Company Number 10867102

E-Carat 9 plc

Annual report and financial statements

For the year ended 31 December 2019

Contents

E-Carat 9 plc

Officers and professional advisers

Directors

Intertrust Directors 1 Limited
Intertrust Directors 2 Limited
Daniel Jaffe

Company secretary

Intertrust Corporate Services Limited

Registered office

1 Bartholomew Lane
London
EC2N 2AX

Company number

10867102
(England and Wales)

Auditor

Deloitte LLP
Statutory Auditor
Bristol
United Kingdom

The directors present the strategic report of E-Carat 9 plc (the "Company") for the year ended 31 December 2019.

Principal activities, business review and future developments

The Company was established as a special purpose vehicle to raise funding by the issuance of £400,000,000 Class A asset backed floating rate notes, £45,100,000 Class B asset backed floating rate notes and £42,237,000 Subordinated asset backed fixed rate notes all due January 2025 and listed on the Irish Stock Exchange trading as Euronext Dublin (together the "Notes"). On 19 February 2018 the Company issued the Notes and used the funds to acquire a portfolio of auto hire purchase receivables (the "Receivables") originated by Vauxhall Finance plc ("Vauxhall"), (the "Seller" and "Originator") together with the ancillary rights. The Receivables consist of amounts due to the Seller in respect of fixed interest rate agreements available for new and used vehicles entered into by retail and small business customers.

The legal ownership of the Receivables acquired by the Company from the Seller fail the de-recognition criteria of FRS102 in the Seller's financial statements and therefore these Receivables remain on the balance sheet of the Seller. The Receivables are therefore classified as a loan to the Originator (the "Loan") on the balance sheet of the Company (note 7).

The Company has also entered into a subordinated loan agreement with the Seller and on the closing date received a loan of £4,451,000 from the Seller (the "Sub Loan") to enable the Company to fund the reserve account. The reserve account will be repaid following redemption of the Notes. The initial balance of the reserve account was £4,451,000 and at the balance sheet date is £2,069,906.

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

On 23 June 2016, the UK voted to exit the European Union ("EU"). The UK entered into a transition period with the EU on 31 January 2020, however with no exit deal currently reached; it is difficult to determine the financial impact on the company at this stage. There is a risk of financial instability which may impact upon the risks identified below, for example a detrimental effect on the UK economy may ultimately impact the underlying borrowers' ability to repay the Loans.

Results

The loss after taxation for the year was £610,336 (2018: £810 profit) as shown in the statement of comprehensive income on page 15.

The directors recognise that the implementation of the Company's accounting policies, as set out in the notes to the financial statements, in respect of derivative contracts, may result in volatility in the profit and loss account with consequent impact on the Company's balance sheet. Such contracts have been put in place to hedge the Company's exposure to interest rate to ensure a level of certainty surrounding cash flows. The policy adopted for these financial statements gives a better reflection of the waterfall and the calculation of deferred purchase price. There have been no adjustments necessary to prior year figures due to the difference not being of material value on either the 2019 or 2018 balance sheet. The directors do not consider that the use of such accounting policies will affect the long term commercial integrity of the Company or its expected performance.

The loss after taxation has been transferred to reserves.

COVID-19

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 organisations, actions taken by private entities, and the resulting economic effects of these.

Principal activities, business review and future developments *(continued)*

COVID-19 *(continued)*

Given the unprecedented situation with COVID-19, the directors acknowledge that there may be further unexpected impacts that are currently unforeseeable. However, due to the entity being bankruptcy remote, and structured in such a way that it is over collateralised, the risks of COVID -19 to the Company are somewhat lessened.

The Company will continue to monitor the potential impact COVID-19 may have on the Company, and will make necessary adjustments to its financial statements should this happen.

Further information on the impact of COVID-19 on going concern is stated within the going concern section in the Directors' report on page 6.

Section 172 statement

Section 172(1) of Companies Act 2006 requires the directors to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

a) the likely consequences of any decision in the long term,
b) the interests of the company's employees,
c) the need to foster the company's business relationships with suppliers, customers and others,
d) the impact of the company's operations on the community and the environment,
e) the desirability of the company maintaining a reputation for high standards of business conduct, and
f) the need to act fairly as between members of the company

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

With reference to the likely consequences of any decision in the long term, 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 in accordance with relevant securitisation legislation.

The matters set out in subsections (b)–(f) have limited or no relevance to the Company for the following reasons:

- The Company has no employees;
- The Company has appointed various professional third parties to perform certain roles governed by the Transaction Documents;
- As a special purpose vehicle, the Company has no physical presence or operations and accordingly has minimal impact on the community and the environment; and
- The Company has a sole member with the issued shares all held on a discretionary trust basis for charitable purposes.

In accordance with section 426B of Companies Act 2006 a copy of this statement is available at:

https://www.intertrustgroup.com/our-services/capital-markets-services/public-transactions/e-carat-9

Key performance indicators, principal risks and uncertainties

The Company provides a full breakdown of the performance of the portfolio on a monthly basis. Some of the key performance indicators are:

	December 2019	**December 2018**
Outstanding balance of Receivables	£217,653,566	£360,216,962
Outstanding balances of undiscounted Receivables more than three months in arrears	£388,637	£380,917

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

The gross principal balance of Receivables held by the Company decreased to £219,219,780 less loan losses of £1,662,393 giving an outstanding balance of £217,557,387 at 31 December 2019 from £360,165,244 at 31 December 2018, the closing date, due to the net effect of prepayment options availed by the underlying borrowers and scheduled repayments. At the year-end the balance of Notes outstanding amounted to £227,209,861 (2018: £370,607,164).

As at 31 December 2019 1.80%, (2018: 1.15%) of the Receivables were in arrears; this increased to 1.90% for the January 2020 (January 2018: 1.24%) interest payment date ("IPD").

Other key performance indicators are the credit ratings assigned to the Class A Notes. There have been no changes in the credit rating of these Notes since their original rating of AAA by Standard and Poors Credit Market Services Europe Limited and Fitch Ratings Limited rating agencies.

The principal risks and uncertainties faced by the Company are reviewed below under Financial Instruments.

Financial instruments

The Company's operations are financed primarily by means of issuance of the Notes. The Company issued such Notes to finance the acquisition of the Receivables, which has been extended to the Originator in the form of a Loan as explained in the review of the business above. The risk profile of the Company is such that all risks of the Loan are ultimately borne by the Noteholders.

The Company uses derivative financial instruments (swaps) to manage the interest rate risk arising from the Company's sources of income (the Loan) and its sources of finance (the Notes). It is not the Company's policy to trade in financial instruments.

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. Cash flow modelling, including multiple stress scenarios, is carried out as part of the structuring of the transaction.

Financial instruments

The directors monitor the Company's performance by reviewing monthly reports on the performance of the Receivables 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.

Vauxhall Finance continues to administer the Receivables under the servicer agreement with the Company. In administering the Receivables, Vauxhall Finance applies its formal structure for managing risk and other control procedures.

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

Credit risk

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

The Loan may become impaired in case of a significant deterioration in the performance of the Receivables as a result of economic conditions in the UK in the future. This deterioration may result in higher levels of delinquencies and/or in a larger number of vehicle returns to Vauxhall Finance at the end of the financing contracts when their market price would be less than the one currently forecast and currently observed. The credit quality of the Receivables is set out in note 12. The underlying receivables are measured after a consideration of a provision of £1,600,000 for principal loss write offs. The directors have assessed the latest information provided by the servicer and concluded that no impairment provisions are required as at 31 December 2019.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with its financial instruments, should the cash flows from the assets differ from those expected.

The Company's assets (the Receivables) are financed 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.

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

Liquidity risk *(continued)*

The company can also use the cash reserve fund to manage any remaining liquidity risk (note 12).

Interest rate risk

Interest rate risk exists where interest rates on assets and liabilities are either set according to different bases or 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.

At the year-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.

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 the minimum requirement.

Approved by the Board of Directors and signed on behalf of the Board

Susan Abrahams
Per pro **Intertrust Directors 1 Limited**
Director
30 June 2020

Directors' report for the year ended 31 December 2019

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

Corporate governance

The directors have been charged with governance in accordance with the transaction documents describing the structure and operation of the transaction. The governance structure of the Company is such that the key policies have been predetermined at the time of issuance and the operational roles have been assigned to third parties with their roles strictly governed by the transaction documents.

The transaction documents provide for procedures that 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 whilst enabling them to comply with the regulatory obligations.

Due to the nature of the securities which have been listed on the Euronext Dublin, the directors are satisfied that there is no requirement to publish a corporate governance statement and that the Company is largely exempt from the disclosure requirements of the Irish Corporate Governance Annex and the provisions of the UK Corporate Governance Code.

Going concern

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 is, in substance, limited to the application of the receipts from the Receivables under the terms of the priority of payments as set out in the terms and conditions of the Notes.

Due to the outbreak of COVID-19, the UK Government have announced the implementation of an initial three month payment holiday period for customers affected by the virus. Whilst payment holidays are not allowed as per the standard loan contracts, as this is being implemented by the statute it is not a breach of the transactions reps and warranties. From the stress test carried out, if 100% of the borrowers decided to cease payment the liquidity reserves built into the structure, currently sitting at £1,221,895, can sustain the downfall in payments for 3 months, and if only 50% of the borrowers decide to cease payment the time period afforded by the liquidity reserve increases to 6 months. The level of payment holidays taken would need to increase by 58.03% for there to be any impact on the investors, and this would be need to increase further for external investors due to the subordinated notes and retained notes held by Vauxhall finance.

For the May 2020 interest payment date the total available revenue funds of £894,426 (2019: £2,032,128) were over eleven times (May 2019: six times) as much as interest payable on the A and B Notes of £80,750 (2019: £291,039) for the month. Furthermore, the credit enhancement built within the transaction provides an extra buffer against any going concern issues in the near future. Even when stressed using reasonably possible market assumptions, the cash flow forecasts indicate that the Company will be able to meet its financial obligations for at least the next 12 months.

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

Disclosures included in the Strategic report

The Company has elected to include the information on future developments in the business of the company, exposure of the company to the risk on financial instruments and the management of such risk as per Schedule 7 of the "Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008" in the Strategic report, as the Directors consider those matters to be of strategic importance to the Company.

Issue of shares

The issued share capital consists of one fully paid and 49,999 quarter paid ordinary shares of £1 each.

Directors and their interests

The directors of the Company during the year, and subsequently, were:

Intertrust Directors 1 Limited
Intertrust Directors 2 Limited
Daniel Jaffe

None of the directors have any beneficial interest in the ordinary share capital of the Company (2018: none).

None of the directors had any interest during the year in any material contract or arrangement with the Company (2018: none).

The directors do not recommend the payment of a dividend for the year (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.

Company secretary

Intertrust Corporate Services Limited acted as company secretary during the year and subsequently.

Statement of disclosure of information to auditor

Each of the directors at the date of approval of this report confirms that:

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

(b) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself 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 ("the Act").

Auditor

The auditor, Deloitte LLP, have expressed their willingness to continue in office until the next annual general meeting. Pursuant to Section 489 of the Companies Act 2006, a resolution for their re-appointment will be proposed at the forthcoming annual general meeting of the Company.

Approved by the Board of Directors and signed on behalf of the Board

Susan Abrahams
Per pro **Intertrust Directors 1 Limited**
Director
30 June 2020

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with the Companies Act 2006, applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF E-CARAT 9 PLC

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of E-Carat 9 plc (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 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.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of changes in equity;
- the statement of financial position;
- the statement of cash flows; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the company.

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

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was Interest Income Recognition. Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used in the current year was £2,177,000, which was determined on the basis of 1% of loan assets.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Significant changes in our approach	There are no significant changes in our approach since prior year.

4. Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where: • the directors' use of the going concern basis of accounting in 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.	We have nothing to report in respect of these matters.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Interest Income Recognition

Key audit matter description	E-Carat 9 plc holds a portfolio of automotive finance receivables from the Originator, Vauxhall Finance plc, which fail the de-recognition criteria of FRS 102 and as such a deemed Loan to Originator receivable is recognised by E-Carat 9 plc from Vauxhall Finance plc. E-Carat 9 plc recognised £21.1 million of interest income during the year ended 31 December 2019 (2018: £26.6 million), being interest income on the Loan to Originator. The company's accounting policy for interest income is detailed in note 1 to the financial statements, whereby interest income on financial assets that are classified as loans and receivables is determined using the effective interest rate method. Interest is recognised on the deemed Loan to Originator in line with the effective interest rate per the underlying contract between Vauxhall Finance plc and the end customer, except when the interest rate is below the minimum discount rate of 5% specified in the E-Carat 9 plc prospectus. For loans where the interest rate to the end customer is below 5%, the purchase price paid by E-Carat 9 plc for the receivable at the start of the securitisation was reduced, such that the implicit interest rate of the underlying cash inflows from the end customer is increased to at least the 5% hurdle rate. We identified a key audit matter relating to inaccurate interest income recognition from the contracts where the rate used by E-Carat 9 plc differs from the effective interest rate per the underlying contract with the end customer. The correct calculation of interest within these securitisation entities is important for managing both the level of collateral held against the debt and managing the "waterfall" of cash payments to the debt investors. Due to the individual terms of the contracts, and the manual nature of the adjustments required to record interest within E-Carat 9, we concluded that inaccurate recognition of interest was an area for potential fraud due to the risk of manual adjustments to revenue recognition for E-Carat 9 plc.
How the scope of	We obtained an understanding of the relevant controls implemented by

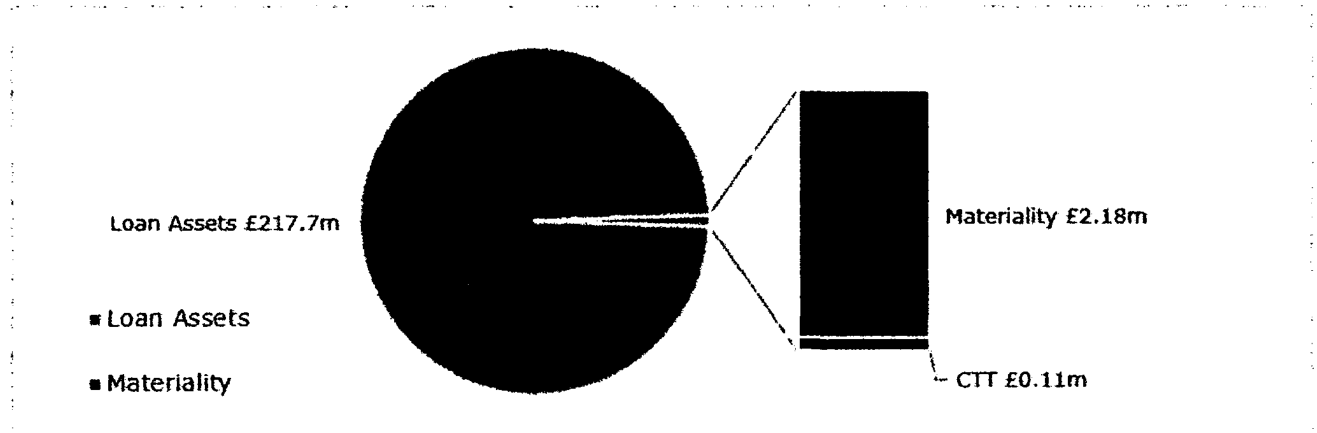
our audit responded to the key audit matter	management to mitigate this risk of inappropriate revenue recognition. We obtained the breakdown of year-end customer receivable balances and interest income for the year at an individual contract level as recorded in the accounting systems of Vauxhall Finance plc. We identified the population of contracts where the customer's contractual interest rate was below the minimum rate of 5% indicated in the E-Carat 9 plc prospectus. We then tested these contracts on a sample basis, by recalculating the interest income recognised by E-Carat 9 plc, on an effective interest rate basis, using the minimum 5% rate or the rate set on inception of the securitisation transaction. The extent of sampling performed was responsive to the identified risk.
Key *observations*	*Based on the work performed,* we concluded that the interest income recognition is appropriate. We found that the discount rates have been consistently applied with the terms of the securitisation transaction.

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.
Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	£2,177,000 (2018: £1,801,000).
Basis for determining materiality	1% of the loan assets (2018: 0.5% of the loan assets).
Rationale for the benchmark applied	E-Carat 9 plc is funded by publically traded loan notes, which are matched to the loan assets (lending receivables) held with Vauxhall Finance plc. The loan notes are material to the financial statements, and investors will be interested in the outstanding balance of the notes as they have an impact on the potential of the investor being repaid. The value of the loan assets are therefore of significance to the scale of the entity and its operations.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2019 audit (2018: 70%). In determining performance materiality, we considered the following factors:

a. our risk assessment, including our assessment of the company's overall control environment;
b. our past experience of the audit, which has indicated a low number of uncorrected misstatements in prior periods;
c. the fact that there have not been any significant changes in the business; and
d. the consistency of management and key accounting personnel.

6.3. Error reporting threshold

We agreed with the Board of Directors that we would report to the Committee all audit differences in excess of £109,000 (2018: £90,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Board of Directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Scoping

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

8. Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

10. Auditor's responsibilities for the audit of the financial statements

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.
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 auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the board of directors about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and involving relevant internal specialists, including tax, financial instrument, and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following area: Interest Income recognition. As noted above, this is due to the manual nature of the adjustment, causing a risk that the interest income is inaccurate due to incorrect or fraudulent manipulation of the underlying data between E-Carat 9 plc and the originator. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules and tax legislation.

11.2. Audit response to risks identified

As a result of performing the above, we identified Interest Income Recognition as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.
In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:
- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

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, 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.

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14. Other matters

14.1. Auditor tenure

Following the recommendation of the Board of Directors, we were appointed by the directors on 27 February 2018 to audit the financial statements for the year ending 31 December 2018 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 2 years, covering the years ending 31 December 2018 and 31 December 2019.

14.2. Consistency of the audit report with the additional report to the Board of Directors

Our audit opinion is consistent with the additional report to the Board of Directors we are required to provide in accordance with ISAs (UK).

15. Use of our report

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

Mark Taylor

Mark Taylor FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Bristol, UK
30 June 2020

Statement of comprehensive income for the year ended 31 December 2019

	Note	31 December 2019 £	31 December 2018 £
Interest receivable and similar income	2	21,059,573	26,618,132
Interest payable and similar charges	3	(16,694,148)	(22,085,866)
Net interest receivable		4,365,425	4,532,266
Movement in fair value of derivatives		(507,492)	(103,816)
Other operating expense	4	(3,249,062)	(3,984,036)
Principal loan losses	7	(1,218,979)	(443,414)
(Loss)/profit on ordinary activities before taxation		**(610,108)**	**1,000**
Tax on (loss)/profit on ordinary activities	6	(228)	(190)
(Loss)/profit on ordinary activities after taxation	11	**(610,336)**	**810**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(610,336)**	**810**

All amounts relate to continuing activities.

The notes on pages 18 to 28 form part of these financial statements.

E-Carat 9 plc
Company Registration Number 10867102

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

	Called up share capital	Profit and loss account	Total shareholders' funds
	£	£	£
Balance as at 31 December 2017	**12,501**	**-**	**12,501**
Total comprehensive income for the year	-	810	810
Balance as at 31 December 2018	**12,501**	**810**	**13,311**
Total comprehensive loss for the year	-	(610,336)	(610,336)
Balance as at 31 December 2019	**12,501**	**(609,526)**	**(597,025)**

The notes on pages 18 to 28 form part of these financial statements.

E-Carat 9 plc
Company Registration Number 10867102

Balance Sheet as at 31 December 2019

	Note	31 December 2019 £	31 December 2018 £
Fixed assets			
Loan	7	145,595,845	269,039,347
Current assets			
Cash at bank and in hand		11,066,725	13,683,752
Debtors	8	73,725,902	93,191,105
		84,792,627	106,874,857
Creditors: amounts falling due within one year	9	(75,833,357)	(96,471,344)
Net current assets		8,959,270	10,403,513
Total assets less current liabilities		154,555,115	279,442,860
Creditors: amounts falling due after more than one year	9	(155,152,140)	(279,429,549)
Net assets		**(597,025)**	**13,311**
Capital and reserves			
Called up share capital	10	12,501	12,501
Profit and loss account	11	(609,526)	810
Total shareholders' (deficit)/funds		**(597,025)**	**13,311**

The notes on pages 18 to 28 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 30 June 2020 and signed on their behalf by:

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

1) Accounting policies

General information

E-Carat 9 plc is a public limited company limited by shares, incorporated and domiciled in the United Kingdom and registered in England and Wales. The address of its registered office is 1 Bartholomew Lane, London, United Kingdom, EC2N 2AX.

Cash Flow Statement

The Company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102:

- The requirements of Section 7 Statement of Cash Flows

The Company has taken advantage of the exemption available under FRS 102 paragraph 1.12(b) not to prepare a statement of cash flows as BNP Paribas has effective control over the Company's operations and prepares publically available consolidated financial statements incorporating this Company.

Basis of preparation

The financial statements of E-Carat 9 plc (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 accounting policies which have been applied consistently throughout the year 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.

Going concern

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 is, in substance, limited to the application of the receipts from the Receivables under the terms of the priority of payments as set out in the terms and conditions of the Notes.

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

Segmental analysis

The principal asset of the Company is the Loan which is originated in the UK and funded by Notes issued in the UK. All cash and cash equivalents are held in the UK.

Deferred purchase price

Deferred purchase price represents further amounts payable on the acquisition of the initial Receivables from Vauxhall Finance plc ("Vauxhall Finance"). The payment of these amounts is conditional on the performance of the Receivables, and therefore constitutes a liability in the books of the Company to the extent such reserves have been generated, and are expected to be paid as deferred consideration in the future. Deferred consideration 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 consideration liability would reduce, but as at the year-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 earns a monthly profit in an amount equal to £100 each interest payment date (IPD) which is credited to the retained profit ledger as described in the transaction documentation. This is reflected in the statement of comprehensive income before any movements on the SWAP are accounted for.

1) Accounting policies (*continued*)

Deferred purchase price (continued)

Profits in excess of £100 per month accrue to the Seller of the initial lease portfolio as deferred consideration. Accordingly, amounts owing to the Seller are recognised as creditors in the balance sheet.

Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the Company becomes a party to the contractual provisions of the instrument and are de-recognised on the date it ceases to be a 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 a Loan, cash and liquid resources, Notes derivative contracts and various receivables and payables that arise from its operations. 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 de-recognises the cash or other consideration paid and recognises a receivable from the transferor. In relation to the Receivables transferred to the Company, de-recognition is considered to be inappropriate for the portfolio Seller's or Originator's (Vauxhall Finance) 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 Receivables are recognised as a collateralised non-recourse Loan.

Under the terms of the securitisation, the Company retains the right to £100 each month of available revenue receipts from the beneficial interest in the Receivables. This is reflected in the statement of comprehensive income. Available revenue receipts are defined by the transaction documentation and include interest on the Receivables and interest received on the bank accounts. After being adjusted for the movement in derivatives, profits in excess of this accrue to Vauxhall Finance, the portfolio seller of the Receivables. Accordingly a creditor ("deferred purchase price") for amounts payable to Vauxhall Finance for this residual interest has been recognised at the year-end. The payments of deferred consideration are strictly governed by the priority of payments that sets out how cash can be utilised.

Loans are non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market. They are classified as loans and receivables. Loans are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Subsequent increases in fair values of the Loans, which can be objectively related to an event occurring after previous impairment losses have been recognised, are recorded in the statement of comprehensive income to the extent that previous impairment losses have been taken through the statement of comprehensive income. The reversal shall not result in a carrying amount of the Loans that exceeds the amortised cost had no impairment been recognised.

Impairment losses on loan to Originator

The recoverability of the deemed loan to the Originator (the "Loan") is dependent on the collections from the underlying Receivables. Receivables are considered impaired when it is probable that the Company will be unable to collect all amounts due according to the probability of any account going into default, cash flows from borrowers' accounts, their timing and expected proceeds from the sale of repossessed collateral. These key assumptions are based on observed data from historical patterns and are updated by the servicer as new data becomes available. Given the excess spread and cash reserve, it is the directors' view that any impairment is immaterial.

In addition, the directors consider how appropriate past trends and patterns could impact the current economic climate and may make any adjustments they believe are necessary to reflect the current economic and market conditions.

1) Accounting policies (*continued*)

Impairment losses on loan to Originator (continued)

The accuracy of impairment calculations would therefore be affected by unexpected changes to the economic situation, variances between the models used and the actual results, or assumptions which differ from the actual outcomes.

Credit enhancement is provided to the securitisation structure in a number of ways. The income on the Receivables is expected to exceed the interest payable on the Notes. This excess spread is available to make good any reductions in the principal balance of the Receivables as a result of defaults by customers. In addition the Originator provides the subordinated Loan to create a reserve fund which can be utilised by the Company in certain circumstances.

The Company assesses at each balance sheet 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.

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. Once an impairment loss has been recognised on a financial asset, interest income is recognised on the carrying amount using the rate of interest at which estimated future cash flows were discounted on measuring impairment.

Notes

The Notes are classified as other financial liabilities and are initially recognised at fair value at the date of issuance of the liability, and are subsequently measured at amortised cost, with any difference between cost and redemption value being recognised in the statement of comprehensive income on an effective interest basis. Receipts from the issuance of the Notes were used to purchase the Receivables.

Derivative financial instruments

The derivative instruments utilised by the Company are interest rate swaps. Such instruments are used for hedging purposes to alter the risk profile of an existing underlying exposure of the Company in line with the Company's risk management policy. Derivative financial instruments are classified as held for trading and recorded at fair value, with any gain or loss on re-measurement being recognised in the statement of comprehensive income. The Company does not enter into speculative derivative contracts. The Company does not apply hedge accounting. The fair value of the derivative instruments swaps is the estimated amount that the Company would receive or pay to terminate the swap at the balance sheet date, and is calculated by discounting future cash flows using observable market data at that date.

Cash at bank and in hand

Cash at bank and in hand comprise cash at bank and short-term money market deposits. Cash at bank and in hand represents cash held in accounts at US Bank.

Interest income and expense

The Company accounts for interest income and expense on an accruals basis. Interest income on financial assets that are classified as loans and receivables and interest expense on financial liabilities other than those at fair value through profit and loss 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 liability 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.

1) Accounting policies (*continued*)

Taxation

For UK corporation tax purposes, the Company is 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. The Company's liability for current tax is calculated using tax rates that have been enacted at the date of the balance sheet.

Critical accounting estimates and judgements

As requested under FRS 102 directors are required to comment on both the critical estimates and judgements used in preparation of the financial statements. However, they have noted no material estimates or judgements within this entity.

2) Interest receivable and similar income

	31 December 2019 £	31 December 2018 £
Interest income on Loan	21,059,573	26,617,485
Interest income on bank balances	-	647
	21,059,573	**26,618,132**

3) Interest payable and similar charges

	31 December 2019 £	31 December 2018 £
Interest expense on Notes	5,367,801	5,532,191
Interest expense on Sub Loan	-	37,159
Interest expense on interest rate swap	328,241	1,133,200
Deferred purchase price	10,998,106	15,383,316
	16,694,148	**22,085,866**

4) Profit on ordinary activities before taxation

Other operating expense comprises fees charged by the Servicers. For the financial year the auditor's remuneration for the auditing of the Company's financial statements is £12,500 (2018: £11,250) and is payable by Vauxhall Finance on behalf of the Company.

5) Directors and employees

The Company has no employees and services required are contracted from third parties.

The directors received no remuneration from the Company or any third party in respect of qualifying services rendered during the year (2018: £nil).

6) Taxation on profit on ordinary activities

	31 December 2019 £	31 December 2018 £
a) The Company tax charge in the year		
(Loss)/profit on ordinary activities before taxation	**(610,336)**	**1,000**
UK corporation tax on the profit for the year at 19.00%	228	190
	228	**190**

b) Factors affecting tax charge for the year

The standard rate of corporation tax in the UK has remained the same at 19% (2018: 19%) effective from 1 April 2018 (substantively enacted on 3 July 2013)

	31 December 2019 £	31 December 2018 £
Factors affecting the Company tax charge in the year		
Loss on ordinary activities before taxation	**(610,108)**	**1,000**
Current tax (credit)/charge at 19%	(115,920)	190
Accounting losses/(profits) not taxed in accordance with SI-2006/3296	115,920	(190)
Cash retained profit taxed in accordance with SI 2006/3296	228	190
	228	**190**

7) Loan

	31 December 2019 £	31 December 2018 £
Opening balance	360,216,962	-
Purchase of Receivables	-	487,337,266
Redemptions	(141,388,878)	(126,728,608)
Effective interest rate adjustment	44,461	51,718
Principal loss on Loans	(1,218,979)	(443,414)
	217,653,566	**360,216,962**

The maturity profile of the Loan was as follows:

In one year or less	72,057,721	91,177,615
In more than one year	145,595,845	269,039,347
	217,653,566	**360,216,962**

8) Debtors

	31 December 2019 £	31 December 2018 £
Loan due within one year (see note 7)	72,057,721	91,177,615
Prepayments and accrued income	12,751	7,608
Other debtors	1,655,430	2,005,882
	73,725,902	**93,191,105**

9) Creditors: amounts falling due within one year

	31 December 2019 £	31 December 2018 £
Notes	72,057,721	91,177,615
Accrued interest due on Notes	175,469	229,299
Fair value of interest rate swap	611,308	103,816
Accruals and deferred income	113,531	295,978
Corporation tax creditor	228	190
Other creditors	2,875,100	4,664,446
	75,833,357	**96,471,344**
Creditors: Amounts falling due after more than one year		
Notes	**155,152,140**	**279,429,549**

Included within other creditors is £2,111,480 (2018: £4,664,446) of deferred purchase price consideration, which will be released over the life of the securitisation agreement in line with the priority of payments.

The maturity profile of the Notes (undiscounted) is detailed below under note 12 – 'Liquidity Risk'.

The total principal balance of the Notes due is £227,209,861 (2018: £370,607,164).

All creditor balances are due in less than 5 years.

10) Share capital

	31 December 2019 £	31 December 2018 £
Called up allotted and issued		
Ordinary shares of £1 each: 1 fully paid		
Ordinary shares of £1 each: 49,999 - 25 pence paid	**12,501**	**12,501**

E-Carat 9 Holdings Limited is the sole member of the Company. All shares were issued at par.

11) Profit and loss account

	31 December 2019 £	31 December 2018 £
Opening balance	810	-
Loss/profit for the year	(610,336)	810
Closing balance	**(609,526)**	**810**

12) Financial instruments

The narrative disclosure required by Financial Reporting Standard 102 in relation to the nature of the financial instruments used during the year to manage credit risk, interest rate risk and liquidity exposure and its capital risk management policies is shown in the Strategic Report under the heading 'Financial risk management'.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

The Company's exposure to risk on its financial instruments and the management of such risk is largely determined at the inception of the securitisation transaction. The Company's activities and the role of each party to the transaction is clearly defined and documented.

In addition, derivative contracts are entered into as part of the securitisation transaction to hedge all interest rate risk arising in the transaction. The derivative counterparties selected are regulated financial institutions. Credit protection is afforded by the requirement for the derivative counterparties to post collateral in the event of a downgrade to a counterparties credit rating.

Following initial set-up, the directors monitor the Company's performance, reviewing quarterly reports on the performance of the Receivables. Such review is designed to ensure that the terms of the transaction documentation have been complied with, that no unforeseen risks have arisen and that the Lender has been paid on a timely basis.

Credit risk

Credit risk reflects the risk that the underlying borrowers will not be able to meet their obligations on the Receivables as they fall due and will cause a financial loss by failing to discharge an obligation.

The Company's business objective rests on the purchase of an auto hire purchase receivables portfolio. The Company considers the evaluation of the underlying borrower's ability to service their loan according to its terms to be the principal factor in assessing credit risk and the decision to acquire the Loan.

The maximum exposure to credit risk arising on the Company's financial assets at the reporting date is disclosed in the table below.

	Carrying value 31 December 2019 £	Maximum exposure 31 December 2019 £	Carrying value 31 December 2018 £	Maximum exposure 31 December 2018 £
Assets				
Loan	217,653,566	217,653,566	360,216,962	360,216,962
Cash at bank and in hand	11,066,725	11,066,725	13,683,752	13,683,752
Other debtors	1,655,430	1,655,430	2,005,882	2,005,882
	230,375,721	**230,375,721**	**375,906,596**	**375,906,596**

The Company has a concentration of risk to the Originator. The Receivables of the securitisation are all in the UK market. The nature of the Receivables means there is no significant counterparty credit risk in relation to this portfolio.

The credit quality of the undiscounted Receivables is summarised as follows:

12) Financial instruments *(continued)*

Credit risk *(continued)*

Total book	31 December 2019 £	31 December 2018 £
Assets		
Not overdue	213,642,866	356,026,120
up to 1 month overdue	2,579,894	2,883,552
1 to 2 months overdue	649,441	673,437
2 to 3 months overdue	296,549	201,218
3 to 4 months overdue	388,637	380,917
	217,557,387	**360,165,244**

The Loan may become impaired in case of a significant deterioration in the performance of the Receivables as a result of economic conditions. If a Lessee defaults on the lease agreement, the Company will receive asset realisation proceeds equivalent to the value of the asset at the time of sale. If it is difficult to find a purchaser for the assets, this may affect the value. The directors have assessed the latest information provided by the servicer and concluded that no impairment provisions are required as at 31 December 2019 (2018: £nil).

Market risk

Market risk is defined as the potential loss in value or earnings of an organisation arising from changes in external market factors.

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 the Receivables and the Notes (its principal assets and liabilities) are similar. Where this is not possible the Company uses derivative financial instruments to mitigate any residual interest rate risk. As such, no sensitivity analysis has been presented as any interest rate movement will be reflected in both the assets and liabilities.

Interest on the book value of the undiscounted liabilities is determined and payable monthly in arrears at the following rates for one-month deposits:

	Gross carrying value 31 December 2019 £	Gross Carrying value 31 December 2018 £	
Class A Notes	139,776,682	283,218,446	LIBOR + 0.40%
Class B Notes	45,100,000	45,100,000	LIBOR + 0.75%
Subordinated Notes	42,333,179	42,288,718	Fixed at 5.50%
	227,209,861	**370,607,164**	

The fair value of the Subordinated Notes materially approximates their gross carrying value. These financial instruments are not readily tradeable and therefore their fair value is not susceptible to the effects of market trading.

Under the terms of the transaction documentation governing the transaction, interest at 5.50% is due on the Subordinated Notes, however payments of this interest are limited to the extent that sufficient revenue receipts are available following the payment of interest and principal due on the non-subordinated Notes.

12) Financial instruments *(continued)*

Interest rate risk (continued)

The probability that sufficient funds become available and interest payments are made will continue to be assessed by the directors in the future to determine whether such interest should be recognised.

At 31 December 2019, if LIBOR moved, with all other variables held constant, the net effect on the Company's net margin would be £nil due to the financial impact of the swaps being in place and the deferred purchase price arrangement. The Company considers that it has no net interest rate risk exposure and therefore has not presented a sensitivity analysis (2018: £nil).

At 31 December 2019 there would, however, have been some movement in the net fair value gains and losses on the derivatives. As the Company does not trade in financial instruments and all the derivatives are expected to be held to maturity, any movement in the net fair value gains and losses on the derivatives arising due to movements in interest rates will unwind over the life of the transaction.

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 on the Loan.

In the event that the Company has insufficient funds available to pay interest and/or principal on the Notes then the ultimate Note holders will incur a loss of interest and/or principal which would otherwise be due.

The table below reflects the undiscounted cash flows of derivative and non-derivative financial liabilities at the balance sheet date. These cash flows are based on expected repayments. The amounts shown below will differ from the Notes balance as disclosed in the balance sheet since the amounts in the balance sheet are discounted amounts.

	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
	£	£	£	£	£	£
As at 31 December 2019						
Notes	227,113,682	227,113,682	5,892,842	12,062,958	54,101,921	155,055,961
Interest payable on Notes	175,469	10,446,741	381,566	1,709,131	5,765,058	2,590,986
Fair value of interest rate swap	611,308	611,308	-	-	-	611,308
Total financial liabilities	**227,900,459**	**238,171,731**	**6,274,408**	**13,772,089**	**59,866,979**	**158,258,255**

	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
	£	£	£	£	£	£
As at 31 December 2018						
Notes	370,555,446	370,555,446	7,619,106	14,870,788	68,687,721	279,377,831
Interest payable on Notes	229,299	13,991,318	522,194	992,202	4,195,954	8,280,968
Fair value of interest rate swap	103,816	103,816	-	-	-	103,816
Total financial liabilities	**370,888,561**	**384,650,580**	**8,141,300**	**15,862,990**	**72,883,675**	**287,762,615**

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 Loan.

If not otherwise repaid the Notes will follow the profile of the Loan and will therefore be repaid at their principal amount outstanding on the interest payment date falling in January 2025.

Currency profile

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

12) Financial instruments *(continued)*

Fair value of financial assets and liabilities
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) Quoted 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) Valuation techniques that include 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.

The only financial instruments included in the Company's balance sheet that are measured at fair value are the derivative contracts. As the fair value of such derivatives is calculated by discounting future cash flows using appropriate data, these fall within level 3 of the hierarchy as not all the appropriate data is observable.

The directors consider that the carrying amounts of all other financial assets and liabilities approximate to their fair values.

At the year end the Company has an interest rate swap contract with total notional principal value of £445,100,000 (2018: 445,100,000) and a fair value of a £611,308 liability (2018: £103,816) to hedge the risk of fixed interest rates on the Receivables. The fair values of such interest rate swap contracts are calculated by discounting future cash flows using appropriate and observable market data.

13) Ultimate parent undertaking and controlling party

The Company's immediate parent company is E-Carat 9 Holdings Limited, a company incorporated in the United Kingdom and registered in England and Wales. The entire share capital of E-Carat 9 Holdings Limited is held on a discretionary trust basis under a share trust deed by the legal parent company, Intertrust Corporate Services Limited, a company incorporated in the United Kingdom and registered in England and Wales.

Intertrust Corporate Services Limited is a wholly-owned subsidiary of Intertrust Management Limited.

The ultimate parent and controlling party and the largest group in which the results of Vauxhall Finance are included is BNP Paribas SA, which is incorporated in Paris, France. The consolidated financial statements of BNP Paribas SA may be obtained from 16 Boulevard des Italiens, 75009 Paris, France.

The smallest undertaking of which the Company is a member, for which group financial statements are prepared is BNP Paribas Personal Finance SA, a company incorporated in France. Group financial statements for this company are prepared and are available to the public from 1 Boulevard Haussmann, 75318 Paris, France.

14) Related party transactions

During the year fees of £42,008 2018: £45,369) were paid to Intertrust Management Limited in respect of corporate services fees provided to the Company.

All the proceeds of the Company's borrowing were used to acquire an auto hire purchase portfolio.

The table below details related party transactions the Company has with Vauxhall Finance.

14) Related party transactions (*continued*)

	31 December 2019 £	31 December 2018 £
Assets		
Loan	217,653,566	360,216,962
Prepayments and accrued income	12,751	7,608
Other debtors	1,655,430	2,005,881
Liabilities		
Subordinated Notes	42,333,179	42,288,718
Other creditors	2,875,100	4,664,445
Profit and loss		
Interest receivable	21,059,573	26,617,485
Interest payable on Subordinated Notes	2,323,035	2,019,750
Interest payable on Sub Loan	-	37,159
Deferred purchase price	10,998,106	15,383,316
Servicing fees	2,987,815	3,755,534

15) Events occurring after the statement of financial position

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.

The disruptive impact on the global and UK economy is resulting in falling investment and consumer spending and diminishing trade views with Government mitigating actions being uncertain both in terms of timing and impact. The financial services sector may be adversely impacted by deteriorating risk profile, market uncertainty, declining liquidity and curtailed operational capacity.

The Board does not expect to make fundamental changes to the Company's operational plans. The Directors consider the emergence of the COVID-19 coronavirus pandemic to be a non-adjusting post balance sheet event.

Further details of the potential impact of COVID-19 is given both within the Strategic and Directors' report.