Company Number 09915311

Griffon Funding Limited

Annual reports and financial statements

For the year ended 31 December 2019

Contents	**Page:**
Officers and professional advisers	1
Strategic report	2
Report of the directors	6
Statement of directors' responsibilities	8
Report of the independent auditor	9
Statement of comprehensive income	11
Statement of changes in equity	12
Balance sheet	13
Notes forming part of the financial statements	14

Officers and professional advisers

Directors

Helena Whitaker
Intertrust Directors 1 Limited
Intertrust Directors 2 Limited

Company secretary and registered office

Intertrust Corporate Services Limited
1 Bartholomew Lane
London
EC2N 6AX

Company number

09915311
(England and Wales)

Independent auditor

KPMG LLP
Financial Services
15 Canada Square
London E14 5GL
United Kingdom

The directors present the strategic report of Griffon Funding Limited (the "Company") for the year ended 31 December 2019.

Principal activities, business review and future developments

The Company, was incorporated as a private limited company on 14 December 2015 as a special purpose vehicle in the United Kingdom and registered in England and Wales under the Companies Act 2006.

On 24 September 2016, the Company as part of a securitisation transaction raised funding by the issue of £1,822,337,087 Class A1, £328,020,676 Class A2, £133,638,053 Class A3 Real Estate Backed Floating Rate Notes due 2031 (the "A Loan Debentures"), £85,042,397 Class B1, £60,744,570 Class B2 Real Estate Backed Floating Rate Notes and £6,000,000 Class Z Notes due 2031 (the "Loan Notes" and together with the A Loan Debentures the "Notes"), with the A Loan Debentures and Class B1 Notes being rated.

The Company applied the proceeds of the Notes to pay consideration of £2,429,782,783 for the purchase of the beneficial title to a real estate mortgage portfolio together with the related security (the "Loans") from Barclays Bank Plc (the "Seller").

In addition, the proceeds of the Notes were used to establish a reserve fund (the "Reserve Fund") of £6,000,000 to settle expenses incurred by the Company and to provide liquidity for the Notes.

On 15 November 2018, the Company upsized the portfolio and raised funding by the issue of an additional £2,235,841,927 Class A1, £290,715,033 Class A2, £269,461 Class A3 Real Estate Backed Floating Rate Notes due 2031, £75,370,565 Class B1, £172,006,114 Class B2 Real Estate Backed Floating Rate notes due 2031.

The Company applied the proceeds from the additional Notes issuance to pay consideration of £2,774,203,099 to upsize the current portfolio and purchase the beneficial title to additional real estate mortgages from the Seller.

The legal ownership of the Loans acquired by the Company from the Seller fail the de-recognition criteria of IAS39 in the Seller's financial statements and therefore these Loans remain on the balance sheet of Barclays Bank Plc. The Loans are therefore classified as "loan" to originator (the "Loan") on the statement of financial position of the Company.

The Notes are limited recourse obligations of the Company.

The Company's obligation to pay principal and interest on the Notes and its operating and administrative expenses will be met primarily from payments of principal and revenue received from the Loans under the terms of the priority of payments as set out in the terms and conditions of the Notes.

The directors do not anticipate any changes to the present level of activity, or the nature of, the Company's business in the foreseeable future.

Results

The Statement of Comprehensive Income of the Company is set out on page 10 and shows the profit for the financial year.

In accordance with the transaction documents, the Company is expected to retain £375 on each interest payment date (the "IPDs").

Key performance indicators, principal risks and uncertainties

The principal balance of the Loan, a key performance indicator decreased from £3,388,232,148 at 01 January 2019 to £2,306,197,131 at 31 December 2019 due the effect of early redemption options availed by the underlying Loans borrowers and scheduled amortisation. At the year end the balance of the Notes outstanding amounted to £2,418,216,635.

The impairment charge held against the Loans at the year end, to cover any shortfall on realisation of proceeds from the sale of the underlying properties was £nil (2018: £nil).

Key performance indicators, principal risks and uncertainties *(continued)*

Other key performance indicators are the credit ratings assigned to the A Loan Debentures. In January 2019 Moody's withdrew the rating from Class B1 making them Unrated, all other categories remain unchanged from the prior year.

	December 2019	December 2018
Class A1	Affirmed Aaa	Affirmed Aaa
Class A2	Affirmed Aa2	Affirmed Aa2
Class A3	Affirmed Baa1	Affirmed Baa1
Class B1	Unrated	Affirmed Ba2
Class Z	Unrated	Unrated

On 23 June 2016, the UK voted to exit the European Union ("EU") and left the EU on 31 January 2020. However, with no trade deal currently reached, it is difficult to determine the financial impact on the Company at this stage.

Following the United Kingdom's departure from the European Union, the United Kingdom will enter a transition period until 31 December 2020. This will mean that although the United Kingdom will cease to be an EU member, the trading relationship will remain the same and the United Kingdom will continue to follow the EU's rules, such as accepting rulings from the European Court of Justice.

There is a risk of financial instability, for example a detrimental effect on the UK economy may ultimately impact the underlying borrowers' ability to repay the Loans. However, in the worst case scenario the Notes are a limited recourse obligation of the SPV, therefore payment of them is dependent upon redemptions on the Loans.

On 31 December 2019, the World Health Organisation ("WHO") was informed that a limited number of cases of pneumonia, of an unknown cause, were detected in Wuhan, Hubei. On 7 January 2020, Chinese authorities identified a new type of coronavirus (COVID-19) as the cause. The first cases of COVID-19 were confirmed in Hong Kong on 23 January 2020.

Since 31 December 2019, the development and spreads of COVID-19 has resulted in the occurrence of a multitude of associated events. Among these are the identification of the virus, its spreads in the terms of number of infected and geographical prevalence, action taken by government and non-governmental organizations, actions taken by private entities, and the resulting economic effects of these.

Whilst the direct and indirect impact of the Coronavirus (COVID-19) outbreak remains uncertain, a number of central banks and governments have announced financial stimulus packages in anticipation of a very significant negative impact on GDP during 2020. Concerns remain as to whether these policy tools will counter anticipated macro-economic risks and a prolongation of the outbreak could significantly adversely affect economic growth.

The principal risks and uncertainties faced by the Company are discussed below under financial instruments.

Financial instruments

The Company's operations are financed primarily by means of the Notes. The Company issued such financial instruments to finance the acquisition of the Loans, which has been extended to the Originator in the form of a Loan (see Incorporation, principal activities, business review and future developments review).

The Company's exposure to risk on financial instruments and the management of such risk is largely determined prior to the issuance of the Notes.

The directors monitor the Company's performance by reviewing monthly reports on the performance of the portfolios, in order to ensure that the transaction terms have been complied with, that no unforeseen risks have arisen, and that the holders of the Notes have been paid on a timely basis.

The primary risks arising from the Company's financial instruments are credit risk, liquidity risk and interest rate risk. The nature of these risks is detailed below.

Key performance indicators, principal risks and uncertainties *(continued)*
Credit risk

Credit risk reflects the risk that the underlying borrowers or other transaction parties will not meet their obligations as they fall due.

The Company's principal business objective rests on the purchase of a portfolio of real estate mortgage loans. Although the Loans are secured by first charges over real estate properties, the Company considered the evaluation of a borrower's ability to service a loan according to its terms to be the principal factor in assessing the credit risk and the decision to acquire the Loans.

Management of the credit risk is undertaken by reviewing and monitoring arrears balances, communicating regularly with the Loans borrowers and having procedures in place to market repossessed properties.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at an unacceptably high cost. The Company's ability to meet payments on the Notes as they fall due is dependent on timely receipt of funds which may be delayed due to slow repayments on the Loans.

In the event that the Company has insufficient funds available to pay expenses incurred and interest and/or principal on the Notes then it is obliged to draw on the Reserve Fund to meet its obligations to the holders of the Notes.

The Company's assets are financed principally by the issuance of the Notes. The financing policy substantially reduces the Company's liquidity risk by matching the maturity profile of the Company's funding to the profile of the assets being funded.

The company entered into a liquidity facility agreement (the "Liquidity Facility Agreement") where it is permitted to make drawings of up to an amount of £80 million. In the event that the company has insufficient funds available to pay interest and/or principal on the Notes then it is obliged to draw on the liquidity facility, in certain
facility provider (Barclays Bank Plc) on the next interest payment date, and rank in priority to payments of interest and principal on the Notes.

The A Loan Debentures and B Notes are subject to mandatory redemption in part on each interest payment date in an amount equal to the interest received or recovered in respect of the Loans. If not otherwise redeemed or purchased and cancelled, the Notes will be redeemed at their principal amounts outstanding in 2031. However, due to the limited recourse obligations of the Company in respect of the Notes, the Company is only obliged to make payments of interest and principal on the Notes to the extent that repayments are received from the Loans or from any security over the Loans being realised.

Interest rate risk

Interest rate risk exists where interest rates on assets and liabilities are either set according to different basis or reset at different times. The Company is exposed to interest rate risk because the Loans are subject to variable and fixed interest rates while the Notes are based on Three-Month Sterling London Inter-Bank Offered Rate (the "LIBOR").

The Company minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of its assets and liabilities are similar. Where this is not possible the Company uses derivative financial instruments to mitigate any residual interest rate risk.

At the period end the Company was party to interest rate swaps to hedge against interest rate risk arising from the resetting of interest rates of assets and liabilities on different bases.

Currency risk
The Company is not exposed to currency risk as all its financial instruments are denominated in GBP.

Capital management

The Company is not subject to any external capital requirements, except for the minimum requirement under the Companies Act 2006. The Company has not breached this minimum requirement.

Section 172(1) statement

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

(a) the transaction documents have been formulated to achieve the Company's purpose and business objectives, safeguard the assets and promote the success of the Company with a long term view and as disclosed in Note 7 in accordance with relevant securitisation legislation the Company is only permitted to retain minimal profit;
(b) the company has no employees;
(c) the Company is a securitisation vehicle and fosters its relationships with suppliers and others via professional third parties who have been assigned operational roles with their roles strictly governed by the transaction documents and fee arrangements agreed in advance. The Company has no customers.
(d) as a securitisation vehicle the Company has no physical presence or operations and accordingly has minimal impact on the community and the environment;
(e) the Company maintains a reputation for high standards of business conduct via professional third parties who have been assigned operational roles. Fee arrangements have been agreed in advance and supplier invoices paid strictly in accordance with the transaction documents including a priority of payments, if applicable; and
(f) the Company has a sole member with the issued shares all held on a discretionary trust basis for the benefit of charities to be determined.

In accordance with s. 426B Companies Act 2006 a copy of this statement is available at:
https://www.intertrustgroup.com/our-services/capital-markets-services/public-transactions/15-02-2016

On behalf of the Board

Sue Abrahams
Per pro **Intertrust Directors 1 Limited**
Director
23 June 2020

The directors present their report together with the audited financial statement of the Company for the year ended 31 December 2019.

Going concern

In order to form a view as to the most appropriate basis of preparation of these financial statements, the directors have assessed the likelihood of whether the Company will be able to continue trading over the foreseeable future versus the likelihood of either intending to or being forced to either cease trading or the placing of the Company into liquidation.

The financial statements have been prepared on a going concern basis. Although there are considerable uncertainties surrounding the UK economy and real estate market, the directors consider that the Company will continue to trade for the foreseeable future by meeting its liabilities as they fall due for payment in cash. See note 1 under accounting policies for a more detailed explanation.

After reviewing the Company's performance (including the implications from the COVID-19 outbreak), the Directors are satisfied that the Company has adequate access to resources to enable it to meet its obligations and to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing these financial statements.

Future developments

Information on future developments is included in the Incorporation, principal activities, business review and future developments section of the Strategic report.

Financial risk management

Information on financial risk management is included in the Financial instruments section of the Strategic report.

Share capital

The issued share capital consists of £1 comprising 1 fully paid ordinary share of £1 each.

Directors and their interests

The directors of the Company during the period, and up to the date of signing the financial statements, were:

Intertrust Directors 1 Limited
Intertrust Directors 2 Limited
Helena Whitaker

None of the directors have any beneficial interest in the ordinary share capital of the Company.

None of the directors had any interest during the period in any material contract or arrangement with the Company.

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

Third party indemnities

Qualifying third party indemnity provisions for the benefit of the directors were in force during the year under review and remain in force as at the date of approval of the annual reports and financial statements.

Secretary

Intertrust Corporate Services Limited served as the company secretary to the year end, and up to the date of signing of the financial statements.

Statement of disclosure of information to the auditor

The directors confirm that:

a) so far as the directors are aware, there is no relevant information of which the Company's auditor is unaware; and

b) each director has taken all the 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006.

Independent auditor

The auditor, KPMG LLP, have expressed their willingness to continue in office and pursuant to section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Sue Abrahams
Per pro **Intertrust Directors 1 Limited**
Director
23 June 2020

Griffon Funding Limited

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Opinion

We have audited the financial statements of Griffon Funding Limited ("the company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, Balance Sheet and related notes, including the significant accounting policies and other explanatory information.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

M.McG

Michael McGarry (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL
25 June 2020

Statement of comprehensive income for the year ended 31 December 2019

	Note	From 1 Jan to 31 Dec 19	From 1 Jan to 31 Dec 18
		£	£
Interest receivable and similar income	2	79,530,485	31,369,708
Interest payable and similar charges	3	(79,282,968)	(31,151,966)
Net interest income		**247,517**	**217,742**
Other operating income		-	-
Total operating income		**247,517**	**217,742**
Operating expenses	4	(243,017)	(213,242)
Profit on ordinary activities before taxation		**4,500**	**4,500**
Taxation on profit on ordinary activities	7	(893)	(855)
Profit for the financial year	12	**3,607**	**3,645**
Total other comprehensive income		**-**	**-**
Profit and other comprehensive income for the year		**3,607**	**3,645**

All amounts relate to continuing activities.

The accompanying notes on pages 14 to 25 are an integral part of these financial statements.

Statement of changes in equity for the year ended 31 December 2019

	Share Capital	Retained earnings	Total
	£	£	£
Balance as at 01 January 2018	1	4,234	4,235
Profit for the year		3,645	3,645
Balance as at 31 December 2018	1	7,879	7,880
Profit for the year	-	3,607	3,607
Balance as at 31 December 2019	**1**	**11,486**	**11,487**

The accompanying notes on pages 14 to 25 are an integral part of these financial statements.

Griffon Funding Limited **Company registration number: 09915311**

Balance sheet for year ended to 31 December 2019

	Note	2019 £	2018 £
Non current assets			
Deemed Loan to originator	8	1,997,131,637	2,332,503,282
Current assets			
Debtors	9	117,660,352	115,975,289
Deemed Loan to originator	8	309,065,494	1,055,728,866
Cash at bank and in hand		459,208	289,383
		427,185,054	**1,171,993,538**
Creditors: amount falling due within one year	10	(417,706,695)	(1,160,885,805)
Net current assets		**9,478,359**	**11,107,733**
Total assets less current liabilities		**2,006,609,996**	**2,343,611,015**
Creditors: amounts falling due after more than one year	10	(2,006,598,509)	(2,343,603,135)
Net assets		**11,487**	**7,880**
Capital and reserves			
Called up share capital	11	1	1
Retained earnings	12	11,486	7,879
Total shareholders' funds		**11,487**	**7,880**

The accompanying notes on pages 14 to 25 are an integral part of these financial statements.

The financial statements on pages 11 to 25 were approved and authorised for issue by the Board on 23 June 2020 and were signed on its behalf by;

Sue Abrahams
Per pro **Intertrust Directors 1 Limited**
Director

1 Accounting policies

General information

Griffon Funding Limited (the "Company") is a limited company, incorporated and domiciled in the United Kingdom and registered in England and Wales. The address of its registered office is 1 Bartholomew Lane, London EC2N 2AX, United Kingdom.

The financial statements of the Company are prepared on a going concern basis, under the historical cost convention as modified by revaluation of certain financial instruments in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The Company has adopted and is in compliance with Financial Reporting Standard 102. The Company has adopted in full IAS 39 with respect to the recognition and measurement of financial instruments. The accounting policies which have been applied consistently throughout the period to the Company's financial statements are set out below. The directors have adjusted the format of the statement of comprehensive income and balance sheet as allowed under Companies Act 2006. In the opinion of the directors, net interest income is a more appropriate measurement of the Company's performance than turnover and cost of sales.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to presentation of the cash flow statement.

Basis of preparation - Going concern

In order to form a view as to the most appropriate basis of preparation of these financial statements, the directors have assessed the likelihood of whether the Company will be able to continue trading over the foreseeable future versus the likelihood of either intending to or being forced to either cease trading or the placing of the Company into liquidation.

The Company is obliged to redeem the Notes at their principal amount outstanding upon maturity. However, due to the non-recourse nature of the Notes, the Company's ability to pay amounts due on the Notes are, in substance, limited to the application of the receipts from the loans (the "Loans") under the terms of the priority of payments as set out in the terms and conditions of the Notes.

The credit enhancement built within the transaction, which includes the cash reserve fund of £6,000,000 provides an extra buffer against any going concern issues in the near future.

In addition to this the Company entered into a Liquidity Facility Agreement where it is permitted to make drawings of up to an amount of £80 million. In the event that the company has insufficient funds available to pay interest and/or principal on the Notes then it is obliged to draw on the liquidity facility, in certain circumstances and to the extent funds are available, to meet its obligations to the Noteholders.

It is the intention of the directors to continue operations until such a time as the amounts due from the Loans have been fully realised. Ultimately, due to the limited recourse nature of the Notes, any shortfall in the proceeds of the Loans will be a risk to the holders of the Notes.

Therefore the directors consider that the Company is able to meet its liabilities as they fall due, and accordingly, the financial statements have been prepared on a going concern basis.

After reviewing the Company's performance (including the implications from the COVID-19 outbreak) and the maturity of the underlying assets of the Company, the Directors are satisfied that the Company has adequate access to resources to enable it to meet its obligations and to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing these financial statements.

Segmental analysis

The Company's operations are carried out in the United Kingdom and the results and net assets are derived from its acquisition of the Loans and therefore the directors only report one business and one geographic segment.

1 Accounting policies *(continued)*

Financial instruments

In accordance with Section 11 of Financial Reporting Standard 102, the provisions of IAS 39 have been adopted in full with respect to the recognition and measurement of financial instruments.

The Company's operations are carried out in the United Kingdom and the results and net assets are derived from its acquisition of the Loans and therefore the directors only report one business and one geographic segment.

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument and are de-recognised on the date it ceases to be party, or it transfers the rights to receive the contractual cash flows from the financial asset in a transaction such that substantially all the risks and rewards of ownership of the financial asset are transferred.

The Company's financial instruments comprise Loan, cash and liquid resources, Notes and various receivables and payables that arise from its operation. These financial instruments are classified as described below:

Loan to originator

Where a transfer of a financial asset does not qualify for de-recognition, the transferee does not recognise the transferred asset as its asset. The transferee derecognises the cash or other consideration paid and recognises a receivable from the transferor. In relation to the Loans transferred to the Company, de-recognition is considered to be inappropriate for the portfolio seller's or originator's (Barclays Bank Plc) own financial statements as the originator has retained significant risks, in the form of credit enhancement paid in, and rewards, in the form of deferred purchase consideration to be paid out, of that financial asset. The Company's financial statements are therefore prepared on the basis that its acquisitions of beneficial interests in the Loans are recognised as a collateralised non-recourse loan to the originator.

Under the terms of the securitisation, the Company retains the right to receive £375 each month of available revenue receipts from the beneficial interest in the Loans. This is reflected in the statement of comprehensive income before any movements on fair value gains and losses on derivatives. Available revenue receipts are defined by the transaction documentation and include interest on the Loans and interest received on the bank accounts. Profits in excess of this accrue to Barclays Bank Plc, the portfolio seller of the Loans. Accordingly a creditor for amounts payable to Barclays Bank Plc for this residual interest has been recognised at the period end ("deferred consideration"). The payments of deferred consideration are strictly governed by the priority of payments that sets out how cash can be utilised.

The Loan is classified within "loans and receivables". The initial measurement is at fair value with subsequent measurement being at amortised cost using the effective interest rate method.

The Loan is subject to impairment reviews in accordance with IAS39. A charge for impairment would be recognised where there is a risk that the income on the Loan will be significantly reduced. This could occur if the credit quality of the Loans that are pledged as collateral for the Loan deteriorated significantly. Currently the directors consider that no impairment exists.

Impairment

The Company assesses at each statement of financial position date whether there is any objective evidence that a financial asset is impaired. A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

If there is objective evidence that an impairment loss on a financial asset classified as loans has been incurred, the Company measures the amount of the loss as the difference between the carrying amount of the asset and the present value of estimated future cash flows from the asset discounted at the effective interest rate of the asset at initial recognition.

1 Accounting policies *(continued)*

Impairment losses are recognised in the statement of comprehensive income and the carrying amount of the financial asset reduced by establishing an allowance for impairment losses. If in a subsequent year the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance.

Notes

The Notes issued by the Company are initially recognised at fair value on the date of their issuance and are subsequently measured at amortised cost using the effective interest rate method.

Receipts from the issuance of the Notes were used to purchase the Loans.

Derivative financial instruments

Derivative instruments utilised by the Company are interest rate swaps. Such instruments are used for economic hedging purposes, to alter the risk profile of an existing underlying exposure of the Company in line with the Company's risk management policy.

Interest rate risk associated with the deemed loan to Originator is managed by means of an interest rate swap with Barclays Bank Plc, which requires the Company to pay the effective yield on the beneficial interest in the mortgage portfolio and receive payments based on a rate linked to the three-month Sterling LIBOR.

This swap is not recognised separately as a financial instrument as the amounts payable under the swap reflect interest flows from the mortgage loans which are not recognised by the Company for accounting purposes. Instead, the deemed loan to Barclays Bank Plc is recognised with an effective interest rate which reflects the amount received or paid under the swap.

Cash at bank and in hand

Cash at bank and in hand comprise cash balances.

Interest receivable and similar income and interest payable and similar charges

Interest income on financial assets that are classified as loans and receivables and interest expense on financial liabilities is determined using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liabilities and of allocating the interest income or interest expense over the expected life of the asset or liability.

The effective interest rate is the rate that exactly discounts estimated future cash flows to the instrument's initial carrying amount. Interest is not recognised on impaired loans.

Taxation

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

Under the powers conferred by the Act, secondary legislation was enacted in 2006 which ensures that, subject to certain conditions being met and an election being made, for periods commencing on or after 1 January 2007, corporation tax for a 'securitisation company' will be calculated by reference to the profit of the securitisation company required to be retained in accordance with the relevant capital market arrangement. The directors are satisfied that this Company meets the definition of a 'securitisation company' as defined by both the Act and the subsequent secondary legislation and that no incremental unfunded tax liabilities will arise. Deferred tax is not provided for.

1 Accounting policies *(continued)*

Use of estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The judgments and estimates involved in the Company's accounting policies that are considered by the directors to be the most important to the portrayal of the Company's financial condition and that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Deferred purchase price

Deferred purchase price represents further amounts payable on the acquisition of the initial mortgage portfolio from the Sellers. The payment of these amounts is conditional on the performance of the Loans, and therefore constitutes a liability in the books of the Company to the extent that such reserves have been generated, and are expected to be paid as deferred consideration in the future. The deferred purchase price constitutes a financial liability in the books of the Company. If the Company were to make losses in the future as a result of future impairments, the deferred purchase price liability would reduce, but as at the period-end the directors believe that the accrued liability will be payable based on the information available at the balance sheet date.

Under the terms of the securitisation, the Company retains the right to £375 per IPD issuer profit. Available revenue receipts are defined by the transaction documentation and include interest on the Loans and interest received on the bank accounts. Profits in excess of this accrue to the Sellers as deferred purchase price. The payments of deferred purchase price are strictly governed by the priority of payments that sets out how cash can be utilised.

2 Interest receivable and similar income

	From 01 Jan to 31 Dec 2019 £	From 01 Jan to 31 Dec 2018 £
Income relating to the Loans	79,530,485	31,369,708
	79,530,485	**31,369,708**

3 Interest payable and similar charges

	From 01 Jan to 31 Dec 2019 £	From 01 Jan to 31 Dec 2018 £
Interest expense on Notes	74,785,251	20,696,767
Deferred consideration	4,497,717	10,455,199
	79,282,968	**31,151,966**

4 Operating expenses

	From 01 Jan to 31 Dec 2019	From 01 Jan to 31 Dec 2018
	£	£
Audit fees	48,000	48,000
Corporate services fees	44,764	61,315
Rating agency fees	36,213	36,484
Servicing fees	-	-
Cash manager fees	31,800	31,800
Professional fees	82,240	22,109
Legal fees	-	10,934
Other	-	2,600
	243,017	**213,242**

5 Profit on ordinary activities before taxation

	From 01 Jan to 31 Dec 2019	From 01 Jan to 31 Dec 2018
	£	£
This has been arrived at after charging:		
Auditor's remuneration -		
- audit of the Company's annual financial statements	48,000	48,000
	48,000	**48,000**

6 Directors and employees

The Company has no employees and services required are contracted from third parties. The directors received no remuneration from the Company in respect of qualifying services rendered during the period. During the year, fees of £34,347 (2018:£92,632) were paid to Intertrust Management Limited in respect of corporate services provided to the Company. At the year-end corporate services of £2,796 were prepaid (2018: £13,213 were prepaid).

7 Taxation on profit on ordinary activities

	From 01 Jan to 31 Dec 2019	From 01 Jan to 31 Dec 2018
	£	£
a) Analysis of the company charge in the year		
UK corporation tax charge on the profit for the year	855	855
Adjustment for prior years	38	-
Overall tax charge in the Income Statement	**893**	**855**

7 Taxation on profit on ordinary activities *(continued)*

From 1 April 2017, the main rate of UK corporation tax is 19%. Legislation had been introduced to reduce the main rate of UK corporation tax to 17% from 1 April 2020.

In the March 2020 budget announcement, the Chancellor confirmed that the rate of corporation tax will remain at 19% from 1 April 2020. This measure has been made under a Budget resolution which has statutory effect under the provision of the Provisional Collection of Taxes Act 1968. Since this change (cancelling the enacted reduction to 17%) was not enacted or substantively enacted on the balance sheet date, this has not been used to calculate current or deferred tax for tax disclosures for the year ended 31 December 2019.

Factors affecting the Company current tax charge for the year/period

	Year from 01 Jan to 31 Dec 2019 £	Year from 01 Jan to to 31 Dec 2018 £
Profit on ordinary activities before tax	4,500	4,500
Current tax charge at 19% (2018: 19%)	(855)	(855)
Effects of:		
Prior year adjustment	(38)	-
Accounting profits not taxed in accordance with SI 2006/3296	855	855
Retained profit tax in accordance with SI 2006/3296	(855)	(855)
Overall tax charge	**(893)**	**(855)**

For UK corporation tax purposes, the Company has been considered as a Securitisation Company under the 'Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296)'. Therefore, the Company is not required to pay corporation tax on its accounting profit or loss. Instead, the Company is required to pay tax on its retained profits as specified in the documentation governing the Transaction. In accordance with the prospectus the Company is expected to retain £375 on each interest payment dates (the "IPDs").

8 Deemed Loan to Originator

The Loans are secured by first charges over real estate properties.

	2019 £	2018 £
Opening book value	3,388,232,148	990,669,866
Purchase of Loans during the year	-	2,774,203,097
Repayment of Loans during the year	(1,082,035,017)	(376,640,815)
Net book value		
At 31 December 2019	**2,306,197,131**	**3,388,232,148**

The maturity profile of the Loans was as follows:	2019 £	2018 £
In one year or less (see note 9)	309,065,494	1,055,728,866
In more than one year	1,997,131,637	2,332,503,282
	2,306,197,131	**3,388,232,148**

9 Debtors

	2019	2018
	£	£
Other debtors	117,660,352	115,975,289
	117,660,352	**115,975,289**

The Notes bear interest at a floating rate plus margin and are secured over all the assets of the Company.

10 Creditors

	2019	2018
	£	£
Amounts falling due within one year:		
Accrued interest payable on Notes	2,476,842	3,351,224
Notes	415,084,998	1,157,437,764
Deferred income	-	-
Corporation tax	855	817
Other Creditors	96,000	-
Accrued fees	48,000	96,000
	417,706,695	**1,160,885,805**
Amounts falling due after one year:		
Notes	2,003,131,636	2,338,503,282
Deferred consideration	3,466,873	5,099,853
	2,006,598,509	**2,343,603,135**

11 Called up share capital

	2019	2018
	£	£
Called up, allotted and issued		
1 ordinary share of £1: fully paid	1	1
	1	**1**

The Company is not subject to any externally proposed capital requirements except for the minimum requirement under the Companies Act 2006. The Company has not breached the minimum requirement.

12 Retained earnings

	2019	2018
	£	£
Opening balance	7,879	4,234
Profit for the year	3,607	3,645
At 31 December	**11,486**	**7,879**

13 Financial instruments

The Company's exposure to risks on its financial instruments and the management of such risks are largely determined from the inception of the securitisation transaction. The Company's activities and the role of each party to the transaction are clearly defined and documented. Cash flow modelling, including multiple stress scenarios, is carried out as part of the structuring of the transaction, and is required by the rating agencies to establish appropriate rating levels for the Notes. Following initial set-up, the directors monitor the Company's performance, reviewing reports on the performance of the Loans. Such review is designed to ensure that the terms of the transaction documentation have been met, that no unforeseen risks have arisen and that the noteholders have been paid on a timely basis.

Credit risk

2019	Fair value through profit and loss	Loans and receivables	Financial liabilities at amortised cost	Total carrying value
	£	£	£	£
Assets:				
Loan	-	2,306,197,131	-	2,306,197,131
Cash and cash equivalents	-	459,208	-	459,208
Other receivables	-	117,660,352	-	117,660,352
	-	**2,424,316,691**	**-**	**2,424,316,691**
Liabilities:				
Notes	-	-	2,418,216,634	2,418,216,634
Accrual and deferred income	-	-	2,621,697	2,621,697
Deferred consideration	-	-	3,466,873	3,466,873
	-	**-**	**2,424,305,204**	**2,424,305,204**

2018	Fair value through profit and loss	Loans and receivables	Financial liabilities at amortised cost	Total carrying value
	£	£	£	£
Assets:				
Loan	-	3,388,232,148	-	3,388,232,148
Cash and cash equivalents	-	289,383	-	289,383
Other receivables	-	115,975,289	-	115,975,289
	-	**3,504,496,820**	**-**	**3,504,496,820**
Liabilities:				
Notes	-	-	3,495,941,046	3,495,941,046
Accrual and deferred income	-	-	3,448,042	3,448,042
Deferred consideration	-	-	5,099,853	5,099,853
	-	**-**	**3,504,488,941**	**3,504,488,941**

13 Financial instruments *(continued)*

Credit risk *(continued)*

The table below shows the maximum credit risk the Company is exposed to at the year end.

	Carrying Value 2019 £	Maximum Exposure 2019 £
Assets:		
Loan	2,306,197,131	2,306,197,131
Cash and cash equivalents	459,208	459,208
Other receivables	117,660,352	117,660,352
	2,424,316,691	**2,424,316,691**

	Carrying Value 2018 £	Maximum Exposure 2018 £
Assets:		
Loan	3,388,232,148	3,388,232,148
Cash and cash equivalents	289,383	289,383
Other receivables	115,975,289	115,975,289
	3,504,496,820	**3,504,496,820**

Interest rate risk

Interest rate risk exists where assets and liabilities have interest rates set under a different basis or which reset at different times. The Company minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of its assets and liabilities are similar. Where this is not possible the Company uses derivative financial instruments to mitigate any residual interest rate risk.

Interest on the floating rate liabilities is determined and payable monthly in arrears at the following rates above LIBOR for three-month sterling deposits:

	2019 £	2018 £	Interest rate 2019	Interest rate 2018
Class A1	1,736,763,919	2,617,455,783	LIBOR + 1.5%	LIBOR + 1.5%
Class A2	364,744,466	471,142,043	LIBOR + 1.9%	LIBOR + 1.9%
Class A3	57,613,776	74,419,969	LIBOR + 2.3%	LIBOR + 2.3%
Class B1	94,563,381	122,147,938	LIBOR + 2.67%	LIBOR + 2.67%
Class B2	158,531,092	204,775,313	LIBOR + 2.84%	LIBOR + 2.84%
Class Z	6,000,000	6,000,000	N/A	N/A
Total carrying value of Notes	**2,418,216,634**	**3,495,941,046**		

13 Financial instruments *(continued)*

Interest rate risk *(continued)*

The Notes are limited recourse obligations receipt of the payments from the Loans on each interest payment date (the "IPD"). The Class A Notes will rank themselves ahead of other Class Notes at all times.

At 31 December 2019, if LIBOR for three-month deposits at that date had been 25 basis points higher or lower, with all other variables held constant, the net effect on the Company's net margin would be £442,072 (2018: £495,756).

Currency profile

All of the Company's financial assets and liabilities are denominated in sterling.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at an unacceptably high cost. The Company's ability to meet payments on the Notes as they fall due is dependent on timely receipt of funds which may be delayed due to slow repayment on the Loans.

In the event that the Company has insufficient funds available to pay expenses incurred and interest and/or principal on the Notes then it is obliged to draw on the Reserve Fund to meet its obligations to the holders of the Notes.

The company entered into a Liquidity Facility Agreement where it is permitted to make drawings of up to an amount of £80 million. In the event that the company has insufficient funds available to pay interest and/or principal on the Notes then it is obliged to draw on the liquidity facility, in certain circumstances and to the extent funds are available, to meet its obligations to the Noteholders.

The Notes are subject to mandatory redemption in part on each interest payment date in an amount equal to the principal received or recovered in respect of the Loans. If not otherwise redeemed or purchased and cancelled, the Notes will be redeemed at their principal amounts outstanding on the interest payment date in 2031. However, due to the limited recourse obligations of the Company in respect of the Notes, the Company is only obliged to make repayments of interest on the Notes to the extent that repayments are received from the Loans.

The table below reflects the undiscounted contractual cash flows of financial liabilities at the balance sheet date of non-derivative financial instruments.

As at 31 December 2019	Carrying Value	Gross cash flows	In less than 1 month	After 1 month but within 3 months	After 3 months but within 1 year	After 1 year but within 5 years	After 5 years
	£	£	£	£	£	£	£
Non derivative financial instruments:							
Notes	2,418,216,634	2,412,216,634	141,761,333	14,810,000	258,513,663	1,997,131,638	-
Interest payable on Notes	2,476,839	185,644,526	6,201,511	11,812,813	51,668,813	115,961,389	-
Total as 31 December 2019	2,420,693,473	2,597,861,160	147,962,844	26,622,813	310,182,476	2,113,093,027	-

13 Financial instruments *(continued)*

Liquidity risk *(continued)*

As at 31 December 2018	Carrying Value	Gross cash flows	In less than 1 month	After 1 month but within 3 months	After 3 months but within 1 year	After 1 year but within 5 years	After 5 years
	£	£	£	£	£	£	£
Non derivative financial instruments:							
Notes	3,495,941,046	3,489,941,046	101,708,896	118,168,440	937,560,426	2,332,503,284	-
Interest payable on Notes	3,351,224	208,264,271	8,223,798	16,339,034	67,324,682	116,376,757	
Total as 31 December 2018	3,499,292,270	3,698,205,317	109,932,694	134,507,474	1,004,885,108	2,448,880,041	-

The Notes have no contractual amortisation profile, principal repayments on the Loans are used to redeem the Notes. However, the Notes that are expected to be repaid in less than one year have been presented as current liabilities in the balance sheet.

Per the transaction documentation the Company could be subject to an early redemption pursuant to an early redemption trigger event. The early redemption trigger event means, at any time, a reduction in the aggregate principal balance of the mortgage loans in the portfolio to an amount equal to or less than 10 percent of the aggregate principal balance of the mortgage loans in the portfolio as at the most recent occurrence of the fixing date preceding the (a) first trust date (September 2016); (b) the upsize fixing date (November 2018); and (c) the fixing date preceding any trust date relating to the purchase of the mortgage loans where the purchase price of such mortgage loans as been funded in whole or part by a tap issue or an upsize.

As at the date of these financial statements, the Company has not met the conditions for an early redemption trigger event to be exercised, and thus the liquidity table has been prepared on that basis.

Fair value of financial assets and liabilities

The Company does not trade in financial instruments for speculative purposes and therefore does not intend to dispose of the financial instruments until maturity.

Financial Reporting Standard 102 in relation to the nature of the financial instruments that are measured in the balance sheet at fair value requires them to be put into a fair value measurement hierarchy based on fair value measurement as detailed below:

level 1 - prices (unadjusted) in active markets for identical assets or liabilities.

level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There are no financial instruments included in the Company's balance sheet that are measured at fair value.

14 Parent and ultimate controlling party

The entire share capital of the Company is held by the legal parent company, Intertrust Corporate Services Limited on a discretionary trust basis for the benefit of certain charities.

The smallest group in which the Company is consolidated is Barclays Bank Plc. Although Barclays Bank Plc has no direct ownership interest in the Company, it is considered to exert control over its activities and therefore the results of the Company are included in the consolidated financial statements of Barclays Bank Plc (1 Churchill Place, London, E14 5HP).

The Company's ultimate parent undertaking and controlling party is Barclays Bank Plc, a company incorporated in England and Wales. Copies of the group financial statements are available from Barclays Plc, 1 Churchill Place, London, E14 5HP.

The largest group of which the Company is a member is Barclays Plc.

15 Related party transactions

During the year, fees of £34,347 were paid to Intertrust Management Limited in respect of corporate services provided to the Company. At the year end corporate services of £2,796 were prepaid (2018: £13,213 were prepaid).

The balance of the beneficial title to the real estate mortgages and the related security purchased from Barclays Bank Plc as at 31 December 2019 is £2,306,197,131 (2018: £3,388,232,148) and these have been classed as loan to originator. Interest received during the year on the Loans and included within interest income amounted to £79,530,485 (2018: £31,369,708). Interest accrued at the year end was £5,638,050 (2018: £8,253,177).

Barclays Bank Plc holds the £2,412,216,634 Class A and B Notes, interest paid during the year on these Notes was £67,991,964 (2018: £18,058,071). At the year-end interest of £2,240,671 (2018: £3,351,224) was accrued. During the year the amount paid on these Notes was £1,077,724,411 (2018: £437,188,954). During the year £6,130,696 (2018: £6,691,369) of deferred consideration was paid to Barclays Bank Plc.

As at 31 December 2019 £106,019,502 (2018: £101,708,896) is a receivable from Barclays Bank Plc.

16 Post Balance Sheet Events

On 31 December 2019, the World Health Organisation ("WHO") was informed that a limited number of cases of pneumonia, of an unknown cause, were detected in Wuhan, Hubei. On 7 January 2020, Chinese authorities identified a new type of coronavirus (COVID-19) as the cause. The first cases of COVID-19 were confirmed in Hong Kong on 23 January 2020.

Since 31 December 2019, the development and spreads of COVID-19 has resulted in the occurrence of a multitude of associated events. Among these are the identification of the virus, its spreads in the terms of number of infected and geographical prevalence, action taken by government and non-governmental organizations, actions taken by private entities, and the resulting economic effects of these.

Whilst the direct and indirect impact of the Coronavirus (COVID-19) outbreak remains uncertain, a number of central banks and governments have announced financial stimulus packages in anticipation of a very significant negative impact on GDP during 2020. Concerns remain as to whether these policy tools will counter anticipated macro-economic risks and a prolongation of the outbreak could significantly adversely affect economic growth.

The Company is monitoring the potential downside risk associated with both the direct and indirect impact of the COVID-19 outbreak. The Company continues to operate in line with management's expectations.