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Registered number: 07459591

COMMUNITY FINANCE COMPANY 1 PLC

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 31 DECEMBER 2024

Docusign Envelope ID: 58B1A503-57A0-44AA-AFBA-FCB1B1280680

COMMUNITY FINANCE COMPANY 1 PLC

Company Information

Company number	07459591	
Registered office	*From 18 November 2024* 4th Floor 140 Aldersgate Street London United Kingdom EC1A 4HY	*Up to 17 November 2024* 6th Floor 125 London Wall London United Kingdom EC2Y 5AS
Directors	Apex Trust Corporate Limited Apex Corporate Services (UK) Limited Sean Peter Martin	
Secretary	Apex Trust Corporate Limited	
Independent auditors	Grant Thornton Chartered Accountants and Statutory Auditors 13-18 City Quay Dublin 2 D02 ED70 Ireland	
Bankers	Lloyds Bank Plc 25 Gresham Street London, United Kingdom EC2V 7HN	

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COMMUNITY FINANCE COMPANY 1 PLC

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COMMUNITY FINANCE COMPANY 1 PLC

STRATEGIC REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

The Board of Directors (or the "Directors") are pleased to present their Strategic Report for the financial year ended 31 December 2024 for Community Finance Company 1 Plc (or the "Company").

Business review and future developments
In 2011, the Company issued loan notes of £600,000,000 on The International Stock Exchange ("TISE") (the "Notes") and the proceeds were loaned to the Greater London Authority ("GLA"). The GLA used the funds to assist with its share of the construction costs of the Crossrail project in London.

In 2015, an additional £200,000,000 loan notes were issued on TISE and the proceeds were loaned to the GLA. The GLA again used these funds to assist with its share of the construction costs of the Northern Line Extension ("NLE") project in London.

The financial position of the Company remains stable. The net assets of the Company as at 31 December 2024 were £404,000 (2023: £401,000). The main items seen on the statement of financial position represent the loans to the GLA and borrowings from noteholders.

The Company's only key performance indicator is that future income streams will be sufficient to meet future obligations of the Company. During the financial year, there have been no developments to suggest that the future income streams will not be sufficient to meet these future obligations.

The Company does not anticipate any further developments for the foreseeable future beyond the servicing of the loans.

The Directors consider the results for the financial year and the position at the financial year-end to be satisfactory and, as the Company is a single purpose loan finance Company based solely in the UK, they expect the present level of activity to be sustained.

Principal risks and uncertainties
The principal risk facing the Company is the failure of the counterparty to meet its payment obligations. The Company's risk management policies in relation to this are set out in note 18 to the financial statements.

Directors' Section 172 (1) Statement
The Directors note the new disclosure regulations contained within 'The Companies (Miscellaneous Reporting) Regulations 2018 and confirms that when making decisions it acts in a way which promotes the success of the Company for the benefit of its members as a whole, and in doing so has regard (amongst other matters) to the following:

(a) the likely consequences of any decision over the long term;
(b) the need to foster the Company's business relationships with its suppliers;
(c) the desirability of the Company maintaining a reputation for high standards of business conduct; and
(d) the need to act fairly as between members of the Company.

The Directors also recognises the requirement to detail information about environmental matters (including the impact of the Company's business on the environment), employee, human rights, social and community issues, including information about any policies it has in relation to these matters and effectiveness of these policies. Given the nature of the Company's activities being a special purpose vehicle established for the purpose of issuing Notes and lending the proceeds thereof to local authorities in England and Wales and the fact that it has no full-time employees, the Directors note there is limited scope to develop and implement social and community policies. However, the Company recognises the need to conduct its business in a manner responsible to the environment where possible.

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

Sean Martin
for Apex Trust Corporate Limited
Director
Date: 5 September 2025

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DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Introduction
The Directors present their report and the audited financial statements for the financial year ended 31 December 2024.

Principal activities
Community Finance Company 1 Plc (or the "Company") is a public limited company, incorporated and domiciled in the United Kingdom (the "UK") and registered in England and Wales. The address of its registered office is 140, Aldersgate Street, London, United Kingdom, EC1A 4HY. The principal activity of the Company is to make loans to GLA, funded by the proceeds from Note issuances.

The Company will not engage in any business activity other than the issuance of Notes in accordance with its Notes Programme and the lending of the proceeds to local authorities in England and Wales under Local Authority Loan Agreements. The Company is a special purpose vehicle established for the purpose of issuing Notes and lending the proceeds thereof to local authorities in England and Wales to be applied in the achievement of such local authorities' objectives.

Each Series of Notes will be secured by an assignment of the Local Authority Loan Agreement relating to that Series and the obligations of the Company in respect of that Series will be limited in recourse to the Local Authority Loan Agreement and other secured assets relating to that Series.

Please refer to the Strategic Report for the Company's principal risks and to note 18 of the financial statements for the Company's risk management policies in relation to these.

Future developments
A review of the activity and future developments of the Company is contained in the Strategic Report on page 1.

Results
For the financial year ended 31 December 2024, the Company made £3,000 profit (2023: £3,000).

Directors
The Directors of the Company who were in office during the financial year and up to the date of signing the financial statements are:

Apex Trust Corporate Limited
Apex Corporate Services (UK) Limited
Sean Peter Martin

Dividends
The Directors did not recommend the payment of a dividend during the financial year ended 31 December 2024 (2023: £Nil).

Going concern
Payments in respect of each Series of Notes are funded by the interest and principal payable on the Local Authority Loan Agreement relating to that Series. In relation to each Series of Notes, the interest rate on the Local Authority Loan Agreement is specified in the applicable Pricing Supplement. The maturity date and other terms of the Local Authority Loan Agreement correspond to the maturity date and other terms of the Notes which are secured on such Local Authority Loan Agreement.

Each Borrower under a Local Authority Loan Agreement is required to pay an agreed initial fee to the Company, such fee being applied by the Company in meeting its initial transaction costs, and a semi- annual fee which is applied by the Company in meeting its ongoing costs.

To ensure funds are available to meet its commitments under the Notes, interest on each Loan is required to be paid two business days prior to the relevant interest payment date and each repayment of principal under the Loan is payable one business day prior to each principal repayment date on the Notes.

No material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern have been identified by the Directors. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence and to meet its liabilities as they fall due for a 12 months period from the date of approval of these financial statements. Accordingly, the Directors are satisfied that the going concern basis remains appropriate for the preparation of these financial statements.

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Going concern (continued)
The Directors have assessed the impact of the impact of the ongoing Russian conflict in Ukraine to the Company and due to being a single purpose loan finance company based solely in the UK, they do not believe there to be any significant impact to the trading activities of the Company in the short to medium term.

Matters contained in the Strategic Report
Identification of the information for which the Company has chosen, in accordance with S414C (11) of the Companies Act, to set out in the Company's strategic report which would otherwise be required by Schedule 7 of the 'Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008' to be contained in the Directors' report.

Events after the reporting date
There is no significant events after the reporting date up to signing of the financial statements.

Statement of Directors' responsibilities in respect of the financial statements
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial financial year. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards (or "IFRS") as adopted by the UK. 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 the financial year. In preparing the financial statements, the Directors are required to:

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

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Independent auditors
The auditors, Grant Thornton, have expressed their willingness to continue in office in accordance with Section 485 of the Companies Act 2006.

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

Sean Martin
for Apex Trust Corporate Limited
Director
Date: 5 September 2025

Independent auditor's report
To the members of Community Finance Company 1 Public Limited Company

Opinion

We have audited the financial statements of Community Finance Company 1 Public Limited Company (or the "Company") which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity, and the Statement of Cash Flows for the financial year ended 31 December 2024 and the related notes to the financial statements, including the including the material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards ("UK-adopted IAS").

In our opinion, Company's financial statements:

- give a true and fair view in accordance with UK-adopted IAS of the assets, liabilities and financial position of the Company as at 31 December 2024 and of financial performance and cash flows for the year then ended; and
- have been properly 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) (or "ISAs UK") and applicable law. Our responsibilities under those standards are further described in the 'Responsibilities of the auditor 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 United Kingdom, including the Financial Reporting Council's (or "FRC") Ethical Standard and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board of Directors' (or the "Directors") use of going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue as a going concern basis of accounting included:

- Obtaining and reviewing the Directors' going concern assessment, which covers a year from the date of signing this audit opinion.
- Confirming our understanding of the Directors' going concern assessment process and engaging with the Directors' to understand the key factors which were considered in their assessment.
- Reviewing and evaluating the reasonableness of the key factors considered by the Directors in making their assessment of going concern including consideration of future capital activity in the Company and the availability of liquid assets to meet ongoing operational costs.
- Reviewing the Company's going concern disclosure included in the annual report to ensure that the disclosures were appropriate and in conformity with UK-adopted IAS.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Grant Thornton

Independent auditor’s report (continued)
To the members of Community Finance Company 1 Public Limited Company

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 financial year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and the directing of 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 therefore we do not provide a separate opinion on these matters.

Overall audit strategy

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Based on our considerations set out below, our audit areas of focus included the valuation of financial assets (or “Loans”) at amortised cost.

How we tailored our audit scope

The Company is a special purpose vehicle with listed debt. The Directors control the affairs of the Company and they are responsible for the overall investment policy which is determined by them. The Company engages the Directors to manage certain duties and responsibilities with regards to the day-to-day management of the Company. We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the operational structure of the Company, the accounting processes and controls, and the industry in which the Company operates. The Company has delegated certain responsibilities to the Administrator including maintenance of the accounting records. The financial statements, which remain the responsibility of the Directors, are prepared on their behalf by the Administrator. The Company has appointed a Banker to hold the Company's assets.

In establishing the overall approach to our audit, we assessed the risk of material misstatement taking into account the nature, likelihood and potential magnitude of any misstatement. As part of our risk assessment, we considered the Company’s interaction with the Administrator, and we assessed the control environment in place at the Administrator.

Materiality and audit approach

The scope of our audit is influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, such as our understanding of the Company and its environment, the history of misstatements, the complexity of the Company and the reliability of the control environment, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the Company as follows: 1% of Total Assets as at 31 December 2024. Total Assets was considered the most appropriate benchmark on which to measure our materiality based on the activities of the Company and the significance of the assets they hold.

Grant Thornton

Independent auditor’s report (continued)
To the members of Community Finance Company 1 Public Limited Company

Key audit matters (continued)

Materiality and audit approach (continued)

We have set Performance materiality for the company at 75% of materiality, having considered our prior year experience of the risk of misstatements, business risks and fraud risks associated with the entity and its control environment. This is to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We agreed with the Directors that we would report to them misstatements identified during our audit above 5% of materiality, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Significant matters identified

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are set out below as significant risks together with an explanation of how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole. This is not a complete list of all risks identified by our audit.

Significant matter	**Description of Significant Matter and Audit Response**
Financial assets at amortised cost (Loans) – valuation (Notes 1.6, 8, 18)	There is a risk that financial assets at amortised cost balance included in the Statement of Financial Position of the Company at 31 December 2024 is not valued in line with UK-adpoted IAS. Significant auditor attention is deemed appropriate due to materiality of the Loans and the significant and subjective auditor judgment required to evaluate the results of audit procedures related to impairment testing. As a result, we considered valuation as key audit matter. Based on our risk assessment, we focused our procedures on the definition and the timeliness of management’s identification of any significant increase in credit risk as this affects the level of provisions. The following audit work has been performed to address the risk: • Obtained an understanding of the processes in place in relation to the valuation and allocation of the Company’s loans by conducting a walkthrough of these processes; • Recalculated the amortised cost of the Loans based on the effective interest method; • Completed an impairment review by reviewing the borrower’s latest signed financial statements, credit rating and budgets for existing projects noting no concerns that would indicate the borrower could not repay the Loans. In addition, we assessed the Company’s approach in assessment of expected credit losses by testing the assumptions and accuracy of key inputs; • Reviewed the embedded derivatives in line with the requirements of IFRS to ensure Directors’ judgements meet the criteria to be considered closely related and correctly classified as a hybrid contract; and • We also noted that the loans continued to perform post financial year end in accordance with the agreements. Our planned audit procedures were completed without material exception.

Grant Thornton

Independent auditor's report (continued)
To the members of Community Finance Company 1 Public Limited Company

Other information

Other information comprises information included in the annual report, other than the financial statements and our auditor's report thereon, including the Directors' Report and the Strategic Report. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in 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 in the financial statements, 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 this regard.

Opinion on other matter 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of the those charged with governance for the financial statements

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with UK-adopted IAS, and for such internal control as Directors determine necessary to enable the preparation of financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the auditor for the audit of the financial statements

The objectives of an auditor 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 their opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations.

We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations relate to compliance with Data Privacy law and The International Stock Exchange, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and UK tax legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions.

We apply professional scepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statement.

Independent auditor's report (continued)
To the members of Community Finance Company 1 Public Limited Company

Responsibilities of the auditor for the audit of the financial statements (continued)

In response to these principal risks, our audit procedures included but were not limited to:

- enquiries of Company's Directors on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- inspection of the Company's regulatory and legal correspondence and review of minutes of Directors' meetings during the year to corroborate inquiries made;
- gaining an understanding of the internal controls established to mitigate risk related to fraud;
- discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud, and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of financial statements throughout the audit;
- identifying and testing journal entries to address the risk of inappropriate journals and management override of controls;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- challenging assumptions and judgements made by management in their significant accounting estimates; and
- review of the financial statement disclosures to underlying supporting documentation and inquiries of the Directors.

The primary responsibility for the prevention and detection of irregularities including fraud rests with those charged with governance and management. As with any audit, there remains a risk of non-detection or irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.

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.

John Glennon (Senior Statutory Auditor)
For and on behalf of

Grant Thornton

Chartered Accountants & Statutory Auditors
13-18 City Quay
Dublin 2
Ireland

Date: 5 September 2025

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COMMUNITY FINANCE COMPANY 1 PLC

STATEMENT OF COMPREHENSIVE INCOME
FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Notes	Year ended 31-Dec-24 £000	Year ended 31-Dec-23 £000
Finance income	2	35,440	47,428
Finance costs	3	(35,438)	(47,426)
Net interest income		**2**	2
Other income		147	143
Administration expenses	6	(145)	(141)
Profit before tax		**4**	4
Taxation	7	(1)	(1)
Profit and total comprehensive income for the financial year		**3**	3

The notes on pages 14 to 26 form an integral part of the financial statements.

The results for the financial year arise wholly from continuing operations.

The profit and total comprehensive income for the financial year are entirely attributable to the owners of the Company.

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COMMUNITY FINANCE COMPANY 1 PLC

Registered Number: 07459591

STATEMENT OF FINANCIAL POSITION
FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Notes	31-Dec-24 £000	31-Dec-23 £000
Assets			
Non-current assets			
Financial assets	8	869,509	865,087
Current assets			
Trade and other receivables	9	12,625	12,617
Cash and cash equivalents	10	582	572
Total current assets		**13,207**	**13,189**
Total assets		**882,716**	**878,276**
Liabilities			
Non-currents liabilities			
Financial liabilities	11	869,540	865,120
Deferred revenue	13	41	46
Total non-current liabilities		**869,581**	**865,166**
Current liabilities			
Trade and other payables	12	12,730	12,708
Current tax liabilities	7	1	1
Total current liabilities		**12,731**	**12,709**
Total liabilities		**882,312**	**877,875**
Net assets		**404**	**401**
Equity			
Issued capital	15	13	13
Retained earnings	16	391	388
Total equity		**404**	**401**

The financial statements were approved and authorised for issue by the Board on 2 September 2025. They were signed on its behalf by:

Sean Martin
for Apex Trust Corporate Limited
Director
Date: 5 September 2025

The notes on pages 14 – 26 form an integral part of these financial statements.

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COMMUNITY FINANCE COMPANY 1 PLC

STATEMENT OF CHANGES IN EQUITY
FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Share capital £000	Retained earnings £000	Total equity £000
As at 1 January 2023	13	385	398
Profit and total comprehensive income for the financial year	-	3	3
As at 31 December 2023	13	388	401
As at 1 January 2024	13	388	401
Profit and total comprehensive income for the financial year	-	3	3
As at 31 December 2024	**13**	**391**	**404**

The notes on pages 14 to 26 form an integral part of the financial statements.

COMMUNITY FINANCE COMPANY 1 PLC

STATEMENT OF CASH FLOWS
FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Notes	Year ended 31-Dec-24 £000	Year ended 31-Dec-23 £000
Cash flows from operating activities			
Cash generated from operations	14	12	29
Tax paid		(2)	-
Net cash generated from operating activities		10	29
Net increase in cash and cash equivalents		10	29
Cash and cash equivalents at the beginning of the financial year		572	543
Cash and cash equivalents at the end of the financial year	10	582	572

The notes on pages 14 to 26 form an integral part of the financial statements.

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1 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

1.1 Basis of accounting

The financial statements have been prepared in accordance with IFRS as adopted by the UK, IFRS Interpretations Committee (IFRS IC) interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on the basis of historical cost.

The functional currency of the Company is considered to be pounds sterling ("£") because that is the currency of primary economic environment in which the Company operates.

1.2 Going concern

Payments in respect of each Series of Notes are funded by the interest and principal payable on the Local Authority Loan Agreement relating to that Series. In relation to each Series of Notes, the interest rate on the Local Authority Loan Agreement is specified in the applicable Pricing Supplement. The maturity date and other terms of the Local Authority Loan Agreement correspond to the maturity date and other terms of the Notes which are secured on such Local Authority Loan Agreement.

Each Borrower under a Local Authority Loan Agreement is required to pay an agreed initial fee to the Company, such fee being applied by the Company in meeting its initial transaction costs, and a semi-annual fee which is applied by the Company in meeting its ongoing costs.

To ensure funds are available to meet its commitments under the Notes, interest on each Loan is required to be paid two business days prior to the relevant interest payment date and each repayment of principal under the Loan is payable one business day prior to each principal repayment date on the Notes.

No material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern have been identified by the Directors. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence and to meet its liabilities as they fall due for a 12 months period from the date of approval of these financial statements. Accordingly, the Directors are satisfied that the going concern basis remains appropriate for the preparation of these financial statements.

The Directors have assessed the ongoing impact of the Russian conflict in Ukraine to the Company and due to being a single purpose loan finance company based solely in the UK, they do not believe there to be any significant impact to the trading activities of the Company in the short to medium term.

1.3 Segment information

In the opinion of the Directors, the Company has one class of business, namely the issuance of Notes and the lending of the proceeds of the issue of Notes to local authorities in England and Wales. During the financial year, the Company had no activities outside the UK. Accordingly, no segmental analysis by class of business or geographical location is provided.

1.4 Revenue and expense recognition

Interest receivable from financial assets and interest payable on financial liabilities are recognised in comprehensive income by accrual on a time basis. The rate of interest used is the effective rate that exactly discounts estimated future cash receipts or payments over the expected life of the asset or liability to that asset's or liability's net carrying amount on initial recognition.

Fees, commissions and similar payments that are not an integral part of the effective interest rate are recognised in comprehensive income when the service has been provided or the right to receive payment has been established.

1.5 Taxation

The Company is taxed under the Taxation of Securitisation Companies Regulations 2006. The charge for current taxation is based on the retained profit as determined by the Permanent Regime set out in the regulations. It is calculated using rates that have been enacted or substantively enacted by the reporting date.

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1 ACCOUNTING POLICIES (continued)

1.6 Loans and receivables

Under IFRS 9, there are three classification categories: amortised cost, fair value through profit or loss, and fair value through other comprehensive income (for eligible investments in debt instruments).

If the Loans and receivables are to be held for collection of the underlying contractual cash flows and the cash flows are deemed to represent solely payments of principal and interest ("SPPI"), they are measured initially at fair value plus directly attributable transaction costs (net of fees received to compensate for such transaction costs) and then subsequently measured at amortised cost using the effective interest rate method.

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

1.7 Impairment policy

The Company regularly reviews the Greater London Authority's credit rating and the factors that impact this in order to assess for possible impairment of the Loans and receivables. In arriving at the Expected Credit Losses ("ECL") associated in respect of these assets, a three-stage model is adopted:

• Stage 1: 12 month ECL calculated at initial recognition covering expected default over the next 12 months;
• Stage 2: Lifetime ECL (not credit impaired) calculated following a significant deterioration in credit quality relative to initial recognition; and
• Stage 3: Lifetime ECL (credit impaired) calculated once deemed to be credit impaired and interest revenue recognised on the revised receivable balance, net of the lifetime loss allowance (as opposed to gross).

The ECL allowance on the underlying receivables is calculated using probability of default and relevant judgements exercised by the Directors. This incorporates their experience of credit losses and recoveries with similar receivables, risk evaluation at the time of inception and a forecast of future economic conditions.

The Loans and receivables would be considered credit impaired if the expected cash flows in respect of the securitised assets (taking into account corresponding ECLs) were considered lower than the cash flows paid in respect of the Secured fixed rate loan notes over the life of the securitisation arrangement. As at the reporting date, this was not the case and therefore the Loans and receivables are not considered credit impaired. The Directors have also concluded that there is no objective evidence that would indicate there has been a significant change in credit risk, and therefore the Loans and receivables are classified as Stage 1.

1.8 Trade and other receivables

Trade and other receivables are amounts due from the local authority, relating to accrued interest.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1.9 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash and other short term highly liquid investments with maturities of three months or less.

1.10 Trade and other payables

Trade payables are amounts due to secured noteholders, relating to accrued interest. Other payables relating to accrued costs.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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1 ACCOUNTING POLICIES (continued)

1.11 Borrowings

Borrowings are initially measured at fair value, net of transaction costs directly attributable to the issue of the liability. Subsequent measurement is at amortised cost using the effective interest method.

1.12 Critical accounting judgements and estimates

The preparation of the Company's financial statements in accordance with IFRS requires the use of accounting estimates, judgements and assumptions in applying the accounting policies that affect the amounts reported in the financial statements. Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas where accounting estimates, judgements or assumptions have been used in applying accounting policies, which have the most significant effect on the amounts reported in the financial statements, are summarised as follows:

Loans, receivables, financial assets and impairment

The Directors have assessed impairment in accordance with the policy set out in 1.7 above, and note 8 the relevant part being that the ECL allowance on the underlying receivables is calculated using probability of default and relevant judgements exercised by the Directors, who concluded that the probability of default is considered to be trivial due to the borrower being supported by the government.

1.13 New and amended IFRS Standards that are effective for the current period

In the current period, the Company has applied the below amendments to IFRS Standards and Interpretations that are effective for an annual period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Accounting standards in issue that were effective from 1 January 2024:

Standard	Title of Standard or Interpretation
IAS 1	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
IAS 1	Non-current Liabilities with Covenants (Amendments to IAS 1)
IFRA 16	Lease Liability in Sale and Leaseback (Amendments to IFRS 16)
IFRS 7 and IAS 7	Lease Liability in Sale and Leaseback (Amendments to IFRS 16)

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

In January 2020, the IASB published 'Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)' which clarify the Standard's guidance on whether a liability should be classified as either current or non-current.

IAS 1 requires an entity that has an unconditional right to delay settlement of a liability for at least 12 months from the end of the reporting period, then it can be classified as non-current, if not it is classified as current. Some preparers have found this statement confusing and consequently similar liabilities have been classified differently, making comparisons by investors difficult.

The IASB therefore issued amendments to IAS 1 to clarify its previously issued guidance and rectify the above issue.

The amendments elaborate on guidance set out in IAS 1 by:

1. clarifying that the classification of a liability as either current or non-current is based on the entity's rights at the end of
2. the reporting period
   stating that management's expectations around whether they will defer settlement or not does not impact the classification of the liability
3. adding guidance about lending conditions and how these can impact classification including requirements for liabilities that can be settled using an entity's own instruments.

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1 ACCOUNTING POLICIES (continued)

1.13 New and amended IFRS Standards that are effective for the current period (continued)

In November 2022, the IASB issued some amendments to IAS 1 that aim to improve disclosures about long-term debt with covenants.

IAS 1 requires an entity to classify debt as current if it is unable to avoid settling the debt within 12 months after the reporting date. However, the entity may need to comply with covenants during that same period, which may question whether the debt should be classified as non-current. For example, a long-term debt may become current if the entity fails to comply with the covenants during the 12-month period after the reporting date.

The amendments set out in 'Non-current Liabilities with Covenants (Amendments to IAS 1)' state that at the reporting date, the entity does not consider covenants that will need to be complied with in the future, when considering the classification of the debt as current or non-current. Instead, the entity should disclose information about these covenants in the notes to the financial statements.

The IASB wants these amendments to enable investors to understand the risk that such debt could become repayable early and therefore improving the information being provided on the long-term debt.

The amendments had no impact on the Company's financial statements.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

In September 2022, the IASB issued amendments to IFRS 16, adding requirements for accounting for a sale and leaseback after the date of the transaction.

The IASB has now issued additional guidance in IFRS 16 on accounting for sale and leaseback transactions. Previously, IFRS 16 only included guidance on how to account for sale and leaseback transactions at the date of the transaction itself. However, the Standard did not specify any subsequent accounting when reporting on the sale and lease back transaction after that date.

As a result, without further requirements, when the payments include variable lease payments there is a risk that a modification or change in the leaseback term could result in the seller-lessee recognising a gain on the right of use they retained even though no transaction or event would have occurred to give rise to that gain.

Consequently, the IASB decided to include subsequent measurement requirements for sale and leaseback transactions to IFRS 16. The amendments had no impact on the Company's financial statements.

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

In May 2023, the IASB amended IAS 7 'Cash flow Statements' and IFRS 7 'Financial Instruments: Disclosures' through the increase of disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments require additional disclosures that complement the existing disclosures in these two Standards.

They require entities to disclose:

1. the terms and conditions of the arrangement
2. the amount of the liabilities that are part of the arrangements, breaking out the amounts for which the suppliers have
3. ranges of payment due dates
4. liquidity risk information.

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1 ACCOUNTING POLICIES (continued)

1.14 New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

Standard	Title of Standard or Interpretation
IAS 21	Amendments to IAS 21 Lack of Exchangeability
IFRS 7 and IFRS 9	Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 7 and 9)
IFRS 18	IFRS 18 Presentation and Disclosure in Financial Statements
IFRS 19	IFRS 19 Subsidiaries without Public Accountability: Disclosures

The Directors do not expect that the adoption of the amendments listed above will have a material impact on the financial statements of the Company in future periods, except as noted below:

Lack of Exchangeability (Amendments to IAS 21)
In August 2023, the IASB amended IAS 21 'The Effects of Changes in Foreign Exchange Rates' to clarify the approach that should be taken by preparers of financial statements when they are reporting foreign currency transactions, translating foreign operations, or presenting financial statements in a different currency, and there is a long-term lack of exchangeability between the relevant currencies. The amendments include both updates to guidance to assist preparers in correctly accounting for foreign currency items and increases the level of disclosure required to help users understand the impact of a lack of exchangeability on the financial statements.

The amendments to IAS 21 are effective for reporting periods on or after 1 January 2025, with earlier application permitted.

Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 7 and 9)
The IASB issued Amendments to the *Classification and Measurement of Financial Instruments* in response to feedback received as part of the post-implementation review of the classification and measurement requirements in IFRS 9 *Financial Instruments* and related requirements in IFRS 7 *Financial Instruments: Disclosures.*

The amendments to IAS 7 and 9 are effective for reporting periods on or after 1 January 2026, with earlier application permitted.

IFRS 18 Presentation and Disclosure in Financial Statements
IFRS 18 Presentation and Disclosure in Financial Statements was issued by the International Accounting Standards Board (IASB) on 09 April 2024. IFRS 18 introduces three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analysing and comparing companies:

1. Improved comparability in the statement of profit or loss (income statement)
2. Enhanced transparency of management-defined performance measures
3. More useful grouping of information in the financial statements

IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027, but companies can apply it earlier. Changes in companies' reporting resulting from IFRS 18 will depend on their current reporting practices and IT systems. IFRS 18 replaces IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1 unchanged. IFRS 18 is the culmination of the IASB's Primary Financial Statements project.

The Standard has had an impact on the Company's presentation, but not on the recognition or measurement of any items in the Company's financial statements.

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1 ACCOUNTING POLICIES (continued)

1.14 New and revised IFRS Standards in issue but not yet effective (continued)

IFRS 19 Subsidiaries withouth ublic Accountability: Disclosures
The IASB issued IFRS 19 Subsidiaries without Public Accountability: Disclosures on 9 May 2024. IFRS 19 enables simplification of reporting systems and processes for companies, reducing the costs of preparing eligible subsidiaries' financial statements, while maintaining the usefulness of those financial statements for their users. Subsidiaries applying IFRS Accounting Standards for their own financial statements provide disclosures that are disproportionate to the information needs of their users. Subsidiaries applying the IFRS for SMEs Accounting Standard or national accounting standards in preparing their own financial statements often keep two sets of accounting records because the requirements in these Standards differ from those in IFRS Accounting Standards.

A subsidiary is eligible to apply IFRS 19 if:

1. the subsidiary is not public accountable (broadly speaking, it is not listed on a stock exchange and is not a financial institution); and

2. the subsidiary's intermediate or ultimate parent produces consolidated financial statements that are available for public use and that comply with IFRS Accounting Standards.

The Standard is effective for reporting periods on or after 1 January 2027, with earlier application permitted. The Standard is not expected to have a material impact on the Company's financial statements as it is not a subsidiary of any Company.

2 Finance income

	2024	2023
	£000	£000
Interest income on Loan	35,440	47,428

Finance income represents total interest revenue from the Company's loans and receivables carried at amortised cost.

3 Finance costs

	2024	2023
	£000	£000
Interest expense on Notes	35,438	47,426

Finance costs represent total interest expense on financial liabilities carried at amortised cost.

4 Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the entity.

The Company had three Directors during the financial year (2023: three).

No amounts were paid to the Directors during the financial year (2023: £Nil). The Directors are provided by subsidiaries of Apex Group Ltd and their services to this Company were incidental to their other duties and accordingly, no specific remuneration relates to their services to this Company.

Apex Corporate Trustees (UK) Limited, the parent Company of Apex Trust Nominees No.1 Limited (who hold the shares of the immediate parent Company on trust for charitable purposes), invoiced the Company for providing all necessary operating and administrative services, details of which are disclosed in note 17.

5 Staff costs

The Company has no employees (2023: none) and no staff costs (2023: £Nil).

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6 Administration expenses

	2024	2023
	£000	£000
Audit fee	27	30
Admin and accounting fees	70	46
Servicing fee	11	4
Other expenses	31	55
Listing fee	3	3
Tax compliance	3	3
	145	112

The Company has also borne the audit fee for its parent, CoFCo Holdings 1 Limited, of £2,950 (2023: £2,950) which is included in the above. There are no non-audit fees paid to the auditors (2023: £Nil).

7 Taxation

7.1 Income tax recognised in the Statement of Comprehensive Income

	2024	2023
	£000	£000
Tax expense comprises:		
Current tax expense in respect of the current financial year	1	1
Total tax expense relating to continuing operations	1	1

The expense for the financial year can be reconciled to the accounting profit as follows:

	2024	2023
	£000	£000
Profit/(loss) before tax	4	4
Income tax expense calculated at 25% (2023: 19%)	1	1
Add back accounting profit not taxed in accordance with Sl 2006/3296	-	-
Cash retained profit taxed in accordance with Sl 2006/3296 at 25% (2023: 19%)	1	1
Income tax expense recognised in the Statement of Comprehensive Income	1	1

The tax rate used for the reconciliation above is the corporation tax rate payable by corporate entities in the UK on taxable profits under tax law in that jurisdiction. The UK corporation tax rate was 25% (2023: 19%).

Reconciliation of effective tax rate
Under the powers conferred by Finance Act 2005, secondary legislation was enacted in 2006 which ensures that, subject to certain conditions being met, 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. 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 of £4,000 (2023: £4,000), as specified in the documentation governing the Transaction and as defined by the “Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296)”.

The Directors are satisfied that the 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.

7 Taxation (continued)

7.2 Tax liability in Statement of Financial Position

	2024	2023
	£000	£000
Tax liability	**1**	1

8 Financial assets

	2024	2023
Non-current	**£000**	£000
Loans and receivables, at amortised cost	**869,509**	865,087

A loan of £600,000,000 was issued to the Greater London Authority at 5.017 per cent in July 2011. Principal repayments are due in ten equal installments from January 2030 to July 2034. A further loan of £200,000,000 was issued to the Greater London Authority at 0.33929 per cent (to which an uplift linked to the Consumer Price Index (‘CPI’) is applied annually) in May 2015. Principal repayments are due in five equal installments of £40,000,000 uplifted by an index ratio linked to the CPI from December 2036 to December 2040. The financial year-end balance reflects the principal repayments as multiplied by the CPI Index Ratio, plus any directly attributable transaction costs (net of fees received to compensate for such transaction costs). The further loan contains embedded derivatives due to the fact that the interest rate is linked to the CPI, which causes the cash flows to be modified accordingly and a corresponding put option for earlier redemption. Values for the embedded derivative and the put option are not separated from the carrying value of the loans as the economic characteristics and risks of the embedded derivative are closely related to the economic characteristics and the risks of the loans.

9 Trade and other receivables

	2024	2023
	£000	£000
Accrued interest receivable	**12,593**	12,591
Prepayments	**9**	10
Other receivables	**23**	16
	12,625	12,617

10 Cash and cash equivalents

	2024	2023
	£000	£000
Cash at bank	**582**	572

11 Financial liabilities

	2024	2023
Non-current	**£000**	£000
Secured fixed rate loan notes, at amortised cost	**869,540**	865,120

The loan series of £600,000,000 was issued on the Channel Islands Stock Exchange (now The International Stock Exchange) at 5.017 per cent in July 2011. Principal repayments are due in ten equal installments from January 2030 to July 2034. This loan note series is secured by the loan to the Greater London Authority disclosed in note 8 to the financial statements. A further loan note series of £200,000,000 was issued on The International Stock Exchange at 0.33929 per cent to which an uplift linked to the Consumer Price Index (‘CPI’) is applied annually. Principal repayments are due in five equal installments from December 2036 to December 2040 and uplifted by an index ratio linked to the CPI. This loan note contains embedded derivatives due to the fact that the interest rate is linked to the CPI, which causes the cash flows to be modified accordingly and a corresponding put option for earlier redemption. Values for the embedded derivative and the put option are not separated from the carrying value of the loan notes as the economic characteristics and risks of the embedded derivative are closely related to the economic characteristics and the risks of the loan notes.

12 Trade and other payables

	2024	2023
	£000	£000
Accrued interest payable	**12,593**	12,591
Other payables	**137**	117
	12,730	12,708

Other payables include a sweep up balance of £16,519 since as per the "Taxation of Securitisation Companies Regulations 2006 (SI2006/3296)", a retained profit of £4,000 is required for the corporation tax for the financial year.

13 Deferred revenue

	2024	2023
	£000	£000
Arising on issue of Notes	**41**	46
Current	**(4)**	-
Non-current	**45**	46
	41	46

Deferred revenue is in respect of fees charged on issue of the Notes in respect of future costs.

14 Cash generated from operations

	2024	2023
	£000	£000
Profit before tax	**4**	4
Adjustments for:		
Amortisation of loan transaction costs	**(2)**	(2)
Increase in trade and other receivables	**(8)**	-
Increase in trade and other payables	**22**	31
Decrease in deferred revenue	**(4)**	(4)
Cash generated from operations	**12**	29

15 Issued capital

	Number of shares	Share Capital £000	Share Premium £000
At 31 December 2023 and 31 December 2024:			
Ordinary share of £1 each, fully paid	2	-	-
Ordinary share of £1 each, 25p paid	49,998	13	-
Total	**50,000**	**13**	**-**

49,998 ordinary shares which have a par value of £1 have been partly paid by 25p. The remaining 2 shares have been fully paid. All ordinary shares carry full voting, dividend and capital distribution rights (including winding up) attached to them. They do not confer any rights of redemption.

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16 Retained earnings

	2024	2023
	£000	£000
At 1 January	**388**	385
Profit for the financial year	**3**	3
At 31 December	**391**	388

17 Related party transactions

The immediate parent of the Company is CoFCo Holdings 1 Limited. Copies of the consolidated financial statements can be obtained from Companies House. The shares of CoFCo Holdings 1 Limited are held on trust for charitable purposes by Apex Trust Nominees No.1 Limited. CoFCo Holdings 1 Limited is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2024.

Details of transactions between the Company and its related parties are disclosed below.

The Company paid fees in the financial year to Apex Trust Corporate Limited, a fellow subsidiary of Apex Trust Nominees No.1 Limited, amounting to £62,913 (2023: £31,186) for the administrative and corporate services.

18 Financial instruments and risk management

18.1 Capital risk management

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern. The board of Directors manage the Company's capital structure and the risk characteristics of the underlying assets. The Company's capital comprises all components of equity, movements which appear in the Statement of Changes in Equity.

18.2 Credit risk

Credit risk represents the risk that the counterparty will default on its contractual obligations to the Company, resulting in financial loss. The main risk to the Company is that the counterparty to the loans and receivables will fail to meet its contracted interest or capital repayments.

The Company mitigates its credit risk by ensuring that it will not engage in any business activity other than the issuance of Notes and the lending of proceeds to the local authorities as defined in the Local Government Act 2003. In addition, the Company retains a credit buffer for the payment of fees and expenses to ensure it remains a going concern.

The Company's maximum exposure to credit risk at the reporting date is the carrying amount of loans and receivables, trade and other receivables and cash & cash equivalents recognised in the financial statements. The Company has not pledged any financial assets as collateral against its liabilities.

The table below shows the credit rating and balance of the counterparty at the end of the reporting financial year using the Standard and Poor's credit rating symbols.

	Rating	**Carrying amount 31 December 2024 £000**	Rating	Carrying amount 31 December 2023 £000
Greater London Authority	AA	882,125	AA	877,694
Cash and cash equivalents	BBB+	582	BBB+	572

Given the short-term maturities and low credit risk of cash and cash equivalents and trade and other receivables, the Company has measured the loss allowance for the financial year ended 31 December 2024 and 31 December 2023 on a 12-month expected loss basis. For the financial year ended 31 December 2024 and 31 December 2023, there are currently no expected credit losses recorded.

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18 Financial instruments and risk management (continued)

18.3 Liquidity risk

The Company manages its liquidity risk by maintaining adequate funds to be able to meet its financial obligations, and by matching the maturity profiles of its Loans and Notes. The Company will be subject to the risk of delays in the receipt, or risk of defaults in the making of payments due from the relevant Borrower in respect of the relevant Loan. This will be mitigated by the interest on each Loan being paid two days prior to the relevant interest payment date on the Notes and each repayment of principal under the Loan will be paid one business day prior to each principal repayment date on the Notes.

18.3.1 Maturities of assets and liabilities

The table below analyses financial instrument assets and liabilities of the Company on an undiscounted future cash flow basis according to contractual maturity, into relevant maturity groupings based on the remaining contractual period at the reporting date. The table includes both interest and principal cash flows, but not any amortisation adjustments on the initial transaction expenses, net of fees received to compensate for such transaction costs.

31 December 2024 **Maturity of assets and liabilities**	**1-5 Years** **£000**	**6-10 Years** **£000**	**10+ Years** **£000**	**Total** **£000**
Assets				
Loans and receivables				
Principal	-	600,000	269,540	869,540
Interest	153,903	86,173	4,071	244,148
Total assets	**153,903**	**686,173**	**273,611**	**1,113,688**
Liabilities				
Borrowings				
Principal	-	600,000	269,540	869,540
Interest	153,903	86,173	4,071	244,148
Total liabilities	**153,903**	**686,173**	**273,611**	**1,113,688**

31 December 2023 **Maturity of assets and liabilities**	**1-5 Years** **£000**	**6-10 Years** **£000**	**10+ Years** **£000**	**Total** **£000**
Assets				
Loans and receivables				
Principal	-	360,000	488,650	848,650
Interest	153,903	131,326	19,801	305,030
Total assets	**153,903**	**491,326**	**508,451**	**1,153,680**
Liabilities				
Borrowings				
Principal	-	360,000	488,650	848,650
Interest	153,903	131,326	19,801	305,030
Total liabilities	**153,903**	**491,326**	**508,451**	**1,153,680**

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18 Financial instruments and risk management (continued)

18.4 Interest rate risk
Interest rate risk is the risk that future cash flows of a financial asset or liability may fluctuate because of changes in market interest rates.

The Company is not exposed to interest rate risk because it does not currently issue Notes or lend at floating interest rates.

The interest payable on the £200 million Notes issued in 2015 is linked to CPI. However, as the interest receivable on the Local Authority Loan Agreement is also CPI linked, the Company has no net exposure due to the interest being linked to CPI.

18.4.1 Interest rate sensitivity analysis
A change in interest rates would have no net impact on the Company as the Notes have either been issued at a fixed rate payable which mirrors the fixed rate receivable under the Local Authority Loan Agreements, or both the rate payable and rate receivable are linked to CPI.

18.5 Fair value of financial instruments carried at amortised cost
The fair value of a financial instrument carried at amortised cost is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair value of the loans and receivables and borrowings is £674 million (2023: £641million) based on market interest rates of 6.29% (2023: 6.78%) per annum. This is considered to be a level 2 input under IFRS7, being based on observable inputs. This equates to the discounted cash flows of future interest and principal repayments. The fair value of both CPI-linked loan receivable and loan notes has been calculated using a historic five financial year average for CPI of 2.46432% (2023: 2.6879%), projected forward. While CPI cannot be accurately forecasted to the expected redemption date of the loan notes, any changes different to that forecast shall have an equal and opposite effect on the liability and asset held within the financial statements and thus shall have no net effect on the performance or position of the Company.

The estimated fair values of cash and cash equivalents, trade payables and trade receivables approximate to their carrying values due to the short term maturities of these instruments.

18.6 Financial assets pledged as collateral for liabilities or contingent liabilities
Each Series of Notes is, or will be secured by an assignment of the Local Authority Loan Agreement relating to that Series, and the obligations of the Company in respect of that Series will be limited in recourse to the Local Authority Loan Agreement and other secured assets relating to that Series.

19 Charges
The Company has 2 charges against the Company both in favour of Apex Corporate Trustees (UK) Limited as Trustee for the loan note holders (see note 11) secured against the respective loans to the Greater London Authority (see note 8).

20 Off statement of financial position arrangements
There are no off statement of financial position arrangements.

21 Significant events during the financial year
Global market conditions in 2024 were markedly different from the prior year. Volatility dominated (both in markets and in politics) amidst growing concern over geopolitics, record inflation, and rising rates.

Geopolitical risks were heightened since 2023, driven by conflict between Russia and Ukraine, tensions between China and Hong Kong/Taiwan, and tensions between the United States (“US”) and China. Due to the ongoing conflict between Russia and Ukraine there has been significant volatility in financial and commodities markets, and multiple jurisdictions have implemented various economic sanctions. The Company’s direct exposure to Russia remains immaterial.

Meanwhile, consumer prices continued to accelerate driven by elevated food and energy prices, with the UK Consumer Price Index rising by 2.5% in the 12 months to December 2024 down from 2.6% in the 12 months to November. The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 3.5% in the 12 months to December 2024, unchanged from November.

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21 Significant events during the financial year (continued)

However, the above did not have any material impact on the Company business operations.

Apart from the above, there has been no occurrence of any other significant events during the financial year.

22 Events after the reporting date

There has been no occurrence of events after the reporting date.