non current in the balance sheet.

The contractual undiscounted cash flows associated with financial liabilities were as follows:

As at 31 March 2022	Carrying value	Expected gross cash flows	Within 3 months	After 3 months but within 1 year	After 1 year but within 5 years	After 5 years
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Interest on loan notes	**20,190**	**20,190**	**1,492**	**5,516**	**12,509**	**673**
Long term borrowings	**587,256**	**587,256**	**58,565**	**153,956**	**361,458**	**13,277**
	607,446	**607,446**	**60,057**	**159,472**	**373,967**	**13,950**

As at 31 March 2021	Carrying value	Expected gross cash flows	Within 3 months	After 3 months but within 1 year	After 1 year but within 5 years	After 5 years
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Interest on loan notes	55,643	55,643	1,813	5,256	20,824	27,750
Long term borrowings	706,326	706,326	23,760	64,920	263,512	354,134
	761,969	**761,969**	**25,573**	**70,176**	**284,336**	**381,884**

The mortgage-backed floating rate Notes as included in the above analysis are repaid in line with the redemption profile of the mortgages. It should be noted that many financial instruments are settled earlier than the contractual maturity dates.

Foreign currency risk

All the Company's assets and liabilities are denominated in sterling. There is no currency risk.

18. Financial instruments held at fair value

Fair values are determined by using the following fair value hierarchy that reflects the significance of the inputs in measuring fair value:

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

Derivative financial instruments	**2022** **£000s**	2021 £000s
Valuation based on significant unobservable inputs (level 2)	**12,942**	(2,536)

18. Financial instruments held at fair value (continued)

Fair value of financial assets and liabilities measured at amortised cost

The following table summarises the carrying amounts and values of those financial assets and liabilities not presented on the Company's balance sheet at their fair value. Cash and cash equivalents, mortgage loans, loan notes, receivables and payables are recognized on an amortised cost basis, which is considered to be a close approximation to fair value.

31 March 2022	**Level 1**	**Level 2**	**Level 3**	**Fair value**	**Book Value**
Financial assets	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Cash and cash equivalents	**25,358**	**-**	**-**	**25,358**	**25,358**
Mortgage loans	**-**	**-**	**571,165**	**571,165**	**571,165**
	25,358	**-**	**571,165**	**596,523**	**596,523**

31 March 2021	**Level 1**	**Level 2**	**Level 3**	**Fair value**	**Book Value**
Financial assets	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Cash and cash equivalents	23,005	-	-	23,005	23,005
Mortgage loans	-	-	692,255	692,255	692,255
	23,005	**-**	**692,255**	**715,260**	**715,260**

31 March 2022	**Level 1**	**Level 2**	**Level 3**	**Fair Value**	**Book Value**
Financial liabilities	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Class A	**-**	**448,138**	**-**	**448,138**	**448,138**
Class B	**-**	**42,073**	**-**	**42,073**	**42,073**
Class C	**-**	**42,073**	**-**	**42,073**	**42,073**
Class D	**-**	**7,317**	**-**	**7,317**	**7,317**
Class E	**-**	**7,317**	**-**	**7,317**	**7,317**
Class Z	**-**	**-**	**10,975**	**10,975**	**10,975**
Class VRR	**-**	**-**	**29,363**	**29,363**	**29,363**
Payables	**-**	**409**	**-**	**409**	**409**
	-	**547,327**	**40,338**	**587,665**	**587,665**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

18. Financial instruments held at fair value (continued)

31 March 2021	Level 1	Level 2	Level 3	Fair Value	Book Value
Financial liabilities	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Class A	-	561,254	-	561,254	561,254
Class B	-	42,073	-	42,073	42,073
Class C	-	42,073	-	42,073	42,073
Class D	-	7,317	-	7,317	7,317
Class E	-	7,317	-	7,317	7,317
Class Z	-	-	10,975	10,975	10,975
Class VRR	-	-	35,317	35,317	35,317
Payables	-	219	-	219	219
	-	**660,253**	**46,292**	**706,545**	**706,545**

Fair value of cash and cash equivalents approximates to carrying value because cash and cash equivalents have no history of credit losses and are short term in nature.

Fair value of receivables and payables approximates to carrying value because they represent balances that are non-interest bearing and expected to settle within a short time period.

Fair value of the Loan Notes are based on quoted prices where available.

19. Called up share capital

	2022	2021
	£000	£000
Allotted, called up and fully paid		
49,999 £1 Shares 25% paid up and 1 ordinary share of £1	**13**	13

20. Related party transactions

Under the terms of a corporate service agreement Law Debenture Corporate Services Limited is contracted to provide certain corporate services including a registered office, administration and directors among other things for which it charges a corporate service fee. The amount accrued at year end was £nil.

	2022	2021
	£000	£000
Corporate service fee	**26**	26
	26	26

21. Ultimate parent undertaking

The entire issued share capital of the Company is held by the legal parent company, Elvet Mortgages 2020-1 Holdco Limited, a company incorporated in the United Kingdom and registered in England, which holds the shares on a discretionary trust basis under a Declaration of Trust for the benefit of certain charities.

The entire issued share capital of Elvet Mortgages 2020-1 Holdco Limited is held by The Law Debenture Intermediary Corporation PLC, as share trustee, under a Declaration of Trust for discretionary charitable purposes.

On 28 July 2020 the Company issued a prospectus as part of the securitization transaction in order to issue Loan Notes (the "Notes") which are non-recourse. Under the terms of the securitization transaction, the proceeds of the Notes were used to acquire a portfolio of residential mortgages originated by Atom Bank PLC. Atom Bank PLC continues to service the mortgages under the terms of a servicing agreement entered into with the Company.

22. Post balance sheet events

There have been no reportable subsequent events between the balance sheet date and date of signing this report that would meet the criteria to be disclosed or adjusted in the financial statements as at 31 March 2022.