

Registered Number 10886988

GOSFORTH HOLDINGS 2017-1 LIMITED
Annual Report and Financial Statements
31 December 2018

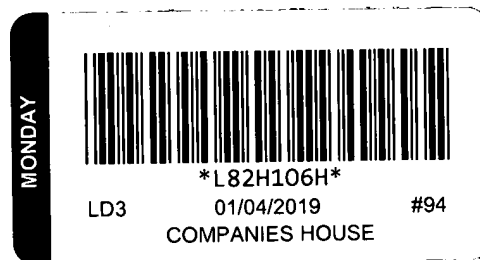


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Gosforth Holdings 2017-1 Limited

COMPANY INFORMATION

DIRECTORS	Adrian Sargent L.D.C. Securitisation Director No. 1 Limited L.D.C. Securitisation Director No. 2 Limited
COMPANY SECRETARY	Law Debenture Corporate Services Limited
COMPANY NUMBER	10886988
REGISTERED OFFICE	Fifth Floor 100 Wood Street London EC2V 7EX
PRINCIPAL PLACE OF BUSINESS	Jubilee House Gosforth Newcastle upon Tyne NE3 4PL
INDEPENDENT AUDITORS	Ernst & Young LLP 1 Bridgewater Place Water Lane Leeds LS11 5QR

Gosforth Holdings 2017-1 Limited

DIRECTORS' REPORT

For the period ended 31 December 2018

The Directors present their first report and the financial statements for the period from 27 July 2017 to 31 December 2018.

INCORPORATION AND PRINCIPAL ACTIVITIES

Gosforth Holdings 2017-1 Limited (the 'Company') was incorporated in England and Wales on 27 July 2017 as a private limited company. It is a Special Purpose Vehicle (SPV) that forms part of a securitisation structure that was established primarily as a means of raising finance for Virgin Money plc. The principal activity of the Company is to act as a holding company as part of the securitisation structure. The activities of the Company are managed in accordance with the securitisation transaction documents which can be found at the website address below. No future changes in activities are envisaged.

The transaction documents related to the securitisation structure define certain prescribed roles and transaction terms, and should be read in conjunction with these financial statements. The transaction documents can be found at: <http://uk.virginmoney.com/virgin/investor-relations/securitisation/mortgages/>

DIVIDENDS

Dividends of £nil were declared and paid during the period. The Directors do not recommend a final dividend for the period.

DIRECTORS

The current composition of the Board of Directors together with details of appointments and retirements up to the date of this report is as follows:

Adrian Sargent

L.D.C. Securitisation Director No. 1 Limited

L.D.C. Securitisation Director No. 2 Limited

None of the Directors had a beneficial interest in the shares of the Company, or of the ultimate parent company, The Law Debenture Intermediary Corporation plc.

EMPLOYEES

The Company does not have any employees.

GOING CONCERN

At 31 December 2018, the Company had net liabilities as a result of interest accrued on the loan due to Law Debenture Trustees Limited. Due to the way in which the securitisation is structured, the Company is only contractually required to repay this loan with accrued interest at the furthest contractual maturity date of mortgages included in the securitisation structure. Repayment is therefore dependent on receipt of sufficient distributions of profits from other companies in the securitisation structure, principally Gosforth Funding 2017-1 plc, prior to the contractual maturity of the liabilities.

After reviewing the latest financial performance and position of Gosforth Funding 2017-1 plc, the Directors are satisfied that the Company will have adequate resources to continue in business for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the financial statements. Consequently, the Directors are satisfied that the Company will have sufficient liquid resources available to meet its liabilities as they fall due.

DIRECTORS' INDEMNITIES

The Company has entered into deeds of indemnity for the benefit of Directors of the Company which constituted 'qualifying third party indemnity provisions' for the purposes of the Companies Act 2006. The deeds were in force during the whole of the financial period and up to the date of approval of this report. In addition, the Company had appropriate Directors' and Officers' insurance cover in place throughout the period and up to the date of approval of this report.

DIRECTORS' REPORT

For the period ended 31 December 2018

EVENTS AFTER THE REPORTING PERIOD

There have been no significant events between 31 December 2018 and the date of approval of the financial statements, which would require a change or additional disclosure in the financial statements.

FUTURE DEVELOPMENTS

Although the economy remains resilient, the UK faces a period of political and economic uncertainty in relation to the UK's departure from the European Union (EU), with the risk of a potentially negative impact on the UK macro economy.

No changes in future activities are envisaged.

RESEARCH AND DEVELOPMENT ACTIVITIES

The Company does not undertake formal research and development activities.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Information in relation to financial reporting and financial risk management objectives and policies in relation to the use of financial instruments can be found in note 11.

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

The Directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and applicable law.

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 in accordance with International Accounting Standard (IAS) 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the financial performance; and
- state that the Company have complied with IFRSs, subject to any material departures disclosed and explained in the financial statements.

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

Under applicable law and regulations, the Directors are also responsible for preparing the Directors' report that complies with that law and those regulations.

DIRECTORS' REPORT

For the period ended 31 December 2018

INDEPENDENT AUDITORS AND DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as every Director is aware at the date of this report, there is no relevant audit information needed in preparation of the Auditors' Report of which the auditors are not aware. The Directors have taken the steps they need to have taken as Directors to make themselves aware of any relevant audit information and to establish that the auditors are also aware of that information.

PricewaterhouseCoopers LLP resigned as auditor of the Company on 22 October 2018. The Board of Virgin Money Holdings (UK) plc recommended Ernst & Young LLP (EY) be appointed for the Virgin Money Group of entities (including the Company) effective for periods ending on or after 31 December 2018. The Company's Board subsequently approved a resolution proposing the appointment of EY as the Company's auditors.

As a result, EY have been appointed as auditors of the Company in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board on 28 March 2019 and signed on its behalf by:



For and on behalf of Law Debenture Corporate Services Limited, Company Secretary.
Registered No. 10886988

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GOSFORTH HOLDINGS 2017-1 LIMITED

Opinion

We have audited the financial statements of Gosforth Holdings 2017-1 Limited for the period ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and the related notes 1 to 12, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2018 and of its loss for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Gosforth Holdings 2017-1 Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GOSFORTH HOLDINGS 2017-1 LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

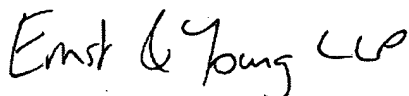
Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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



Steven Robb (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Leeds

28 March 2019

Gosforth Holdings 2017-1 Limited

STATEMENT OF COMPREHENSIVE INCOME For the period ended 31 December 2018

		Period from 27 July 2017 to 31 December 2018
	Note	£'000
Interest and similar expense	2	(1)
Result and total comprehensive (expense) for the period attributable to equity shareholders		(1)

The result is derived from continuing operations and all activities are in the UK.

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

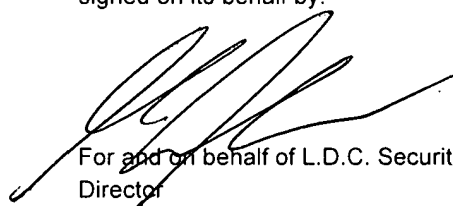
Gosforth Holdings 2017-1 Limited

BALANCE SHEET As at 31 December 2018

	Note	2018 £'000
Assets		
Investments in subsidiaries	4	50
Total assets		50
Liabilities		
Interest bearing loans and borrowings	5	13
Payables	6	38
Total liabilities		51
Equity		
Share capital	7	-
Accumulated losses		(1)
Total equity		(1)
Total equity and liabilities		50

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

The financial statements on pages 7 to 14 were approved by the Board of Directors on 28 March 2019 and signed on its behalf by:

 **Mark Filer**
For and on behalf of L.D.C. Securitisation Director No. 1 Limited
Director

Gosforth Holdings 2017-1 Limited

STATEMENT OF CHANGES IN EQUITY For the period ended 31 December 2018

	Share capital £'000	Accumulated losses £'000	Total equity £'000
Balance as at 27 July 2017	-	-	-
Issuance of ordinary shares	-	-	-
Result and total comprehensive (expense) for the period	-	(1)	(1)
Balance as at 31 December 2018	-	(1)	(1)

NOTES TO THE FINANCIAL STATEMENTS For the period ended 31 December 2018

1. ACCOUNTING POLICIES

1.1 Reporting entity

Gosforth Holdings 2017-1 Limited is a company incorporated and registered in England and Wales.

The Company has not presented consolidated financial statements; relying on the exemption under section 405 of the Companies Act 2006.

1.2 Basis of preparation and measurement

The financial statements, which should be read in conjunction with the Directors' Report, have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, including interpretations issued by the IFRS Interpretations Committee, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention.

The first and current period is from 27 July 2017 to 31 December 2018.

1.3 Foreign currency translation

The Company's financial statements are presented in Sterling, which is the functional currency of the Company.

1.4 Investments in subsidiaries

Investment in subsidiary undertakings are valued at cost plus incidental expenses or valuation less any provision for impairment. Such investments are reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred.

1.5 Interest bearing loans and borrowings

Interest bearing loans and borrowings comprise a capitalisation loan provided by Law Debenture Trustees Limited. This loan is classified as a non-current liability on the grounds that the Company has an unrestricted right to delay repayment of the loan for more than one year. The loan is carried at amortised cost using the effective interest rate method.

1.6 Share capital

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Final dividends on shares are recognised in equity in the period in which they are approved by the Company's shareholders or paid. The Company's capital is represented by the share capital and reserves and these are managed in order that there is sufficient capital to meet the needs of the Company in its operations. The Company is not subject to any externally imposed capital requirements.

1.7 Taxation

No current or deferred taxation income or assets are recognised in these financial statements. The Company has unused tax losses, however no deferred tax asset has been recognised, as it is not probable that future taxable profits will be available against which they can be utilised.

1.8 Statement of cash flows

The Company has not presented a statement of cash flows as there were no transactions to report.

1.9 Critical accounting estimates

Due to the nature of the Company, there are no critical estimates or judgements made in the preparation of these financial statements.

Gosforth Holdings 2017-1 Limited

NOTES TO THE FINANCIAL STATEMENTS For the period ended 31 December 2018

2. INTEREST AND SIMILAR EXPENSE

Period from 27 July
2017 to
31 December 2018
£'000

Interest payable on loans and borrowings

(1)

3. DIRECTORS' REMUNERATION

The Directors are not remunerated by the Company and did not receive any remuneration in respect of qualifying services rendered during the period.

Gosforth Holdings 2017-1 Limited

NOTES TO THE FINANCIAL STATEMENTS For the period ended 31 December 2018

4. INVESTMENTS IN SUBSIDIARIES

	2018 £'000
Cost:	
Balance at 27 July	-
Additions	50
Balance at 31 December	50

The company holds 100% of the issued share capital of Gosforth Mortgages Trustee 2017-1 Limited and Gosforth Funding 2017-1 plc.

Name	Country of incorporation, registration and operation	Activity	Interest held
Gosforth Mortgages Trustee 2017-1 Limited	United Kingdom	Trustee for mortgage portfolio	100%
Gosforth Funding 2017-1 plc	United Kingdom	Finance for mortgage portfolio	100%

The registered office of the subsidiaries is Fifth Floor, 100 Wood Street, London, EC2V 7EX.

5. INTEREST BEARING LOANS AND BORROWINGS

	2018 £'000
Amounts due to Law Debenture Trustees Limited	13

6. PAYABLES

	2018 £'000
Unpaid share capital in Gosforth Funding 2017-1 plc	38

Gosforth Holdings 2017-1 Limited

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2018

7. SHARE CAPITAL

	2018 £
Issued and fully paid	
1 ordinary share of £1	<u>1</u>

The shares have attached to them full voting, dividend and capital distribution (including winding up) rights. They do not confer any rights of redemption. The Company's authorised share capital is £1.

8. EVENTS AFTER THE BALANCE SHEET DATE

There have been no subsequent events which have occurred since 31 December 2018 that would require disclosure in the financial statements of the Company.

9. RELATED PARTY TRANSACTIONS

Transactions and balances with related parties are disclosed in note 4 and note 6.

The Company is considered a subsidiary of Virgin Money plc for accounting purposes on the basis that Virgin Money plc is exposed to the rights of variable returns from its involvement in the activities of the Company and has the ability to affect those returns through its power over the Company. Consequently the Directors consider Virgin Money plc to be a related party.

10. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's ultimate parent is The Law Debenture Intermediary Corporation plc, a company registered in England and Wales, the shares being held under a trust arrangement. Copies of the financial statements of The Law Debenture Intermediary Corporation plc may be obtained from Companies House, Crown Way, Cardiff, CF4 3UZ. The Company does not consider The Law Debenture Intermediary Corporation plc to be the controlling party.

Under IFRS, the Company's financial statements are consolidated into the financial statements of Virgin Money Holdings (UK) plc in accordance with IFRS 10 'Consolidated Financial Statements'. The smallest and largest group in which the results of the Company are consolidated is that headed by Virgin Money Holdings (UK) plc. Copies of Virgin Money Holdings (UK) plc consolidated financial statements can be obtained from Companies House, Crown Way, Cardiff, CF4 3UZ.

The Company's ultimate controlling party is CYBG plc.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2018

11. FINANCIAL RISK MANAGEMENT

The principal risks and uncertainties faced by the Company and the objectives and policies for managing these risks are set out below together with a brief description of the risk management framework.

Risk management

In order to manage and control its risks, the Company has implemented a comprehensive set of policies and procedures. The manner in which the principal risk faced by the Company is mitigated is described below.

Liquidity risk

Liquidity risk arises from a mismatch in the cash flows generated from current and expected assets and liabilities.

The Company's capitalisation loan provided by Law Debenture Trustees Limited (and associated accrued interest) and the unpaid share capital are non-current liabilities. The contractual maturity date of the loan is consistent with the furthest contractual maturity date of mortgages included in the securitisation structure. The unpaid share capital has no defined maturity.

Repayment of the loan and unpaid share capital is expected to occur significantly in advance of the contractual maturity date of the loan, with repayment funded by distributions from the Company's legal subsidiary, Gosforth Funding 2017-1 plc, utilising that company's retained earnings from the securitisation transaction.

Fair values of financial assets and financial liabilities

The fair values of the capitalisation loan and payables is considered to approximate to their carrying values, as they are expected to settle significantly in advance of their contractual maturities.

12. FUTURE ACCOUNTING DEVELOPMENTS

A number of new accounting standards and amendments to accounting standards have been issued by the IASB, are not yet effective and have not been early adopted by the Company. None of these new standards or amendments to accounting standards are expected to be relevant to the Company.