Company Registration Number: 09486116

CFL AUTO RECEIVABLES LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

CFL AUTO RECEIVABLES LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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CFL AUTO RECEIVABLES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors	Mr D J Wynne (resigned 16 September 2020) Mr I Kyriakopoulos (appointed 16 September 2020) Wilmington Trust SP Services (London) Limited
Company secretary	Wilmington Trust SP Services (London) Limited
Company number	09486116
Registered office	c/o Wilmington Trust SP Services (London) Limited Third Floor 1 King's Arms Yard London EC2R 7AF
Independent Auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT

CFL AUTO RECEIVABLES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The Directors present the strategic report of CFL Auto Receivables Limited ("the Company") for the year ended 31 March 2020.

GENERAL

The principal activity of the Company is that of a securitisation vehicle. On 15 May 2015, and in accordance with the Senior Loan Note Facility Agreement, the Company issued £500,000,000 Funding Notes (the "Senior Loan Note") due for repayment on 8 May 2027.

On 8 May 2017 the company issued a further £200,000,000 Funding Notes.

Under the terms of the Receivables Purchase Agreement, dated 8 May 2015, the proceeds from the issue of the loan notes were used by the Company to have assigned to it the right, title and interest in a portfolio of auto loans originated by Toyota Financial Services (UK) PLC. The portfolio of auto loans relates to financing pursuant to hire purchase agreements, personal contract purchasing agreements and leasing products.

The Receivables Purchase Agreement grants the Company the right to require the Originator, Toyota Financial Services (UK) PLC to repurchase any defaulted receivables past due and any voluntarily terminated receivables. Accordingly, substantially all the risks and rewards of the portfolio of auto loans sold to the Company have been retained by Toyota Financial Services (UK) PLC, and therefore they are retained on the balance sheet of the Originator. The Company records in its Statement of financial position a receivable from the Originator ("loan to Originator"), rather than the portfolio of auto loans it has legally purchased.

REVIEW OF THE BUSINESS

The results for the year and the Company's financial position at the end of the year are shown in the attached financial statements. The loss for the year was £5,837,393 (2019: £8,339,777) principally as a result of a fair value loss of £5,838,203 (2019: £8,340,587), in relation to the derivative financial instruments. The fair value on the derivatives is expected to be nil on maturity of the derivatives when the notional amount amortises to nil. However, the fair valuation does not impact the cash flows of the Company and the underlying profit for the year before tax, excluding the effect of the derivative movement for the year, was £1,000. The directors have not recommended a dividend.

The key performance indicator of the business is considered by the Directors to be total assets, which at year end were £955,625,751 (2019: £951,769,001).

SUBSEQUENT EVENTS

On 28 May 2020 the company issued a further £300,000,000 Funding Notes and extended the maturity date to 8 June 2030.

PRINCIPAL RISKS AND UNCERTAINTIES

Due to repayments decreasing the principal value of the portfolio of auto loans each year, the notes, interest income and interest expense are expected to decrease in future years. The rate of decrease is dependent on the performance of the portfolio of auto loans and future redemptions. The Company's responsibility to make cash payments is limited to the funds available from its interest in the portfolio of auto loans and accordingly the Company is insulated from liquidity risk as the portfolio risks have been retained by Toyota Financial Services (UK) PLC.

The main risks arising from the Company's financial instruments are credit risk, operation risk, liquidity risk and interest rate risk. The Board reviews and agrees policies for managing these and the other risks arising on the Company's financial instruments and they are disclosed in note 15.

SECTION 172 STATEMENT

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision making. The Directors continue to have regard to the interests of the Company's stakeholders, including the impact of its activities on the community, the environment and the Company's reputation, when making decisions.

SECTION 172 STATEMENT (continued)

As a securitisation vehicle, the governance structure of the Company is such that the key policies have been predetermined at the time of issuance. The Directors consider what is most likely to promote the success of the Company in the long term. The directors have had regards to the matters set out in section 172(1) of the Companies Act 2006 as follows:

- with reference to subsection (a) concerning the likely consequences of any decision in the long term: Transaction Documentation has been set up 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 7 in accordance with relevant securitisation legislation the Company is only permitted to retain minimal profit.
- Due to the nature of the entity it has no employees therefore subsection (b) is not relevant.
- The Company operates within the parameters laid out by the transaction documents which governs how all the parties involved in the transaction interact, therefore subsection (c) and (e) is not relevant.
- Subsection (d) is not relevant as the Company's operations have no impact on the community or environment.
- The Company ownership structure is arranged such that subsection (f) has no impact.

On behalf of the Board

Ioannis Kyriakopoulos
Director
Date: 07 December 2020

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The Directors present their report and the audited financial statements of CFL Auto Receivables Limited ("the Company") for the year ended 31 March 2020.

DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The Directors who served the Company during the year, together with their beneficial interests in the shares of the Company, were as follows:

Mr D J Wynne (resigned 16 September 2020)
Mr I Kyriakopoulos (appointed 16 September 2020)
Wilmington Trust SP Services (London) Limited

Wilmington Trust SP Services (London) Limited holds 1 share in the Company under a nominee Declaration of Trust, for charitable purposes. No other director holding office during the year or at the year end were beneficially interested in the shares of the Company.

GOING CONCERN

The Company has adequate financial resources which covers any current liabilities for which the Company is presently obligated and this has continued post year end with the Company maintaining its level of cash resources. The Company's going concern is dependent on the performance of the underlying portfolio of auto loans for which the risks and rewards have been retained by the Originator, Toyota Financial Services (UK) PLC. The terms of the loan notes issued by the Company and associated securitisation arrangements are such that amounts due are only payable to the extent that there are sufficient receipts from the Company's assets. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The Directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the annual report and financial statements of the Company have been prepared on the going concern basis.

Subsequent to the year-end, the Company continued to cover its current liabilities with cash received from the portfolio of auto loans.

CORPORATE GOVERNANCE STATEMENT

The Directors are responsible for internal controls at the Company and for reviewing their effectiveness. Procedures have been designed for safeguarding assets against unauthorised use or disposition; for maintaining proper accounting records; and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatements, errors, losses or fraud. The procedures enable the Company to comply with the regulatory obligations. For further details, refer to notes to the financial statements particularly note 15 on financial risk management.

DIRECTORS' LIABILITIES

The Company has granted an indemnity to its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force during the year and as at the date of approving these financial statements.

FUTURE DEVELOPMENTS

The Directors have no plans to change the existing operations of the Company.

SUBSEQUENT EVENTS

On 28 May 2020 the company issued a further £300,000,000 Funding Notes and extended the maturity date to 8 June 2030.

FINANCIAL INSTRUMENTS

The Company's financial instruments comprise loan to Originator, other receivables (excluding prepayments), cash at bank, loan notes, subordinated loan, derivative financial instruments and other liabilities. It is, and has been throughout the year, the Company's policy that no trading in financial instruments is undertaken.

DIVIDENDS
The Directors have not recommended a dividend for the year ending 31 March 2020 (2019: Nil).

RESULTS
The loss for the year was £5,837,393 (2019: £8,339,777).

DONATIONS
The Company made no political or charitable donations or incurred any political expenditure during the year (2019: nil).

IMPACT OF BREXIT & COVID-19
The UK left the European Union ("EU") at 23:00 GMT on 31 January 2020 and has now entered an 11-month period, known as the transition. The transition keeps the UK bound to the EU's rules and is due to last until 31 December 2020. This decision to leave the EU continues to create economic and other uncertainties about both the process and its consequences which represent risks that may affect borrowers' ability to service their debt. Although there is no evidence at present that Brexit has adversely affected the Company's activities and no "Brexit deal" to date, the uncertainty in relation to the impact on the UK and EU economies as a result of a "no deal" Brexit increases and this may impact the Company's operations. This is not expected to have any effect on the Company's ability to trade as a going concern, given the credit enhancement in the structure and the limited recourse nature of the Company's debt. However, the Directors will continue to closely monitor the impact of the decision on the market and therefore on the Company.

In the context of operational resilience, the Company is assessing the risks associated with the current global health issue Covid-19 and continues to analyse the impacts. As the outbreak continues to progress and evolve, it is challenging at this date, to predict the impact that this will have on the Company. The directors of the Company have concluded (as a result of the credit enhancement in the structure and the limited recourse nature of the Company's debt) that the Originator has retained substantially all the risks and rewards of the portfolio of auto loans. In light of this the directors have concluded that the current global health issue Covid-19 is not expected to have any effect on the Company's ability to trade as a going concern. However, the Directors will continue to closely monitor the impact of the decision on the market and therefore on the Company.

DISCLOSURE OF INFORMATION TO AUDITORS'
The Directors confirm that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- having made inquiries of fellow Directors and the Company's auditors, each of the Directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

INDEPENDENT AUDITORS
PricewaterhouseCoopers LLP were appointed by the Directors as the auditors of the Company. A resolution to re-appoint PricewaterhouseCoopers LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.

On behalf of the Board

Ioannis Kyriakopoulos
Director
Date: 07 December 2020

CFL AUTO RECEIVABLES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

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

On behalf of the Board

Ioannis Kyriakopoulos
Director
Date: 07 December 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMEBERS OF CFL AUTO RECEIVABLES LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, CFL Auto Receivables Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 March 2020; the statement of comprehensive income for the year ended 31 March 2020, the statement of cash flows for the year ended 31 March 2020, the statement of changes in equity for the year ended 31 March 2020; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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.

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

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMEBERS OF CFL AUTO RECEIVABLES LIMITED (Continued)

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 2020 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 set out on page 5, 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.

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

We have no exceptions to report arising from this responsibility.

Jessica Miller

Jessica Miller (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
07 December 2020

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £	2019 £
Interest income	3	51,651,528	48,238,784
Interest expense	4	(14,020,442)	(12,793,626)
Net interest income		37,631,086	35,445,158
Fair value loss on derivative financial instruments	13	(5,838,203)	(8,340,587)
Deferred consideration	5	(28,054,889)	(25,938,656)
Administrative expenses	6	(9,575,197)	(9,505,502)
Loss before tax for the year		(5,837,203)	(8,339,587)
Taxation	7	(190)	(190)
Loss for the year		(5,837,393)	(8,339,777)
Total comprehensive expense for the year		(5,837,393)	(8,339,777)
Loss attributable to:			
Equity holders		(5,837,393)	(8,339,777)

All amounts relate to continuing activities. There are no other recognised gains or losses other than the profit for the year as presented above. Accordingly, a separate statement of Total comprehensive income has not been presented.

The notes on pages 13 to 27 form part of these financial statements.

CFL AUTO RECEIVABLES LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	Note	2020 £	2019 £
Non-current assets			
Loan to Originator	**8**	**584,141,097**	585,068,996
Total non-current assets		**584,141,097**	585,068,996
Current assets			
Loan to Originator	**8**	**344,523,464**	339,816,060
Other receivables	**9**	**26,956,189**	23,239,806
Cash at bank	**10**	**5,001**	4,001
Derivative financial instruments	**13**	**-**	3,640,138
Total current assets		**371,484,654**	366,700,005
Total assets		**955,625,751**	951,769,001
Equity			
Share capital	**11**	**1**	1
(Accumulated losses)/retained earnings		**(2,194,034)**	3,643,359
Total equity		**(2,194,033)**	3,643,360
Non-current liabilities			
Loan notes	**12**	**700,000,000**	700,000,000
Subordinated loan	**17**	**229,925,785**	226,353,670
Total non-current liabilities		**929,925,785**	926,353,670
Current liabilities			
Derivative financial instruments	**13**	**2,198,065**	-
Other liabilities	**14**	**25,695,744**	21,771,781
Tax payable	**7**	**190**	190
Total current liabilities		**27,893,999**	21,771,971
Total liabilities		**957,819,784**	948,125,641
Total equity and liabilities		**955,625,751**	951,769,001

These financial statements were approved by the Board of Directors on 07 December 2020 and are signed on their behalf by:

Ioannis Kyriakopoulos
Director

The notes on pages 13 to 27 form part of these financial statements.

CFL AUTO RECEIVABLES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	Share capital	Retained earnings / (Accumulated losses)	Total equity
	£	£	£
Balance at 1 April 2018	1	11,983,136	11,983,137
Loss and total comprehensive expense for the year	-	(8,339,777)	(8,339,777)
Balance at 31 March 2019	1	3,643,359	3,643,360
Loss and total comprehensive expense for the year	-	(5,837,393)	(5,837,393)
Balance at 31 March 2020	**1**	**(2,194,034)**	**(2,194,033)**

The notes on pages 13 to 27 form part of these financial statements.

CFL AUTO RECEIVABLES LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	2020 £	2019 £
Cash flows from operating activities		
Loss before tax for the year	**(5,837,203)**	(8,339,587)
Non-cash adjustments to reconcile loss before tax for the year to net cash flows:		
Fair value loss on derivative financial instruments	**5,838,203**	8,340,587
Interest income	**(51,651,528)**	(48,238,784)
Interest expense	**14,020,442**	12,793,626
Deferred consideration payable	**28,054,889**	25,938,656
Decrease in prepayments	**16**	-
Increase/(decrease) in accruals	**36,832**	(24,987)
Cash used in operating activities before tax	**(9,538,349)**	(9,530,489)
Tax paid	**(190)**	(190)
Cash generated/(used) in operating activities	**(9,538,539)**	(9,530,679)
Cash flows from investing activities		
Loan to Originator	**(545,059,931)**	(527,891,010)
Principal repayments	**550,593,598**	543,370,853
Interest received	**51,651,528**	48,238,783
Cash generated from investing activities	**57,185,195**	63,718,626
Cash flows from financing activities		
Subordinated loan	**3,572,115**	(5,194,051)
Interest paid	**(12,776,823)**	(12,797,539)
Deferred consideration paid	**(38,440,948)**	(36,195,357)
Net cash used in financing activities	**(47,645,656)**	(54,186,947)
Net increase in cash at bank	**1,000**	1,000
Cash at bank at start of year	**4,001**	3,001
Cash at bank at end of year	**5,001**	4,001

The notes on pages 13 to 27 form part of these financial statements

1. PRINCIPAL ACCOUNTING POLICIES

CFL Auto Receivables Limited ("the Company") is a private limited company incorporated and domiciled in London, United Kingdom with registered number 09486116.

Basis of preparation
These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS as adopted by the EU"), International Financial Reporting Interpretations Committee ("IFRS IC") interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on the going concern basis as set out in the Directors' Report on page 3. The accounting policies have been applied consistently.

The financial statements have been prepared under the historical cost convention, except for the derivative financial instruments which have been measured at fair value.

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

The Company transacts in Sterling ("£"), therefore Sterling is its functional and presentational currency.

Basis of preparation - going concern
The Company's business activities, together with the factors likely to affect its performance and position and its principal risks and uncertainties are set out in the Strategic Report on page 2. The factors likely to affect its future development are set out in the Directors' Report on page 3. In addition, note 15 to the financial statements includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk, liquidity risk, currency risk and interest rate risk.

The terms of the loan notes issued by the Company and associated securitisation arrangements are such that amounts due are only payable to the extent that there are sufficient receipts from the Company's assets. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully. The Directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company's going concern is dependent on the going concern ability of Toyota Financial Services (UK) PLC as the Originator of the underlying portfolio of auto loans. Based on the assessment of the Directors, Toyota Financial Services (UK) PLC is considered to be a going concern. Accordingly, the financial statements of the Company have been prepared on the going concern basis.

Early adoption of standards
The directors consider that there are no standards relevant to the Company which should be adopted early.

Financial instruments – initial recognition and subsequent measurement

i) Financial assets
Initial recognition and measurement
Financial assets within the scope of IFRS 9 are classified as financial assets at fair value through profit or loss, loans and receivables, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

The Company's financial assets include Loan to Originator, other receivables (excluding prepayments) and cash at bank.

1. PRINCIPAL ACCOUNTING POLICIES (continued)
Financial instruments – initial recognition and subsequent measurement (continued)
i) Financial assets (continued)

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as described below:

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method ("EIR method"), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of comprehensive income.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:
- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

ii) Financial liabilities
Initial recognition and measurement
Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, loans held at amortised cost, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of loans held at amortised cost, directly attributable transaction costs.

The Company's financial liabilities include loan notes, derivative financial instruments and other liabilities (excluding deferred income).

Subsequent measurement
The measurement of financial liabilities depends on their classification as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9 are classified as held for trading. As the Company does not use hedge accounting, it has designated its derivative financial instruments as financial liabilities held for trading. Gains or losses on liabilities held for trading are recognised in the Statement of comprehensive income.

1. PRINCIPAL ACCOUNTING POLICIES (continued)
ii) Financial liabilities (continued)

Loans
After initial recognition, interest bearing loans are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest expense in the Statement of comprehensive income.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of comprehensive income.

iii) Fair value of financial instruments
The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or broker price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:
- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 16.

Loan to Originator
Under IFRS 9, if a transferor retains substantially all the risks and rewards associated with the transferred assets, the transaction is accounted for as a financing transaction, notwithstanding that it is a sale transaction from a legal perspective. The Company has the right to require the Originator, Toyota Financial Services (UK) PLC, to repurchase any defaulted receivables (auto loans) past due and any voluntarily terminated receivables. Accordingly, the Directors of the Company have concluded that Toyota Financial Services (UK) PLC has retained substantially all the risks and rewards of the portfolio of auto loans it has legally purchased and as a consequence, the Company does not recognise the portfolio of auto loans on its Statement of financial position but rather a loan due from the Toyota Financial Services (UK) PLC ("loan to Originator").

This loan to Originator initially represented the consideration paid by the Company in respect of the acquisition of an interest in the securitised portfolio of auto loans and is subsequently adjusted due to repayments made by the Originator to the Company. The loan to Originator is carried at amortised cost using the EIR method.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Loan to Originator (continued)
The Company regularly reviews the underlying collateral in relation to the loan to Originator and the credit enhancement incorporated into the loan to Originator in order to assess for impairment of the loan to Originator. In arriving at the Expected Credit Losses ("ECL") associated in respect of the underlying receivables, a three-stage model is adopted:

- Stage 1: 12 month ECL calculated at initial recognition covering expected defaults over the next 12 months;

- Stage 2: Lifetime ECL (not credit impaired) calculated following a significant deterioration in credit quality relative to initial recognition; and

- Stage 3: Lifetime ECL (credit impaired) calculated once deemed to be credit impaired and interest revenue recognised on the revised receivable balance, net of the lifetime loss allowance (as opposed to gross).

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

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

Deferred consideration payable
Deferred consideration is included as part of the loan to the Originator and represents the excess of the Company's collections from the underlying portfolio of auto loans above the Company's payments as determined by the payments priorities set out in the transaction documents. A liability is recognised to the extent excess collections have been made. In the Statement of comprehensive income the deferred consideration charge is recognised as an expense as it represents excess collections that the Company is not entitled to retain.

Derivative financial instruments
The Company uses derivative financial instruments to economically hedge its exposure to interest rate risk arising from its activities. In accordance with its policy, the Company does not hold or issue derivative financial instruments for trading purposes. However, as the Company does not use hedge accounting, it has designated its derivative financial instruments as financial liabilities held for trading.

Derivatives are initially recognised in the Statement of financial position at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value with gains and losses recognised in the Statement of comprehensive income. Fair values are obtained using valuation techniques, including discounted cash flow models and derivative pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Loan notes
Loan notes comprise Senior Loan Note issued by the Company through its Loan Note Facility Agreement dated 8 May 2015. The loan notes were initially recognised at fair value net of transaction costs incurred and are subsequently stated at amortised cost using the EIR method.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Cash at bank
For the purposes of the Statement of Cash Flows, cash at bank comprise balances with less than three months maturity from the date of acquisition. All withdrawals from the Company's bank accounts are restricted by the detailed payments priorities set out in the Senior Loan Note Facility Agreement and as such cash at bank is not freely available to be used for any other purpose.

Interest income and interest expense
Interest income and expense for all interest-bearing financial instruments are recognised on an accruals basis within 'interest income' and 'interest expense' in the Statement of comprehensive income using the EIR method. The EIR method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the life of the asset and liability. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the EIR, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and commissions paid or received between parties to the contract, transaction costs and all other premiums or discounts that are an integral part of the EIR calculation.

Taxation
UK Corporation tax is provided at amounts expected to be paid / recovered using the tax rates and laws that have been enacted or substantially enacted by the reporting date.

The Directors are of the opinion that the Company is eligible to be taxed under The Taxation of Securitisation Companies Regulations 2006 (the "permanent tax regime") under which the Company is taxed by reference to its actual retained profits during the year.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Fair values
A majority of the fair values of Company's financial instruments are not quoted in active markets and are arrived at using valuation techniques. These valuation techniques (for example, models) are validated and periodically reviewed by qualified personnel independent of the personnel that created them. All models are checked before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data. The fair value of the Loan to the Originator is calculated by reference to the fair value of the Loan Notes. The Company uses derivative financial instruments to economically hedge its exposure to interest rate risk arising from its activities. In accordance with its policy, the Company does not hold or issue derivative financial instruments for trading purposes. The fair value of the derivative financial instruments are initially recognised in the statement of financial position at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value with gains and losses recognised in the statement of comprehensive income. The fair values of interest rate swap contracts have been determined through modelling by reference to market observable data. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Impairment losses on loan to Originator
Under IFRS 9, if a transferor retains substantially all the risks and rewards associated with the transferred assets, the transaction is accounted for as a financing transaction, notwithstanding that it is a sale transaction from a legal perspective. The Receivables Purchase Agreement grants the Company the right to require Toyota Financial Services (UK) PLC to repurchase any defaulted receivables (auto loans) past due and any voluntarily terminated receivables. Accordingly, the Directors of the Company have concluded that Toyota Financial Services (UK) PLC has retained substantially all the risks and rewards of the portfolio of auto loans it has legally purchased. As a consequence, the Directors' assumptions with regards to impairment of the loan to Originator relate to Toyota Financial Service (UK) PLC.

There are currently no significant judgements to be disclosed.

3. INTEREST INCOME

Interest income comprises interest income on the portfolio of auto loans represented by the interest income on Loan to Originator, together with interest on bank deposits, as analysed below:

	2020	2019
	£	£
Swap interest receivable	**1,240,928**	-
Interest income on loan to Originator	**50,410,600**	48,238,784
	51,651,528	48,238,784

4. INTEREST EXPENSE

	2020	2019
	£	£
Interest on loan notes	**8,337,317**	7,995,402
Swap interest receivable	**-**	(918,402)
Subordinated loan interest payable	**5,683,125**	5,716,626
	14,020,442	12,793,626

5. DEFERRED CONSIDERATION

	2020	2019
	£	£
Deferred consideration payable (note 18)	**28,054,889**	25,938,656

Deferred consideration payable to the Originator represents the excess of the Company's collections from the underlying portfolio of auto loans above the Company's payments as determined by the payments priorities set out in the Bank Agreement. A liability is recognised to the extent excess collections have been made. In the Statement of comprehensive income the deferred consideration charge is recognised as an expense as it represents excess collections that the Company is not entitled to retain.

6. ADMINISTRATIVE EXPENSES

	2020	2019
	£	£
Auditors' remuneration - audit of the statutory financial statements of the Company	**34,500**	33,000
Non-audit services – tax services	**-**	9,000
Accountancy fees (note 18)	**6,600**	6,600
Servicing fees (note 18)	**9,497,369**	9,438,254
Other expenses	**36,728**	18,648
	9,575,197	9,505,502

6. ADMINISTRATIVE EXPENSES (continued)

Apart from the Directors, the Company has no employees and, other than the fees paid to Wilmington Trust SP Services (London) Limited as set out in note 18, the Directors received no remuneration during the year.

There were no other fees paid to the auditors other than those disclosed above, which includes irrecoverable VAT of £6,900 (2019: £6,600).

7. TAXATION

(a) Analysis of charge in the year

	2020	2019
Current tax:	**£**	**£**
Corporation tax charge for the year	**190**	**190**
Total taxation charge in the Statement of comprehensive income	**190**	**190**

(b) Reconciliation of effective tax rate

The tax expense in the Statement of comprehensive income for the year is equal to the small companies' rate of corporation tax in the UK of 19% (2019: 19%).

	2020	2019
	£	£
Loss before tax for the year	**(5,837,203)**	(8,339,587)
Loss before tax multiplied by the small companies' rate of corporation tax in the UK of 19% (2019: 19%)	**(1,109,069)**	(1,584,522)
Application of Statutory Instrument No.3296 The Taxation of Securitisation Companies Regulations 2006	**1,109,069**	1,584,522
Tax for the year at 19% (2019: 19%) on the estimated retained profit	**190**	190
Total taxation expense reported in the Statement of comprehensive income	**190**	190

This Company is taxed in accordance with Statutory Instrument No. 3296, The Taxation of Securitisation Companies Regulations 2006, which requires that tax is charged on the profits "retained" by the Company. In accordance with the transaction documents, the Company retains a profit of £1,000. In respect of the year ended 31 March 2020, the Company retained a profit of £1,000 (2019: £1,000).

8. LOAN TO ORIGINATOR

	2020	2019
	£	£
At beginning of year	**924,885,056**	930,210,702
Additions during the year	**548,944,371**	524,258,281
Collections	**(555,550,925)**	(539,840,628)
Deferred consideration	**10,386,059**	10,256,701
At the end of the year	**928,664,561**	924,885,056

The loan to Originator refers to the beneficial interest in a portfolio of auto loans acquired from Toyota Financial Services (UK) PLC. All auto loans are fixed rate loans and are due to be repaid at various times by 8 May 2027. The auto loans may be redeemed at any time at the option of the borrower. Please refer to note 15 for disclosures relating to credit quality of the portfolio of auto loans.

8. LOAN TO ORIGINATOR (continued)

Deferred consideration payable to the Originator represents the excess of the Company's collections from the underlying portfolio of auto loans above the Company's payments as determined by the payments priorities set out in the Bank Agreement. In the Statement of comprehensive income the deferred consideration charge is recognised as an expense as it represents excess collections that the Company is not entitled to retain.

The loan to the Originator is secured over the assets leased by the Originator and sold to the Company.

The loan is repaid as and when cash is received by the Originator from its customers towards repayments of the auto loans. The expected maturity of the portfolio of auto loans at 31 March was as follows:

	2020	2019
	£	£
In less than three months	**116,589,603**	116,587,527
In more than three months but not more than one year	**227,933,861**	223,228,533
In more than one year but not more than five years	**584,141,097**	585,068,996
	928,664,561	924,885,056

9. OTHER RECEIVABLES

	2020	2019
	£	£
Other debtors (note 18)	**26,954,814**	23,238,415
Prepayments (note 18)	**1,375**	1,391
	26,956,189	23,239,806

The other debtors balance of £26,954,814 (2019: £23,238,415) represents collections from the underlying portfolio of auto loans received subsequent to the year end date from Toyota Financial Services (UK) PLC.

10. CASH AT BANK

All withdrawals from the Company's bank accounts are restricted by the detailed payments priorities set out in the Senior Loan Note Facility Agreement. The Issuer Account Bank is MFUG Bank Ltd where all the cash of the Company is held. The short term credit rating of MFUG Bank Ltd was A as per Standard & Poor ratings.

11. SHARE CAPITAL

There is 1 authorised ordinary share of £1. The Company issued share capital consisting of 1 fully paid ordinary share, on 12 March 2015.

12. LOAN NOTES

	2020	2019
	£	£
Non-Current liabilities		
Senior Loan Note	**700,000,000**	700,000,000

Interest on the Senior Loan Note is payable at a floating rate on a monthly basis at one month ICE LIBOR. The Senior Loan Note is due for repayment on 8 May 2027.

On 8 May 2017 the company issued a further £200,000,000 Funding Notes.

12. LOAN NOTES (continued)

The repayment of the loan note is dependent on principal and interest collections on the portfolio of auto loans. The Directors periodically review the estimated future cash flows of these auto loans to assess performance and recoverability. The Receivables Purchase Agreement grants the Company the right to require Toyota Financial Services (UK) PLC to repurchase any defaulted receivables (auto loans) past due and any voluntarily terminated receivables. The loan notes are secured by means of a floating charge over the portfolio of auto loans disclosed in note 8.

The Company has not defaulted on principal, interest or had any other breaches with respect to its liabilities during the year.

13. DERIVATIVE FINANCIAL INSTRUMENTS

Interest rate swaps are initially accounted and measured at fair value on the date they are entered into and subsequently measured at fair value. The gain or loss on re-measurement is taken to the Statement of comprehensive income. The fair value of the interest rate swap contracts has been determined using a discounted cash flow analysis.

The fair value of the derivative instruments held is set out in the following table:

	Asset/(liability)
Interest rate swap	**£**
At 1 April 2019	**3,640,138**
Movement in the year	**(5,838,203)**
At 31 March 2020	**(2,198,065)**

14. OTHER LIABILITIES

	2020	2019
	£	£
Other creditors	**24,965,936**	21,081,496
Accruals and deferred income	**729,808**	690,285
	25,695,744	21,771,781

The other creditors balance of £24,965,936 (2019: £21,081,496) represents acquisitions of auto loans, from Toyota Financial Services (UK) PLC, paid subsequent to the year end date.

15. FINANCIAL RISK MANAGEMENT

The Originator, Toyota Financial Services (UK) PLC, manages the portfolio of auto loans on behalf of the Company under the Servicer Agreement dated 8 May 2015. In managing the auto loans portfolio, the Originator applies its own formal risk management structure for managing risk, including established risk limits, reporting lines, mandates and other control procedures.

Credit risk

The maximum exposure to credit risk is considered by the Directors to be the carrying value of the Company's financial assets, excluding cash at bank. Toyota Financial Services (UK) PLC has retained substantially all the risks and rewards, including credit risk of the portfolio of auto loans the Company has legally purchased, and as a consequence, the Company is exposed to credit risk on Toyota Financial Services (UK) PLC rather than the underlying portfolio of auto loans. Toyota Financial Services (UK) PLC is a subsidiary of Toyota Financial Services, the underlying credit risk of the financial assets ultimately sits with the parent entity. It is considered by the Directors that both entities are of a sufficient credit quality to meet the obligations in the event of default.

15. FINANCIAL RISK MANAGEMENT (continued)

The credit quality of the underlying portfolio of auto loans is summarised as follows:

	2020	2019
	£	£
Neither past due nor impaired	**903,312,255**	877,235,096
Past due but not impaired	**25,352,306**	47,649,961
Impaired	**-**	-
	928,664,561	924,885,057

The past due but not impaired amounts, totalling £25,352,306 (2019: £47,649,961), relate to balances that have missed 1 – 3 repayments.

As per the Receivables Purchase Agreement, relating to the securitisation of the portfolio of auto loans, dated 8 May 2015, grants the Company the right to require the Originator, Toyota Financial Services (UK) PLC, to repurchase any defaulted receivables (auto loans) past due and any voluntarily terminated receivables.

The Company is exposed to credit risk of Toyota Financial Services (UK) PLC through the Receivables Purchase Agreement and has an obligation to transfer to the Company cash flows received by it from the underlying Receivables. Toyota Motor Corporation as at 31 March 2019, has a long term credit rating of AA- and MFUG Bank Ltd has a short term credit rating of A (Standard & Poor's).

Liquidity risk
The Company's responsibility to make cash payments is limited to the funds available from its interest in the portfolio of auto loans and accordingly the Company is insulated from liquidity risk. The table below reflects the undiscounted contractual cash flows of financial liabilities at the reporting date:

As at 31 March 2020

	On demand £	**Less than 3 months £**	**3 to 12 months £**	**1 to 5 years £**	**Greater than 5 years £**	**Total £**
Loan notes	-	-	-	-	700,000,000	700,000,000
Interest	-	1,178,079	1,748,658	1,008,096	-	3,934,833
Other liabilities	51,000	25,644,744	-	-	-	25,695,744
Subordinated loan	229,925,785	-	-	-	-	229,925,785
	229,976,785	26,822,824	1,748,658	1,008,096	700,000,000	959,556,363

As at 31 March 2019

	On demand £	**Less than 3 months £**	**3 to 12 months £**	**1 to 5 years £**	**Greater than 5 years £**	**Total £**
Loan notes	-	-	-	-	700,000,000	700,000,000
Interest	-	1,236,603	2,413,370	3,943,602	-	7,593,575
Other liabilities	40,500	21,731,281	-	-	-	21,771,781
Subordinated loan	226,353,670	-	-	-	-	226,353,670
	226,394,170	22,967,884	2,413,370	3,943,602	700,000,000	955,719,026

15. FINANCIAL RISK MANAGEMENT (continued)

The following table analyses the Company's derivative financial instruments on a gross basis into relevant maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

As at 31 March 2020

	Less than 1 Year £	Greater than one and less than two years £	Between two and five years £	Greater than 5 years £	Total £
Interest rate swap					
- Inflow	391,160.00	1,575,000	5,200,300	2,109,800	9,276,260
- Outflow	(3,780,000)	(3,780,000)	(11,340,000)	(3,780,000)	(22,680,000)
Net (outflows) / inflows	(3,388,840)	(2,205,000)	(6,139,700)	(1,670,200)	(13,403,740)

As at 31 March 2019

	Less than 1 Year £	Greater than one and less than two years £	Between two and five years £	Greater than 5 years £	Total £
Interest rate swap					
- Inflow	4,716,250	5,169,500	17,046,400	6,320,300	33,252,450
- Outflow	(7,420,000)	(7,420,000)	(22,260,000)	(7,420,000)	(44,520,000)
Net (outflows) / inflows	(2,703,750)	(2,250,500)	(5,213,600)	(1,099,700)	(11,267,550)

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

Interest rate risk
The Company retains revenue receipts from its interest in the Receivables Portfolio to the extent that is necessary to cover its expenses and make a small profit as determined by the Senior Loan Note Facility Agreement. The interest rate risk from mismatches between the interest payable on the Note and the interest receivable on the Receivables Portfolio is economically hedged using an interest rate swap agreement.

Interest rate sensitivity
The sensitivity of the Company to interest rate changes, and the resulting changes in net assets attributable to equity shareholders, is limited as the Company only retains £1,000 (2019: £1,000) from the beneficial interest in the portfolio of auto loans with the resulting fluctuations being taken up by deferred consideration payments, when cash is available, due to Toyota Financial Services (UK) PLC. If interest rates had been 1% higher and all other variables held constant, net assets attributable to equity shareholders for the year ended 31 March 2020 would have been £19,178 (2019: £19,178) higher. If interest rates had been 1% lower and all other variables held constant, net assets attributable to equity shareholders for the year ended 31 March 2020 would have been lower by £19,178 (2019: £19,178).

15. FINANCIAL RISK MANAGEMENT (continued)

Capital risk management

Capital includes equity attributable to equity holders. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is not subject to any external capital requirements except for the minimum requirement under the Companies Act 2006, that is, the shares have a fixed nominal value and they are denominated in Sterling. The Company has not breached the minimum requirement.

Details of the issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 11. The Company has one class of ordinary shares which carry no right to fixed income.

There are no special restrictions on the size of the holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and the prevailing legislation. The directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

No person has any special rights of control over the Company's share capital and all shares are fully paid.

Financial instruments

The Company's financial instruments comprise loan to Originator, other receivables (excluding prepayments), cash at bank, loan notes, derivative financial instruments and other liabilities. It is, and has been throughout the year, the Company's policy that no trading in financial instruments is undertaken.

Categories of financial instruments

	2020	2019
	£	£
Financial assets		
Loans and receivables including loan to originator, other receivables (excluding prepayments) and cash at bank	955,624,376	948,127,472
Fair value through profit and loss - derivative financial Instruments	-	3,640,138
Financial liabilities		
Loans includes loan notes and other liabilities	955,621,530	948,125,451
Fair value through profit and loss - derivative financial Instruments	2,198,065	-

16. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair values
The approximate fair values together with the carrying amounts shown in the Statement of financial position are as follows:

	Note	Carrying amount 2020 £	Approximate fair value 2020 £	Carrying amount 2019 £	Approximate fair value 2019 £
Financial assets					
Loan to Originator	8	**928,664,561**	**936,356,766**	924,885,056	948,998,611
Derivative financial instruments	13	**-**	**-**	3,640,138	3,640,138
Financial liabilities					
Loan notes	12	**700,000,000**	**703,743,092**	700,000,000	729,072,890
Derivative financial instruments	13	**2,198,065**	**2,198,065**	-	-
Subordinated loan	17	**229,925,785**	**230,415,609**	226,353,670	223,565,859

The fair value of the financial instruments is the price that would be received to sell an asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The valuation techniques used by the Company and estimations made by management in fair valuing financial instruments are explained in note 1.

For the remainder of the financial assets and liabilities, the carrying value equated to their fair value.

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

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

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

Level 3 - valued by reference to valuation techniques using inputs that are not based on observable market data. The valuation techniques used by the Company are explained in note 1.

As at 31 March 2020

Financial assets at fair value	**Level 1 £**	**Level 2 £**	**Level 3 £**	**Total £**
Loan to Originator	-	**936,356,766**	-	**936,356,766**
Derivative financial instruments	-	-	-	-

As at 31 March 2019

Financial assets at fair value	Level 1 £	Level 2 £	Level 3 £	Total £
Loan to Originator	-	948,998,611	-	948,998,611
Derivative financial instruments	-	3,640,138	-	3,640,138

16. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

Fair value hierarchy (continued)

As at 31 March 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities at fair value	**£**	**£**	**£**	**£**
Loan notes	-	**703,743,092**	-	**703,743,092**
Derivative financial instruments	-	**2,198,065**	-	**2,198,065**
Subordinated loan	-	**230,415,609**	-	**230,415,609**

As at 31 March 2019	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value	£	£	£	£
Loan notes	-	729,072,890	-	729,072,890
Subordinated loan	-	223,565,859	-	223,565,859

There were no transfers between the levels during the year ended 31 March 2020 (2019: nil).

17. SUBORDINATED LOAN

Toyota Financial Services (UK) PLC granted a subordinated loan to CFL Auto Receivables Limited as per the terms and conditions of the Subordinated Loan Agreement dated 8 May 2015. The interest rate is 3% per annum, and the balance as at 31 March 2020 was £229,925,785 (2019: £226,353,670).

18. RELATED PARTY TRANSACTIONS

The Company has identified the following transactions which are required to be disclosed under the terms of IAS 24 *Related Party Disclosures*.

During the year, corporate services were provided by Wilmington Trust SP Services (London) Limited for which Wilmington Trust SP Services (London) Limited earned £10,359 (2019: £10,248) including irrecoverable VAT. At 31 March 2020, £1,375 (2019: £1,391) was included within 'other receivables: prepayment'. This is in accordance with the Corporate Services Agreement and the Corporate Services Fee Letter, both dated 8 May 2015. Mr D J Wynne is a director of the Company and is also a director of Wilmington Trust SP Services (London) Limited.

During the year, accounting services were provided by Wilmington Trust SP Services (London) Limited for which Wilmington Trust SP Services (London) Limited earned £6,600 (2019: £6,600) including irrecoverable VAT. At 31 March 2020, £6,600 (2019: £6,600) was included within 'other liabilities: accruals'. This is in accordance with the Corporate Services Agreement and the Corporate Services Fee Letter.

On origination, the Company acquired a portfolio of auto loans from Toyota Financial Services (UK) PLC totalling £500,000,000. During the year, the Company acquired further auto loans from Toyota Financial Services (UK) PLC totalling £548,944,371 (2019: £524,258,281), of which, £24,965,936 (2019: £21,081,496) was outstanding at the year end and was included within 'other liabilities: other creditors'.

During the year, Toyota Financial Services (UK) PLC repaid principal on the portfolio of auto loans totalling £555,550,925 (2019: £539,840,628), of which £26,954,814 (2019: £23,238,415) was outstanding at the year end and was included within 'other receivables: other debtors'.

During the year, the Company earned interest on the portfolio of auto loans, which it received from Toyota Financial Services (UK) PLC, of £50,410,600 (2019: £48,238,784).

Toyota Financial Services (UK) PLC earned £28,054,889 (2019: £25,938,656) with respect to deferred consideration during the year, £20,564,630 (2019: £10,178,572) was outstanding and disclosed within 'other liabilities: deferred consideration payable'.

18. RELATED PARTY TRANSACTIONS (continued)

Toyota Financial Services (UK) PLC administers the portfolio of auto loans on behalf of the Company and earned £9,497,369 (2019: £9,438,254) during the year. At 31 March 2020, £285,698 (2019: £259,365) was outstanding and disclosed within 'other liabilities: accruals'.

19. SEGMENTAL REPORTING

The principal asset of the Company is the loan to Originator which originated in the United Kingdom, funded by the loan notes issued by the Company. Cash is held in the United Kingdom. The Directors do not use any other segments for the purpose of managing the Company.

20. ULTIMATE CONTROLLING PARTY

The shares in the Company are held by the legal parent company, Wilmington Trust SP Services (London) Limited, a company incorporated in England and Wales, in a Declaration of Trust for charitable purposes. Copies of the financial statements of Wilmington Trust SP Services (London) Limited can be obtained from Third Floor, 1 King's Arms Yard, London EC2R 7AF, United Kingdom.

The ultimate controlling party is Toyota Motor Corporation, which is incorporated in Japan. The smallest undertaking into which the company's results are consolidated is Toyota Financial Services (UK) PLC, which is incorporated in the United Kingdom.

21. SUBSEQUENT EVENTS

The risks arising from the outbreak of Coronavirus (Covid-19) which has occurred since the balance sheet date are disclosed on page 3. In view of its currently evolving nature, the Directors will continue to closely monitor the impact of the decision on the market and therefore on the Company.

On 28 May 2020 the company issued a further £300,000,000 Funding Notes and extended the maturity date to 8 June 2030.

There have been no other significant subsequent events.