Company Registeration No. 05226481

SECURITISATION OF CATALOGUE ASSETS (UK) LIMITED

Annual Report and Financial statements

For the year ended 30 September 2019

SECURITISATION OF CATALOGUE ASSETS (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2019

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SECURITISATION OF CATALOGUE ASSETS (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2019

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS	Apex Corporate Services (UK) Limited (formerly Link Corporate Services Limited) Apex Trust Corporate Limited (formerly Link Trust Corporate Limited) Sean Martin	
COMPANY SECRETARY	Apex Trust Corporate Limited (formerly Link Corporate Services Limited)	
REGISTERED OFFICE	6th Floor 125 Wood Street London, United Kingdom EC2V 7AN	
BANKERS	*As from 5 December 2018* HSBC Bank Plc 8 Canada Square London United Kingdom E14 5HQ	*Up to 5 December 2018* The Royal Bank of Scotland Plc Corporate Banking 135 Bishopgate London United Kingdom EC2M 3UR
ARRANGER	Natwest Markets Plc 250 Bishopsgate London United Kingdom EC2M 4AA	
INDEPENDENT AUDITOR	Deloitte Ireland LLP (Appointed on 13th February 2020) 29 Earlsfort Terrace Dublin 2 Ireland D02 AY28	

SECURITISATION OF CATALOGUE ASSETS (UK) LIMITED

STRATEGIC REPORT

The directors (the "Directors") present the Strategic Report of Securitisation of Catalogue Assets (UK) Limited ("the Company") for the year ended 30 September 2019.

ACTIVITIES

The Company was incorporated in Great Britain on 9 September 2004 as a private company and commenced operations on 6 December 2004.

The Company was established as a UK investor beneficiary to provide finance to Securitisation of Catalogue Assets Receivables Trustee Limited ("SOCA RT") on a monthly basis to fund SOCA RT's purchase of finance charge receivables from Shop Direct Finance Company Limited ("SDFCL"). The Company finances these activities by issuing loan notes to Securitisation of Catalogue Assets Limited ("SOCA Ltd") which is in turn financed by issuing loan notes (the "Notes") to a number of co-funders.

RESULTS AND DIVIDENDS

The results for the year and the state of the Company's affairs are set out in the accompanying financial statements. The profit for the year was £2,914 (2018: £2,839).

No dividends were declared or paid by the Company during the year (2018: £nil) and the Directors do not propose a final dividend (2018: £nil).

BUSINESS REVIEW

The key performance indicators for the Company are interest income and provisioning. Interest income for 2019 was £1,739,282 (2018: £1,899,449) and this has decreased by 8% since the previous year, driven by the redemptions that occurred during the year. There was no provision against these loans at the year-end (2018: £nil).

On 20 November 2013, the discounted loan notes issued by the Company to SOCA LTD were replaced by Variable Funding Notes which are now listed on the The International Stock Exchange (Formerly Channel Islands Securities exchange) Authority. The key terms of the Notes were substantially unchanged.

PRINCIPAL RISKS AND UNCERTAINTIES

Since the beginning of the coronavirus outbreak in January 2020, the coronavirus has spread across the world, causing ongoing disruption to businesses and economic activity worldwide. Global markets have reacted sharply to this pandemic, with concerns regarding the economic impact this may have on a global scale. Post year end, the Company receives interest income and principal repayments in line with contractual terms of the loan and there has been no arrears on these receipts. Due to the limited recourse nature of the Loan notes, the losses will be borne by the Noteholders and will not be any impact on the loan assets given that any receipts on the loans are matched to the payment on the Notes. The Board of Directors will continue to monitor the impact on the Company's activities.

The principal risks facing the Company are liquidity risk, interest rate risk and credit risk. These risks have been monitored on an on-going basis during the year and the Company has policies in place to mitigate these risks. Refer to note 12 of the financial statements for details.

The political and economic outlook remains uncertain following the results of the UK's referendum on leaving the European Union.

Whilst we do not expect it to have a material impact, we continue to monitor the impact on the entity.

Notwithstanding the risks and uncertainties above, the financial statements have been prepared on the going concern basis as discussed in note 1 of the financial statements.

CREDIT RISK

The Company is exposed to credit risk on its loans made to SOCA RT to finance SOCA RT's purchase of finance charge receivables originated by SDFCL. The principal risks associated with SDFCL is the exposure to bad debts and late payments by individual customers. However, individual customers are closely monitored with clear procedures on the establishment and monitoring of credit. The credit risk of the Company is also mitigated by the limited recourse nature of the Company's funding.

The maximum exposure to credit risk arising on the Company's financial assets as of the reporting date and prior year end is the amount on the statement of financial position. There are no impaired or past due assets held at year-end (2018: £nil).

STRATEGIC REPORT (CONTINUED)

LIQUIDITY RISK

Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due.

The Company reduces its liquidity risk by matching the maturity profile of the Company's funding to the maturity profile of the assets being funded. Currently the Company's assets are funded through limited recourse loans whereby the maturity profile of the Company's funding effectively matches the underlying assets. The Company receives funding from SOCA Limited which is in turn funded by a number of co-funders. Each co-funder that primarily finances itself through issuance of commercial paper is required under the securitisation programme to ensure sufficient liquidity facilities exist to enable them to continue to fund the Company (through SOCA Limited) in the event that they are unable to obtain finance in the commercial paper market.

Interest receipts from the loan assets and payments on the loan notes are matched on the fixed rate loan notes.

INTEREST RATE RISK

The Company financed the provision of loans to SOCA RT through the issue of secured fixed rate notes. The Company is entitled to retain income from the trust in an amount equal to administration expense on the loan from SOCA Ltd.

At year end all of the Company's financial assets and liabilities, excluding cash, were at fixed rates.

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

Colin Benford

Director
Apex Corporate Services (UK) Limited
Date 24/11/2020

SECURITISATION OF CATALOGUE ASSETS (UK) LIMITED

DIRECTORS' REPORT

The Directors present their Directors' report and the audited financial statements for the year ended 30 September 2019.

DIRECTORS' DETAILS

The Directors who served throughout the year are as follows:

Apex Corporate Services (UK) Limited (formerly Link Corporate Services Limited)
Apex Trust Corporate Limited (formerly Link Trust Corporate Limited)
Sean Martin

EMPLOYEES

The Company had no employees during the current year or prior year. Apex Corporate Trustees (UK) Limited performs the administration function. Apex Trust Corporate Limited performs the Company's secretarial functions.

AUDITOR

On 13th February 2020, the auditors, Ernst & Young resigned as independent auditor and Deloitte Ireland LLP Chartered Accounts and Statutory Auditor was appointed on on the same date as independent auditor. The auditor, Deloitte Ireland LLP Chartered Accounts and Statutory Auditor will be proposed for reappointment at the forthcoming annual general meeting.

GOING CONCERN

The Company's business activities, performance and position, as well as principal risks and uncertainties are set out on page 2. In addition, note 12 to the financial statements includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

The Directors confirm that there are no arrears of interest on current borrowings and the conditions on current borrowings are satisfied as at the end of the reporting period. Based on collectability reports supplied by SOCA RT, the Directors are not aware of any indicators that SOCA RT will be unable to meet their loan obligations. No impairment indicators have been noted on the loan to SOCA RT and therefore nil provision has been recognised (2018: £nil). The Directors do not expect any changes in the activities of the Company in the future.

Impact of COVID 19

Since the beginning of the coronavirus outbreak in January 2020, the coronavirus has spread across the world, causing ongoing disruption to businesses and economic activity worldwide. Global markets have reacted sharply to this pandemic, with concerns regarding the economic impact this may have on a global scale. Post year end, the Company receives interest income and principal repayments in line with contractual terms of the loan and there has been no arrears on these receipts. Due to the limited recourse nature of the Loan notes, the losses will be borne by the Noteholders and will not be any impact on the loan assets given that any receipts on the loans are matched to the payment on the Notes. The Board of Directors will continue to monitor the impact on the Company's activities.

Based on these reasons and those as discussed in note 1, the financial statements have been prepared on the going concern basis.

RESULTS AND DIVIDENDS

As stated in the Strategic Report, no dividends were declared or paid by the Company during the year (2018: £nil) and the Directors do not propose a final dividend (2018: £nil).

DISCLOSURE OF INFORMATION TO THE AUDITOR

Each of the person who is a Director at the date of approval of this report confirms that:

(1) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
(2) 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 of the Companies Act 2006.

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

Colin Benford

Apex Corporate Services (UK) Limited
Date 24/11/2020

SECURITISATION OF CATALOGUE ASSETS (UK) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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 to 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.

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Deloitte Ireland LLP
Chartered Accountants &
Statutory Audit Firm

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SECURITISATION OF CATALOGUE ASSETS (UK) LIMITED

Report on the audit of the financial statements

Opinion on the financial statements of Securitisation of Catalogue Assets (UK) Limited

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 30 September 2019 and of the profit for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2006.

The financial statements we have audited comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity;
- the Statement of Cash flows and
- the related notes 1 to 15, including a summary of significant accounting policies as set out in note 1.

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as adopted by the European Union ("the relevant financial reporting framework").

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 described below 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 Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current financial year were: • Valuation of loan receivable
Materiality	The materiality that we used in the current financial year was £657,400, or 2% of the loan notes.
Scoping	We focused our audit scope, and the extent of our testing, based on our assessment of the risks of material misstatement and of the materiality determined.
Significant changes in our approach	There are no significant changes to our approach which require disclosure.

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Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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 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.

Valuation of Loan Receivable	
Key audit matter description	For the financial year ended 30 September 2019 the loan receivable of the company of £32,870,000 make up approximately 99% of the company's total assets £33,057,000 The carrying value of the loan receivable adjusted for any provision for impairment is considered a key audit matter as the determination of an appropriate impairment charge requires a significant amount of management judgment over key assumptions and relies on available data. There is a potential risk that the loan receivable may be impaired and the provision for impairment may not represent an appropriate estimate of the losses incurred. This could have a material impact on the financial statements. Refer also to note 1 and 7 in the financial statements.
How the scope of our audit responded to the key audit matter	We performed the following procedures over carrying values of loan receivable: We obtained an understanding and assessed the design and implementation of the key controls that have been implemented over the valuation process for the loan receivable. We challenged whether the impairment policy adopted for the loans and is in line with IFRS and agreed the carrying value of loan and receivable recognised by management to an independent loan confirmation. We reviewed the judgements and assumptions made by management in estimating the impairment to independently assess whether they are reasonable and supported by the available internal data and external market indicators We assessed that the overall impairment number is within a range we would consider reasonable, however we have recommended to management that the approach to expected credit loss calculation should adopt an appropriate model based methodology.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

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Our application of materiality

We define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, 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.

We determined materiality for the company to be £675,400, or 2% of the loan note. We have considered the loan note to be the critical component for determining materiality because the main objective of the company is to provide investors with a long term risk adjusted return. We have considered quantitative and qualitative factors such as understanding the company and its environment, complexity of the company and the reliability of control environment.

We agreed with the Board of Directors (the "Board") that we would report to the Board any audit differences in excess of 5% of materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Board on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit is a risk based approach taking into account the structure of the company, types of financial assets, the involvement of the third party service providers, the accounting processes and controls in place, and the industry in which the company operates.

We have conducted our audit based on the books and records maintained by the corporate administrator, Apex Fund Services (Ireland) Limited. We focused our audit scope, and the extent of our testing, based on our assessment of the risks of material misstatement and of the materiality determined. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report and Audited Financial Statements, 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 this regard.

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.

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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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

For listed entities and public interest entities, the auditor also provides those charged with governance with a statement that the auditor has complied with relevant ethical requirements regarding independence, including the Ethical Standard for Auditors (Ireland) 2016, and communicates with them all relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, related safeguards.

Where the auditor is required to report on key audit matters, from the matters communicated with those charged with governance, the auditor determines those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. The auditor describes these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

This report is made solely to the company's members, as a body, in accordance with 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

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Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2006

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the strategic report and the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2006.

Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in this information.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- 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.

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.

John McCarroll
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

Date: 26 November 2020

SECURITISATION OF CATALOGUE ASSETS (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 September 2019

	Notes	30-Sep-19 £'000	30-Sep-18 £'000
REVENUE			
Interest income	3	1,739	1,900
Interest expense	4	(1,739)	(1,900)
GROSS PROFIT		-	-
Other income		60	60
Other expenses		(56)	(56)
PROFIT BEFORE TAX		4	4
Tax charge for the year	6	(1)	(1)
PROFIT AFTER TAX AND TOTAL COMPREHSIVE INCOME FOR THE YEAR		3	3

The notes on pages 16 to 26 form an integral part of the financial statements.

SECURITISATION OF CATALOGUE ASSETS (UK) LIMITED

STATEMENT OF FINANCIAL POSITION
As at 30 September 2019

	Notes	2019 £'000	2018 £'000
ASSETS			
Loan receivable	7	32,870	36,123
Other receivables	8	146	147
Cash and cash equivalents		41	37
TOTAL ASSETS		33,057	36,307
LIABILITIES AND EQUITY			
LIABILITIES			
Other payables	9	147	147
Loan Notes	10	32,870	36,123
		33,017	36,270
EQUITY			
Share capital	11	-	-
Retained earnings		40	37
TOTAL EQUITY		40	37
TOTAL LIABILITIES AND EQUITY		33,057	36,307

The notes on pages 16 to 26 form an integral part of the financial statements.

The financial statements of Securitisation of Catalogue Assets (UK) Limited, registration number 05226481, were approved by the Board of Directors and authorised for issue on 24/11/2020

Signed on behalf of the Board of Directors

Colin Benford

Director
Apex Corporate Services (UK) Limited (formerly Link Corporate Services Limited)

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2019

	Share capital	Retained earnings	Total
	£'000	£'000	£'000
Balance as at 1 October 2017	-	34	34
Total comprehensive income for the year	-	3	3
Balance as at 30 September 2018	-	37	37
Balance as at 1 October 2018	-	37	37
Total comprehensive income for the year	-	3	3
Balance as at 30 September 2019	-	40	40

The notes on pages 16 to 26 form an integral part of the financial statements.

SECURITISATION OF CATALOGUE ASSETS (UK) LIMITED

STATEMENT OF CASH FLOWS
For the year ended 30 September 2019

	Notes	2019 £'000	2018 £'000
Operating activities			
Profit before tax		4	4
Tax paid during the year		(1)	(1)
Decrease in other receivables	8	1	24
Decrease in other payables	9	-	(24)
Net cash inflow from operating activities		4	3
Investing activities			
Loans repaid		3,253	3,827
Net cash inflow from investing activities		3,253	3,827
Financing activities			
Notes repaid		(3,253)	(3,827)
Net cash outflow from financing activities		(3,253)	(3,827)
Net increase in cash and cash equivalents		4	3
Cash and cash equivalents at the beginning of the year		37	34
Cash and cash equivalents at the end of the year		41	37
Interest paid during the year		(1,739)	(1,902)
Interest received during the year		1,739	1,902

The notes on pages 16 to 26 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2019

1 ACCOUNTING POLICIES
A summary of the principal accounting policies, all of which have been applied consistently throughout the current year and prior year, are set out below:

GENERAL INFORMATION
Securitisation of Catalogue Assets (UK) Limited is a company incorporated and registered in England, Great Britain under the Companies Act 2006. The nature of the Company's operations and its principal activities are set out in the Strategic Report.

BASIS OF ACCOUNTING
The financial statements have been prepared in accordance with IFRS as adopted for use in the European Union. The financial statements have been prepared on a going concern basis as explained in the Strategic Report.

The financial statements have been prepared on the historical cost basis.

Due to the fact that the nature of the business is to provide finance, the Directors are of the opinion that it is more appropriate to use interest income and interest expense rather than turnover and cost of sales in preparing the Statement of comprehensive income.

GOING CONCERN
The Company's business activities, performance and position, as well as principal risks and uncertainties are set out in the Strategic Report on page 2.

The Company has determined that its assets are not impaired as at the end of the reporting period. Currently the Company's assets are funded through limited recourse loans whereby the maturity profile of the Company's funding matches the underlying assets. The loan to SOCA RT is due for repayment on 1 December 2023. The Company is funded under a subscription agreement (the "UK Investor Beneficiary Funding Agreement") in place until 1 December 2023 as explained in note 10. The Company receives funding from Securitisation Of Catalogue Assets Ltd which is in turn funded by a number of co-funders. Each co-funder that primarily finances itself through the issuance of commercial paper is required under the securitisation programme to ensure sufficient liquidity facilities exist to enable them to continue to fund the Company in the event that they are unable to obtain finance in the commercial paper market. The Directors are not aware of any issues relating to the availability of liquidity facilities to the funders and the funders have continued to be able to provide funding to the Company despite the uncertainties set out on page 2.

Furthermore, the Company is entitled to reimbursement from loan borrowers of amounts paid relating to operating expenses incurred by the Company.

Impact of COVID 19
Since the beginning of the coronavirus outbreak in January 2020, the coronavirus has spread across the world, causing ongoing disruption to businesses and economic activity worldwide. Global markets have reacted sharply to this pandemic, with concerns regarding the economic impact this may have on a global scale. Post year end, the Company receives interest income and principal repayments in line with contractual terms of the loan and there has been no arrears on these receipts. Due to the limited recourse nature of the Notes, the losses will be borne by the Noteholders and will not have any impact on the loan assets given that any receipts on the loans are matched to the payment on the Notes. The Board of Directors will continue to monitor the impact on the Company's activities. Further details are disclosed in the Directors' report.

After making enquiries, and considering the principal risks and uncertainties set out on page 2, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY
The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of loan assets, in particular over recoverability of assets. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements on carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from the estimates used in the financial statements.

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

1 ACCOUNTING POLICIES (Continued)

Adoption of new and revised Standards

(i) Effective for annual periods beginning after 1 January 2019

In the current financial year, the Company has adopted the following new standards, applied a number of amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IFRS 16 Leases

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained unchanged, from its predecessor, IAS 17. The Company has not entered into any lease transactions during or in the previous financial year.

Annual Improvements to IFRS Standards 2015–2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23Borrowing Costs

The Company has adopted the amendments included in the Annual Improvements to IFRS Standards 2015–2017 Cycle for the first time in the current year. The Annual Improvements include amendments to four Standards:

- *IAS 12 Income Taxes*
  The amendments clarify that the Company should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Company originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

- *IAS 23 Borrowing Costs*
  The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

- *IFRS 3 Business Combinations*
  The amendments clarify that when the Company obtains control of a business that is a joint operation, the Company applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.

- *IFRS 11 Joint Arrangements*
  The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the Company does not remeasure its PHI in the joint operation.

IFRIC 23 Uncertainty over Income Tax Treatments

The Company has adopted IFRIC 23 for the first time in the current year. IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the Company to:

- determine whether uncertain tax positions are assessed separately or as a group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
  – if yes, the Company should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
  – if no, the Company should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

1 ACCOUNTING POLICIES (Continued)

New standards, amendments or interpretations (Continued)

(ii) Standards not yet effective, but available for early adoption

Description	Effective date*
IFRS 10 and IAS 28 amendments: Sale or Contribution of Asset between Investor or its Associate or Joint Venture	1 January 2020
IFRS 3 amendments: Definition of a business	1 January 2020
IAS 1 and IAS 8 amendments: Definition of material	1 January 2020
IFRS 17: Insurance contracts	1 January 2021**

*Where new requirements are endorsed, the EU effective date is disclosed. For un-endorsed standards and interpretations, the IASB's effective date is noted. Where any of the upcoming requirements are applicable to the Company, it will apply them from their EU effective date.

**Not endorsed.

The Directors have considered the new standards, amendments and interpretations as detailed in the above table and does not plan to adopt these standards early. The application of all of these standards, amendments or interpretations will be considered in detail in advance of a confirmed effective date by the Company. The Directors have concluded that none of the above may be relevant.

IFRS 9 Financial instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The new standard is split into three parts: classification and measurement, impairment and hedge accounting and has resulted in changes in accounting policies.

From 1 October 2018, the company has applied IFRS 9 with an election not to restate comparative information. As a result, the comparative information provided in these financial statements continues to be accounted for in accordance with the company's accounting policy under IAS 32.

The company does not consider that the adoption of IFRS 9 has had a material impact on the financial statements and therefore there has been no adjustment upon transition. Accounting policies have been updated to reflect the new standards.

Financial assets and financial liabilities

Classification

IFRS 9 contains three principal classification categories for financial assets: Measured at amortised cost, fair value through other comprehensive income and fair value through profit and loss. IFRS 9 largely retains the previous requirements in IAS 39 for the classification and measurement of financial liabilities.

Financial assets are classified at amortised cost if held within a business model where the objective is to hold the asset to collect its contractual cash flows, and the contractual terms of the financial asset give rise to cash flows on specified dates that represent payments of solely principal and interest on the outstanding principal amount, provided it has not been designated as fair value through profit and loss.

Financial assets and financial liabilities are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable are added to or deducted from fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

SECURITISATION OF CATALOGUE ASSETS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2019

1 ACCOUNTING POLICIES (Continued)

Financial assets and financial liabilities (Continued)
Recognition and measurement
The measurement at initial recognition did not change on adoption of IFRS 9. All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs.

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'trade/other receivables'. Trade/other receivables are measured at amortised cost using the effective interest method, less any

Financial liabilities, including borrowings, are initially measured at fair value. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Assessment whether contractual cash flows are sole payments of principal and interest ("SPPI")
For the purposes of this assessment, 'principal' is defined as the fair value of financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular financial period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rate).

A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amounts plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets are not reclassified subsequent to their initial recognition unless the Company were to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

Implementation of classification and measurement policy changes
The Company has concluded the work necessary to prepare for transition to IFRS 9 for classification and measurement. The SPPI test was applied based on the assessment of the contractual features of each product. All instruments assessed passed the SPPI test. This outcome is in line with management's expectation given the nature of the Company's business model and risk appetite.

Financial assets - subsequent measurement and gains and losses

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on DE recognition is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2019

1 ACCOUNTING POLICIES (Continued)

Financial liabilities - Classification, subsequent measurement and gains and losses
Financial liabilities are classified as measured at amortised cost.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss is also recognised in profit or loss.

Financial liabilities at amortised cost:

- This includes other liabilities.

Impairment
IFRS 9 introduces a new impairment model that requires the recognition of ECL on all financial assets at amortised cost. ECL are estimated based on the repayment profile of the Loans. The assessment is performed annually.

The Company recognises loss allowances for ECLs on financial assets measured at amortised cost.

Significant Increase in Credit Risk
For the purposes of the Company's credit risk oversight, a significant increase in credit risk is identified when the financial asset goes into arrears exceeding 30 days. This period is reasonable given the structure of the Loans.

Definition of Default
An event of default is defined as when SOCA RT goes into payment arrears and the Company determines that the borrower can no longer repay the Loan. The primary evidence of an event of default is SOCA RT going into payment arrears. No such instances exist in the Company as at the Statement of comprehensive income date (2018: none). Credit risk is monitored through SOCA RT's performance.

Therefore, a three-stage approach to impairment has been applied as follows:

Stage 1	Performing - the recognition of 12 month ECL, that is the portion of lifetime ECL from default events that are expected within 12 months of the reporting date, if credit risk has not increased significantly since initial recognition;
Stage 2	Underperforming – Loan is in arrears as at the reporting date of 30 days, lifetime ECL are recognised reflecting the increased credit risk since initial recognition; and
Stage 3	Non-performing loans - lifetime ECL for loans that are in default and a repayment is not expected reflecting the impairment of the asset.

There has been no such instance whereby there were delays in repayment. As such, the loan is classified under Stage 1.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to

ECLs are discounted at the effective interest rate of the financial asset. The ECL was computed using a credit adjusted effective interest rate ("CA-EIR").

The Company recognises the financial assets measured at amortised cost as POCI assets (credit-impaired) at the reporting date based on the substantial discount at which the financial assets were originally acquired.

Write-off
The gross carrying amount of a financial liability is written off when the Company has no reasonable expectations of recovering a financial liability in its entirety or a portion thereof.

Write back
The gross carrying amount of a financial liability is written back when the Company has reasonable expectations of recovering a financial liability in its entirety or a portion thereof."

1 ACCOUNTING POLICIES (Continued)

CASH AND CASH EQUIVALENTS
Cash and cash equivalents comprise cash on hand and demand deposits with banks together with short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Interest income receivable on cash and cash equivalents is accounted for on an accruals basis.

INTEREST INCOME
Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's carrying amount.

INTEREST EXPENSE
Interest expense is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash out flows through the expected life of the financial liability to that liability's carrying amount.

OTHER RECEIVABLES
Receivables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

OTHER PAYABLES
Trade payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

LOAN RECEIVABLE
The Company is an Investor Beneficiary of a trust which owns a portfolio of home shopping receivables. This beneficial interest is economically equivalent to a loan and so has been classified as loans and receivables under IFRS 9 Financial Instruments Recognition and Measurement. The loan is measured on initial recognition at fair value, and is subsequently measured at amortised cost using the effective interest rate method.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In assessing the contractual cash flows of the Company, the Company receives interest and principal as per the contractual terms agreed between the Company and SOCA RT. There has not been any change in the terms or contractual features of the loans during the year and post year end, following which the Company has concluded that the loans receivable passed the SPPI test. This outcome is in line with management's expectation given the nature of the Company's business model of holding the loan in order to collect contractual cash flows.

Allowances recognised are 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 of the fair value of the loan, which can be objectively related to an event occurring after previous impairment losses have been recognised, are recorded in profit or loss to the extent previous impairment losses have been taken through profit or loss. The reversal shall not result in a carrying amount of the loan that exceeds the amortised cost had no impairment been recognised.

LOAN NOTE ISSUED
Loan notes have been issued by SOCA UK to SOCA Ltd. in order to obtain funding for the revolving facility to SOCA RT. Under IFRS 9 Financial Instruments Recognition and Measurement, the loan notes issued 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 using the effective interest rate method.

OPERATING EXPENSES AND INCOME
Operating expenses are recognised on an accruals basis.

The Company has the right to demand reimbursement of amounts paid relating to operating expenses from borrowers of any loans issued. Reimbursement amounts are accrued at the time such a demand is made and are recognised as operating income in the statement of comprehensive income.

1 ACCOUNTING POLICIES (Continued)

TAXATION
The Company has elected to be taxed under the 'permanent' tax regime, for securitisation companies (contained in Statutory Instrument 2006/3296), under which the Company is taxed broadly by reference to its net cash flows during the period and not by reference to its accounting profit.

DERECOGNITION ASSESSMENT
Derecognition assessment performed in line with the guidance under IFRS 9 (previously IAS39.19) and IGAAP paragraph 3.6.4 in Chapter "Financial Instruments: De-recognition".

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

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company and SOCA Limited, being the revolving structures, do not meet the requirement of the pass-through test for funds to be passed on without material delay and to be invested only in cash and cash equivalents.

According to the structure of the Company, the pool collections that would have otherwise been due to SOCA Limited and eventually to the VFN investors are getting reinvested to purchase new receivables from SD.

Therefore, considering all the above information the Company does not meet the de-recognition criteria.

2 DIRECTORS AND EMPLOYEES
None of the Directors received any emoluments for their services to the Company during the year (2018: £nil). None of the Directors had any material interest in any contract of significance in relation to the business of the Company (2018: £nil).

The Company does not have any employees (2018: none).

3 INTEREST INCOME

	2019	2018
	£'000	£'000
Interest income on the Loan	1,739	1,900

4 INTEREST EXPENSE

	2019	2018
	£'000	£'000
Interest on Notes	1,739	1,900

5 REMUNERATION OF THE AUDITOR

	2019	2018
	£'000	£'000
Audit services for audit of the Company's statutory accounts	21	22

6 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The tax charge for the year comprises:

	2019	2018
	£'000	£'000
Current taxation:		
Charge for the current year	1	1
Tax charge for the year	1	1

The Company is taxed in accordance with Statutory Instrument No. 3296 'The Taxation of Securitisation Companies Regulations 2006' which requires that tax is charged on the cash profit retained by the issuer. No other amounts are taxable. There is no deferred tax recognised or unrecognised.

The actual tax charge is computed by applying the UK corporation tax rate of 19% (2018: 19%) as follows:

	2019	2018
	£'000	£'000
Profit before tax	4	4
Expected tax charge/(credit)	1	1
Adjustment under SI 2006/3296 s14(4)	(1)	(1)
Taxable amount brought in under SI 2006/3296 s14(1)(a)(ii)	1	1
Actual tax charge	1	1

7 LOAN RECEIVABLE

	2019	2018
	£'000	£'000
Opening balance	36,123	39,950
Less: Net loans repaid during the year	(3,253)	(3,827)
Closing balance	32,870	36,123

The Loan receivable represents SOCA UK's beneficial interest in finance charge receivables in the SOCA Receivables Trust, which are purchased from Shop Direct Finance Company Limited ("SDFCL") on a monthly basis. The interest rate is 5% per annum. At year-end, the loan facility, rolling on a monthly basis, is due to expire in 1 December 2023 on which date the Receivables Securitisation Agreement terminates.

8 TRADE AND OTHER RECEIVABLES

	2019	2018
	£'000	£'000
Prepayments and other debtors	29	23
Interest receivable on the loan	117	124
	146	147

9 TRADE AND OTHER PAYABLES

	2019	2018
	£'000	£'000
Interest payable on notes issued	117	124
Other creditors	30	23
	147	147

10 LOAN NOTES

	2019	2018
	£'000	£'000
Opening Balance	36,123	39,950
Less: Variable funding notes redeemed during the year	(3,253)	(3,827)
Closing Balance	32,870	36,123

The loan payable represents a Variable Funding Note which was purchased by Securitisation of Catalogue Assets Limited ("SOCA Limited"). The interest rate on the Variable Funding Notes has been fixed at 5% per annum. Pursuant to a UK Investor Beneficiary Funding Agreement, the Company will, from time to time, issue variable funding notes to SOCA Limited to fund the purchase of certain interests in the finance charge receivables or to repay maturing variable funding notes, rolling on a monthly basis, until 1 December 2023 on which date the Receivables Securitisation Agreement terminates.

11 SHARE CAPITAL

	2019	2018
	£	£
Authorised		
1,000 ordinary shares of £1	1,000	1,000
Allotted, called-up and fully paid		
1 ordinary share of £1	1	1

The share is held by Apex Corporate Trustees (UK) Limited (the "Share Trustee") and is held on trust under the terms of a declaration of trust dated 24 September 2004 with the ultimate beneficiaries being charities chosen by the Share Trustee.

12 FINANCIAL INSTRUMENTS

The Company's financial instruments comprise various tranches of secured Loan receivables, fixed rate Notes payable and cash. Accrued interest income, accrued interest payable and other items arise from its operations.

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

The main risks arising from the Company's financial instruments are interest rate, liquidity and credit risk. The Board reviews and agrees policies for managing each of these risks and these are summarised below. These policies have remained unchanged since the Company commenced operations on 9 September 2004. All transactions and financial instruments are denominated in the Company's functional currency (Sterling); consequently no currency exposure arises.

CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure it will be able to continue as a going concern.

The capital structure of the Company primarily comprised issued variable funding notes purchased by SOCA Limited whose funding was provided by third party funders mostly via the commercial paper market or liquidity facilities with banks.

Other sources of funding consist of equity attributable to equity holders of the parent, comprising issued share capital and retained earnings.

INTEREST RATE RISK

The Company financed the provision of loans to SOCA RT through the issue of secured fixed rate notes. The Company is entitled to retain income from the trust in an amount equal to its interest expense on the loan from SOCA Ltd.

At year end all of the Company's financial assets and liabilities, excluding cash, were at fixed rates.

SECURITISATION OF CATALOGUE ASSETS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2019

12 FINANCIAL INSTRUMENTS (Continued)

LIQUIDITY RISK
Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due.

The Company reduces its liquidity risk by matching the maturity profile of the Company's funding to the maturity profile of the assets being funded. Currently the Company's assets are funded through limited recourse loans whereby the maturity profile of the Company's funding effectively matches the underlying assets. The Company receives funding from SOCA Limited which is in turn funded by a number of co-funders. Each co-funder that primarily finances itself through issuance of commercial paper is required under the securitisation programme to ensure sufficient liquidity facilities exist to enable them to continue to fund the Company (through SOCA Limited) in the event that they are unable to obtain finance in the commercial paper market.

Interest receipts and payments are matched on the fixed rate loan notes.

LIQUIDITY RISK (continued)
The table below reflects the undiscounted contractual cash flows of financial liabilities at the reporting date:

As at 30 September 2019	Carrying amount	Contractual cash flows	<1 months	1-3 months	3 months - 1 year	1-5 years
	£'000	£'000	£'000	£'000	£'000	£'000
Variable funding Notes	(32,987)	(35,752)	(140)	(275)	(1,234)	(34,103)

As at 30 September 2018	Carrying amount	Contractual cash flows	<1 months	1-3 months	3 months - 1 year	1-5 years
	£'000	£'000	£'000	£'000	£'000	£'000
Variable funding Notes	(36,246)	(39,833)	(153)	(299)	(1,307)	(38,074)

The Company will, from time to time, issue variable funding notes to SOCA Limited to fund the purchase of certain interests in the finance charge receivables or to repay maturing variable funding notes. At year-end, the facility was due to expire on 1 December 2023 on which date the Receivables Securitisation Agreement terminates.

CREDIT RISK
The Company is exposed to credit risk on its loans made to SOCA RT to finance SOCA RT's purchase of finance charge receivables originated by SDFCL. The principal risks associated with SDFCL is the exposure to bad debts and late payments by individual customers. However, individual customers are closely monitored with clear procedures on the establishment and monitoring of credit. The credit risk of the Company is also mitigated by the limited recourse nature of the Company's funding.

The Company's maximum exposure to credit risk in the event that counterparties fail to perform their obligations as at 30 September 2019 and 30 September 2018 in relation to each class of recognised financial assets is set out below:

	30-Sep-19	30-Sep-18
	£'000	£'000
Loan receivable	32,870	36,123
Other receivables	146	147
Cash and cash equivalents	41	37
	33,057	36,307

Cash and cash equivalents
The Company held cash and cash equivalents of £40,696 as at 30 September 2019 (2018: £37,753) which represent its maximum credit exposure on these assets. There are no impaired or past due assets held at year-end (2018: £nil).

Fitch Ratings has affirmed SECURITISATION OF CATALOGUE ASSETS LIMITED's notes, as follows:
Class A notes, affirmed at 'Asf'; Outlook Stable
Class B notes, affirmed at 'BBBsf'; Outlook Stable

Other receivables
Other receivables mainly include interest receivable from financial assets held by the Company as at the financial year end.

12 FINANCIAL INSTRUMENTS (Continued)

FAIR VALUES

The Directors consider the carrying amount of assets and liabilities as at 30 September 2019 approximated fair value due to the short term contractual cash flows. The facility will mature in 2023 and is revolving in nature with renewal every month. Therefore, book value is considered equivalent to the fair value.

13 RELATED PARTY TRANSACTIONS

Apex Trust Corporate Limited provides administrative and corporate services to the Company. During the year, fees incurred for these services were £15,292 (2018: £10,452) and the amount payable as at 30 September 2019 was £7,174 (2018: £1,117).

14 ULTIMATE AND IMMEDIATE PARENT UNDERTAKING

The Company has no ultimate controlling party. As described in Note 11 the issued share capital of the Company is held by Apex Corporate Trustees (UK) Limited, subject to a declaration of trust established for charitable purposes.

15 SUBSEQUENT EVENTS

Since the beginning of the coronavirus outbreak in January 2020, the coronavirus has spread across the world, causing ongoing disruption to businesses and economic activity worldwide. Global markets have reacted sharply to this pandemic, with concerns regarding the economic impact this may have on a global scale. Due to the limited recourse nature of the Notes, the losses will be borne by the Noteholders and will not have any impact on the loan assets given that any receipts on the loans are matched to the payment on the Notes. The Company still receives interest for the loan balance and there has been no change to the terms of the loan that could impact the payment of the interest and principal. The Board of Directors will continue to monitor the impact on the Company's activities.

There were no other significant events occurring after the date of the Statement of financial position up to the date of signing of the financial statements.