Registered number: 13143667

Vallay Finance Limited

Annual report and financial statements

For the year ended 31 December 2024

Officers and independent auditors

Directors	Oskari Tammenmaa (appointed 24 February 2025) CSC Directors (No.1) Limited CSC Directors (No.2) Limited
Registered number	13143667 (England and Wales)
Company secretary and registered office	CSC Corporate Services (UK) Limited 5 Churchill Place 10th Floor London E14 5HU
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT

Contents

The Directors present the strategic report of Vallay Finance Limited (the "Company") for the year ended 31 December 2024.

Principal activities, business review and future developments

The Company, a private limited company, was incorporated on 19 January 2021 in the United Kingdom and registered in England and Wales under the Companies Act 2006. The Company was established as a special purpose vehicle ("SPV") to advance funds to an Asset Trust which were applied by iwoca Skye Finance Limited (the "Asset Trustee", "Originator") for the origination of loans ("Loans") under the Coronavirus Business Interruption Loan Scheme ("CBILS") and Recovery Loan Scheme ("RLS"), to small and medium sized businesses ("SMEs", "Borrowers"). The Company's incorporation was governed by a number of separate agreements, together the "Transaction Documents".

The funds were raised by issuing notes ("Notes") pursuant to a note purchase agreement. The funds were then used to make cash contributions by way of settlement on trust to iwoca Skye Finance Limited who acts as the lender of record for the Loans and also as the Asset Trustee, thereby holding the Loans on trust for the benefit of the Company. The Loans were originated through the loan origination platform operated in the United Kingdom by the Originator (the "iwoca Online Lending Platform"). The Loans comprise of term loan facilities offered to businesses under CBILS and RLS. Under the scheme, the UK Government (the "Guarantor") guarantees due and punctual payment of 80% of the principal balance of the CBILS Loans and 70% of the Principal Balance of the RLS Loans in accordance with the terms of the Guarantee Agreements. The Asset Trustee issued its last CBILS loans on behalf of the Company in July 2022.

The Company entered into the Senior Variable Funding Loan Note Issuance Agreement originally dated 15 February 2021 (the "Senior Notes") and the Subordinated Note Agreement originally dated 15 February 2021 (the "Subordinated Notes", together with the Senior Notes the "Notes") to fund the Asset Trust. The Notes mature eighteen months after the latest maturity date of any Loans in the portfolio that remain outstanding, currently being on 4 October 2027. The maximum commitment of the Senior Note is £178,500,000 and the maximum commitment of the Subordinated Notes is £32,065,000. The Notes are listed on The International Stock Exchange Market.

Under the Transaction Documents, any surplus receipts from the Loan Receivables, after servicing the Notes in issue and all other obligations of the Company, are payable to the holders of the Subordinated Notes. These amounts are included in the measurement of the Subordinated Note liability at the year-end through the effective interest rate calculation ("EIR").

In assessing whether the Loans originated by the Originator met the relevant derecognition criteria, the provisions of IAS 39 Financial Instruments: Recognition and Measurement ("IAS39") have been adopted in full with respect to the recognition and measurement of the Loans, as permitted by Section 11 of the Financial Reporting Standard (FRS) 102. The Directors concluded that the Originator transferred substantially all the risks and rewards of ownership of the Loans to the Company and therefore the Loans were recognised on the Balance Sheet of the Company.

The UK has continued to face significant economic uncertainty, with this uncertainty being greater than historical levels. Whilst inflation and the Bank of England base rate have both reduced compared to 31 December 2023, this contrasts with factors such as elevated energy prices – triggered in large part by the ongoing Russia-Ukraine war, ongoing global supply chain bottlenecks, increased geopolitical tensions in the Middle East and uncertainty over international trade and tariffs, all of which still remain potential threats to the UK economy.

While the extent and duration of the effect of this economic uncertainty remains unclear, there is a risk of financial instability for the Company, for example a detrimental effect on the UK economy may ultimately impact the borrowers' ability to repay the Loans. However, as at the report date there has been no material impact from these macroeconomic factors on the Company's financial performance or cash flows. As the Notes are limited recourse obligations of the Company, the Company is not ultimately exposed to losses if the borrowers are unable to repay the Loans.

The Company will continue to monitor the effect these macroeconomic factors have on the borrower's ability to service their borrowings, and therefore the performance of the Company. The Directors envisage no changes to the nature of the Company's business in the foreseeable future. In order to form a view as to the most appropriate basis of preparation of these financial statements, the Directors have assessed the likelihood of whether the Company will be able to continue trading over a period of more than twelve months from the date of the approval of these financial statements, versus the likelihood of either intending to or being forced to cease trading and place the Company into liquidation. The Directors consider that the Company is able to meet its liabilities as they fall due, and accordingly, the financial statements have been prepared on a going concern basis.

Results

The statement of comprehensive income is set out on page 11 and shows the profit (2023: profit) for the year. Whilst the Company is entitled under the Transaction Documents to retain an issuer profit of £1,000 per annum, the result for each financial period differs from this, due to accounting adjustments such as EIR and impairment. However, over the life of the transaction, these accounting adjustments are expected to reverse, leaving the Company ultimately with the accumulated issuer profit.

Key performance indicators

The Company's key performance indicators were as follows:

Assets - the Company's net Loan book stands at £27,902,555 (2023: £49,422,812)

Notes – the balance of the Notes outstanding at the year-end amounted to £30,416,437 (2023: £55,639,583)

Section 172(1) statement

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

a) the Transaction Documents have been formulated to achieve the Company's purpose and business objectives, safeguard the assets and promote the success of the Company with a long-term view and as disclosed in Note 2 in accordance with relevant securitisation legislation the Company is only permitted to retain minimal profit;
b) the Company has no employees;
c) the Company is a SPV and fosters its relationships with suppliers and others via professional third parties who have been assigned operational roles with their roles strictly governed by the Transaction Documents and fee arrangements agreed in advance. The Company has no customers.
d) as a SPV the Company has no physical presence or operations and accordingly has minimal impact on the community and the environment;
e) the Company maintains a reputation for high standards of business conduct via professional third parties who have been assigned operational roles. Fee arrangements have been agreed in advance and supplier invoices paid strictly in accordance with the Transaction Documents including a priority of payments, if applicable; and
f) the Company has a sole member with the issued shares all held on a discretionary trust basis for charitable purpose.

Financial Instruments

The Company's operations are financed primarily by means of the Notes. The Company issued such financial instruments for the purpose of advancing funds on trust, to the Asset Trustee, which will in turn be applied by the Asset Trustee for the origination of the Loans. It is not the Company policy to trade in financial instruments.

Principal and financial risk management

Whilst the Directors have overall responsibility for the establishment and oversight of the Company's risk management framework, this obligation has been allocated and managed in accordance with the Transaction Documents. Further details of financial risk management are outlined in Note 13 of the financial statements.

For details of the wider macroeconomic uncertainty currently impacting the UK and, potentially therefore the Company, please refer to principal activities, business review and future developments section in the strategic report. The Company is mainly exposed to credit risk, liquidity risk and market risk. The principal nature of such risks is summarised below.

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

In the case of Loans issued under CBILS and RLS, if a borrower were to default, the Guarantor will fund 80% or 70%, respectively of the outstanding guaranteed balance through the British Business Bank. Credit risk is monitored and managed on a regular basis through preparation and review of monthly investor reports which are reviewed in detail by senior management.

Liquidity risk
Liquidity risk reflects the risk that the Company may encounter difficulty in meeting its obligations associated with its financial liabilities, should the actual cash flows from the underlying Loans differ from those expected.

Liquidity risk (continued)
The Notes reduce the Company's liquidity risk by matching the maturity profile of the Company's funding to the profile of the underlying Loans being funded.

The Borrowers were entitled to the Business Interruption Payment (the "BIP"), which was an offer by the UK Government to cover payments of interest and other lender levied fees associated with the granting and maintenance of the CBILS and RLS facilities, being the agreed issuance levels with the UK Government, for a period of 12 months from the date the facility was made available to the Borrower. The BIP was payable quarterly by the UK Government to the Originator and then transferred to the Company to cover payments of interest and other fees associated with the granting and maintenance of the CBILS and RLS facilities.

Liquidity risk is also minimised as the Senior Notes and Subordinated Notes are limited recourse obligations of the Company. The Company is not ultimately exposed to losses if the borrowers are unable to repay the Loan Receivables. The Company's liquidity position is monitored and reviewed by Directors on an ongoing basis.

Interest rate risk
Interest rate risk is a major component of market risk. The net interest margin is dependent on the movements of interest rates and can create mismatches in cash flows (fixed assets or liabilities) or repricing dates (floating assets or liabilities).

The Company is subject to the risk of a mismatch between the rate of interest payable in respect of the Loans and the rate of interest (including margin) payable in respect of the Notes. The Loans pay a fixed rate of interest, while the Company's liabilities under the floating rate Notes are based on the compounded daily Sterling overnight index average ("SONIA") rate for the relevant period.

The Company has not entered into any interest rate swap or other hedging transaction in relation to any of the Loans. As a result there is no hedge in respect of the risk of any variance in the rates charges on any Loans, which in turn may result in insufficient funds being made available to the Company, for the Company to meet its obligations to the Noteholders and other secured creditors. The expected interest on the Loans is greater than the interest expected to be paid out and thus the Company has limited exposure to interest rate risk.

Market risk
Market risk refers to the potential loss arising from changes in interest rates, foreign currency rates, price or rate volatilities and other market rates and prices such as commodity prices. The Company is not exposed to currency risk as all its financial instruments are denominated in GBP (£).

Currency risks
Given the Company trades exclusively in the UK, the Company has no material exposure to foreign exchange rate fluctuations.

Operational risk
The Company has entered into contracts with a number of third parties who have agreed to provide operational support to the Company in accordance with the Transaction Documents. CSC Capital Markets UK Limited has been appointed to provide corporate administration services in accordance with the corporate services agreement. Other third parties who have agreed to provide services with respect to the Notes include the servicer, paying agent, cash manager and Asset Trustee.

Emerging risk
The Directors continue to closely monitor the impact of changes in the Bank of England base rate, the impact of changes in tax and minimum wage on SMEs resulting from the UK's 2025 Spring Statement and the current uncertainty over international trade and tariffs. The Directors consider the Company's approach and procedures in response to these risks to be sufficient to respond appropriately.

Capital Management

The Company is not subject to any external capital requirements except for the minimum requirement under the Companies Act 2006. The Company has not breached the minimum requirement. The capital structure is shown on the balance sheet.

This report was approved by the board on 29 May 2025 and signed on its behalf by.

Sukanthapriya Jeyaseelan
per pro CSC Directors (No. 1) Limited
Director

The Directors present their annual report together with the audited financial statements of the Company for the year ended 31 December 2024.

Directors

The Directors of the Company who served during the year, and up to the date of signing the financial statements, were:

CSC Directors (No. 1) Limited
CSC Directors (No. 2) Limited
John Paul Nowacki (resigned 24 February 2025)
Oskari Tammenmaa (appointed 24 February 2025)

None of the Directors and their immediate relatives have any beneficial interest in the ordinary share capital of the Company. None of the Directors had any interest during the year in any material contract or arrangement with the Company.

Results and dividends

The profit for the year, after taxation, amounted to £3,089,897 (2023 profit: £1,462,558). The Directors do not recommend the payment of a dividend (2023: nil).

Going Concern

The Directors consider it appropriate to prepare the financial statements on a going concern basis. The ability of the Company to meet its obligations on the Notes and to meet its operating and administrative expenses is dependent principally on the performance of the Loans. The Notes are a limited recourse obligation of the Company, secured over the Loans, and the Company's ability to pay amounts due on the Notes are, in substance, limited to the application of the receipts from the Loans under the terms of the priority of payments, as set out in the Transaction Documents.

The assessment of the Company's going concern is described in the going concern note under Accounting Policies.

Financial risk management

Information on financial risk management is included in the principal and financial risk management section of the strategic report.

Company secretary

CSC Corporate Services (UK) Limited was appointed as company secretary on the 19 January 2021 and served to the year end and subsequently.

Third party indemnities

Qualifying third party indemnity provisions for the benefit of the Directors were in force during the year under review and remain in force as at the date of the approval of the annual reports and 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 year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 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.

Statement of Directors' responsibilities in respect of the financial statements *(continued)*

The Directors are 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 also 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.

Directors' confirmations

Each of the persons who are Directors at the time when this directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Future developments

An assessment of the Company's future developments is described in the strategic report under the principal activities, business review and future developments heading.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, were reappointed as the auditors of the Company during the year under review and are to remain in office until the conclusion of the Company's Annual General Meeting. Having expressed their willingness to continue in office and pursuant to section 487 of the Companies Act 2006, a resolution concerning their re-appointment will be considered at the forthcoming Annual General Meeting.

Streamlined Energy and Carbon Reporting

The Company is out of the scope of the Streamlined Energy and Carbon Reporting (SECR), as it does not meet the numerical thresholds in relation to turnover and number of employees.

Corporate Governance Statement

The Directors are responsible for the Company's internal control environment and for reviewing its effectiveness. Procedures have been designed for safeguarding assets against unauthorised use or disposition; for maintaining proper accounting records; and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement, errors, losses or fraud. The procedures enable the Company to comply with any regulatory obligations. For further details, refer to the notes to the financial statements, particularly Note 13, on financial risk management.

Due to the nature of the securities which have been issued on the International Stock Exchange, the Directors are satisfied that there is no requirement to publish a corporate governance statement and that the Company is exempt from the disclosure requirements of the provisions of the UK Corporate Governance Code.

This report was approved by the board on 29 May 2025 and signed on its behalf by.

Sukanthapriya Jeyaseelan
per pro CSC Directors (No. 1) Limited
Director

Independent auditors' report to the members of Vallay Finance Limited

Report on the audit of the financial statements

Opinion

In our opinion, Vallay Finance Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2024; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Our audit approach

Context

The Company is a special purpose vehicle ("SPV") that forms part of a securitisation structure, established for the purpose of funding Covid-19 related lending via the issuance of notes. The activities of the Company are conducted primarily by reference to a series of transaction documents (the "Transaction Documents").

Overview

Audit scope

- The scope of our audit and the nature, timing and extent of our audit procedures performed were determined by our risk assessment and other qualitative factors.
- We tailored the scope of our audit to ensure that we performed sufficient work to enable us to opine on the financial statements.
- We identified all material classes of transactions, account balances and disclosures, including those that were considered qualitatively material, and conducted our work over these accordingly.

Key audit matters

- Impairment provisions for loans and advances

Materiality

- Overall materiality: £ 304,828 (2023: £ 525,705) based on 1% of total assets.
- Performance materiality: £228,621 (2023: £394,279).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, 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, and any comments we make on the results of our procedures thereon, 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.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Impairment provisions for loans and advances The risk of a material misstatement in the impairment provisions for loans and advances is considered to be a significant risk because of the level of judgement and estimation uncertainty required in assessing loan loss provisions. The risk relates to the key assumptions around the point at which a loss event is considered to have occurred and the percentage loss applied. The Company reports under UK GAAP (FRS 102, with IAS 39), provisioning is on an incurred loss basis. Loan impairment provisions are estimated on an individual basis at a point at which objective evidence is observed. The Company adopt an approach primarily based on the number of days overdue, with differing loss rates then being applied depending on the borrower's specific circumstances. In addition to this, an incurred but not recognised provision is recognised to account for loss events which may have occurred in the loans. Refer to: Note 2 (accounting policies); Note 3 (Critical accounting judgements and estimates); and Note 13 (Financial Instruments) for management's disclosure.	In response to this Key audit matter, we: • We updated our understanding of and evaluated the design and implementation of relevant controls; • We updated our understanding and assessed the appropriateness of management's impairment policy in relation to the identification of loss events, including the definition of default and loss rates applied to the loans and advances; • We independently recalculated management's provision; We calculated an independent range for the impairment provision using the historical default rates and considering the performance of the loans and advances post yera end and compared this to management's point estimate; and • We reviewed management's disclosure on impairment in financial statements.

How we tailored the audit scope

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 structure of the company, the accounting processes and controls, and the industry in which it operates.

We undertook a scoping exercise to ensure appropriate audit evidence would be obtained for each material account line item on the financial statements. We used data-driven audit techniques to obtain our audit evidence on key account balances such as interest income and loans and advances. The data inputs and underlying calculations were validated for completeness and accuracy before our data driven testing was performed.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the company's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall company materiality	£ 304,828 (2023: £ 525,705).
How we determined it	1% of total assets
Rationale for benchmark applied	As an SPV is established as a not for profit entity, funded almost entirely by debt, it follows that users may focus their attention on the SPV's total assets as suggested by ISA (UK) 320 paragraph A3. It is therefore considered appropriate that overall materiality can, in the context of an SPV audit, be calculated as 1% of total assets.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £228,621 (2023: £394,279) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £ 15,241 (2023: £26,285) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Inspection of Transaction Documents to verify that notes are limited recourse in all circumstances and that certain expenses can be deferred if there are insufficient funds;
- Inspection of post year-end investor reports for pertinent changes in cash flows, such as deterioration in the performance of the loans or uncleared write offs; and
- Review of the events of default set out in the Transaction Documents and verification that no trigger breaches had occurred.

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 when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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. 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 related to the listing requirements of the International Stock Exchange and the underlying Transaction Documents, 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 financial statements such as the Companies Act 2006. 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 the posting of inappropriate journal entries. Audit procedures performed by the engagement team included:

- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or other higher risk factors;
- Testing of the reconciliation and consistency of the year end investor reports to the financial statements and underlying bank statements of the Company;
- Making inquiries with those charged with governance in relation to known or suspected instances of non-compliance with laws and regulation and fraud; and
- Testing key estimates and consideration of any evidence of management bias.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors’ report.

Use of this report

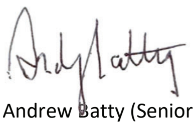
This report, including the opinions, has been prepared for and only for the company’s members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors’ remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.
- We have no exceptions to report arising from this responsibility.



Andrew Batty (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 May 2025

Statement of comprehensive income for the year ended 31 December 2024

	Note	2024	2023
		£	£
Interest receivable and similar income	4	12,688,245	13,315,722
Interest payable and similar expenses	5	(7,208,356)	(9,792,174)
Net interest income		**5,479,889**	**3,523,548**
Impairment charge (net of guarantee receipts)	6	(1,718,847)	(1,093,355)
Administrative expenses	7	(670,895)	(967,400)
Profit before taxation		**3,090,147**	**1,462,793**
Tax on profit	9	**(250)**	(235)
Profit for the financial year		**3,089,897**	**1,462,558**

The accompanying notes on pages 14 to 24 are an integral part of these financial statements.

The profit before taxation relates wholly to continuing operations.

Balance sheet as at 31 December 2024

	Note	31 December 2024 £	31 December 2023 £
Non-current assets			
Loans	10	7,905,275	25,015,185
Current assets			
Loans	10	19,997,280	24,407,627
Debtors: amounts falling due within one year	10	945,486	1,893,447
Cash and cash equivalents (restricted)	11	1,634,766	1,254,290
Total current assets		**22,577,532**	**27,555,364**
Creditors: amounts falling due within one year	12	(23,195,562)	(28,906,585)
Net current liabilities		**(618,030)**	**(1,351,221)**
Total assets less current liabilities		**7,287,245**	**23,663,964**
Creditors: amounts falling due after more than one year	12	(7,299,696)	(26,766,312)
Net liabilities		**(12,451)**	**(3,102,348)**
Capital and reserves			
Called up share capital	14	1	1
Profit and loss account	15	(12,452)	(3,102,349)
Total shareholders' funds		**(12,451)**	**(3,102,348)**

The accompanying notes on pages 14 to 24 are an integral part of these financial statements.

The financial statements on pages 11 to 24 were approved by the Board of Directors on 29 May 2025 and signed on its behalf by

Sukanthapriya Jeyaseelan
per pro CSC Directors (No. 1) Limited
Director

Statement of changes in equity for the year ended 31 December 2024

	Called up share capital	Profit and loss account	Total shareholders' equity
	£	£	£
Balance at 1 January 2023	**1**	**(4,564,907)**	**(4,564,906)**
Profit and total comprehensive income for the year	-	1,462,558	1,462,558
Balance at 31 December 2023	**1**	**(3,102,349)**	**(3,102,348)**
Profit and total comprehensive income for the year	-	3,089,897	3,089,897
Balance at 31 December 2024	**1**	**(12,452)**	**(12,451)**

The accompanying notes on pages 14 to 24 are an integral part of these financial statements.

1. General information

Vallay Finance Limited ("the Company") was incorporated on 19 January 2021, in the United Kingdom, as a private limited company (limited by shares and domiciled in England). The Company was set up as an SPV for the purpose of acquiring and managing financial assets, including, principally, purchasing loans and related security. The Loans comprise of term loan facilities offered to businesses under CBILS and RLS. Under the Scheme, the Guarantor guarantees due and punctual payment of 80% for CBILS and 70% for RLS, of the Principal Balance of the Loans in accordance with the terms of the Guarantee Agreements. The Company's registered office address is 10th Floor, 5 Churchill Place, London, E14 5HU, England, United Kingdom.

The Company issued Senior Notes to the Senior Note Purchasers pursuant to the Senior Note Purchase Facility Agreement and Subordinated Notes to the Subordinated Note Purchasers pursuant to the Subordinated Note Purchase Facility Agreement. The funds were then used to make cash contributions by way of settlement on trust to iwoca Skye Finance Limited who acts as the lender of record for the Loans and also as the Asset Trustee, thereby holding the Loans on trust for the benefit of the Company.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements are prepared, under the historical cost convention and in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) and Companies Act 2006.

The accounting policies which have been applied consistently throughout the year in dealing with items which are material in relation to the Company's financial statements are set out below. The Directors have adjusted the format of the statement of comprehensive income as allowed under Companies Act 2006. In the opinion of the Directors, net interest income is a more appropriate measurement of the Company's performance than turnover and cost of sales.

In accordance with Section 11 of Financial Reporting Standard FRS 102, the provisions of IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39") have been adopted in full with respect to the recognition and measurement of financial instruments.

The functional currency of the Company is considered to be pound sterling because that is the currency of the primary economic environment in which the Company operates.

2.2 Going concern

The Directors have considered the appropriateness of the preparation of these financial statements on a going concern basis. Based on the analysis carried out, the Directors have concluded it appropriate to prepare the financial statements on a going concern basis.

In order to reach this conclusion, the Directors have prepared a cash flow forecast for a period of more than 12 months from the date of the approval of these financial statements. The ability of the Company to meet its obligations on the Notes and to meet its operating and administrative expenses is dependent principally on the performance of the Loans. The Notes are a limited recourse obligation of the Company, secured over the Loans, and the Company's ability to pay amounts due on the Notes is, in substance, limited to the application of the receipts from the Loans under the terms of the priority of payments, as set out in the Transaction Documents. The Company has net current liabilities of £618,030 at 31 December 2024 (2023: £1,351,221), this is due to differences in the timing of asset and liability EIR adjustments and therefore arises as a result of non-cash movements.

The Directors continue to monitor the impact to the Company of changes in the Bank of England base rate and its impact on cost of living.

2.3 Cash flow statement

The Company has taken advantage of the exemption from the requirement to prepare a statement of cashflows, on the basis that it is a qualifying entity and its ultimate parent company, iwoca Limited, includes the Company's cash flows in its consolidated financial statements, as permitted by paragraph 1.12(b) FRS 102.

2.4 Financial instruments

In accordance with Section 11 of Financial Reporting Standard FRS 102, the provisions of IAS 39 Financial Instruments: Recognition and Measurement ("IAS39") have been adopted in full with respect to the recognition and measurement of financial instruments.

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

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

2.5 Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price.

2.6 Loans due to/from group undertakings

Loans due to/from group undertakings represent amounts due to/from iwoca Limited and the Originator. A provision for impairment of loans to related parties is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the loan.

2.7 Loans

The Loans are non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market. They are classified as loans and receivables. The Loans are measured on initial recognition at the transaction price and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the assets are impaired. Subsequent increases in recoverable amounts shall not result in a carrying amount of the Loans that exceeds the amortised cost had no impairment been recognised.

2.8 Impairment

At the end of each reporting period an assessment is made as to whether there is objective evidence of impairment of any financial assets measured at cost or amortised cost. If there is objective evidence of impairment, an impairment loss is recognised immediately in profit or loss. Losses are the result of past events, not losses expected as a result of possible future events. In the absence of any objective evidence or observable data indicating that a loss has occurred, there is no basis for recognising an impairment, or bad debt provision.

The Company regularly reviews the Loans to determine the need for loan impairment provisions. The Company uses objective factors such as the time since the customer's last payment or other indicators to determine whether a loan or group of loans is impaired. The Company then applies a loss percentage, calculated based on historical loss data and specific loan circumstances, to apply to impaired Loans. As the Loans benefit from a guarantee, impairment losses are recognised net of such guarantee.

The Company writes off Loan Receivables in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery.

2.9 Notes

The financial instruments issued by the Company comprises of Notes and are initially recognised at fair value, which is the transaction price less any issuance costs on the date of the issuance and are subsequently measured at amortised cost using the effective interest rate method.

2.10 Cash and cash equivalents (restricted)

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

All withdrawals from the Company's bank accounts are governed by the detailed priority of payments set out in the underlying transaction documentation and as such are considered restricted.

2.11 Interest receivable and similar income and interest payable and similar expenses

Interest income and interest expense for all interest-bearing financial instruments are measured at amortised cost and recognised in the statement of comprehensive income using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the expected life of the asset or liability, or when appropriate, a shorter period. The effective interest rate is the rate that exactly discounts estimated future cash flows to the instrument's initial carrying amount.

2.12 Taxation

The Directors are satisfied that the Company meets the definition of a 'securitisation company' under the 'Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296)' and The Finance Act 2005 and that no incremental unfunded tax liabilities will arise. As a result, no deferred tax amounts are recognised. Under the powers conferred by the Act, secondary legislation was enacted in 2006 which ensures that 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 £1,000 per annum as specified in the documentation governing the transaction. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

3. Critical accounting estimates and judgments

The preparation of the financial statements requires management to make judgments and estimates that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The judgements and estimates are based on historical and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Critical judgements in applying the Company's policies

Loans recognition
The sale of Loans to the Company was judged to meet the derecognition criteria set out under IAS 39 by virtue of the transfer, by the Seller, of substantially all of the significant risks and rewards associated with ownership of the Loans i.e. the CBILS and RLS Loans. This is owing to the Loans being funded through contributions made to the Asset Trust from the Senior and Subordinated Notes. The Originator does not hold any of the Senior or Subordinated Notes and has no continuing involvement in or exposure to the Loans.

Key accounting estimations and assumptions

The Company makes estimates and assumptions concerning the future. Due to the inherent uncertainty in making estimates and assumptions, actual results reported in future periods may be based upon amounts which differ from those estimates. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities are:

Impairment of Loans
The Company regularly reviews the Loans and makes judgements as to the need for loan impairment provisions. The Company uses objective factors such as the time since the customer's last payment or other indicators to determine whether a Loan is impaired. The Company then estimates the loss percentage to apply to impaired Loans based on historical loss data, as well as specific loan circumstances. Provisions for impairment of Loans are recognised in the statement of comprehensive income. Where there is an impairment, the impairment is recognised net of the guarantee provided by the UK government, details of which are set out in the Principal activities, business review and future developments section of the strategic report.

3. Critical accounting estimates and judgments *(continued)*

Effective interest rate

The calculation of an effective interest rate is based on estimated cashflows associated with the relevant asset or liability. The calculation of future cashflows treats the Notes as a single financial instrument as the products are considered to be dependent on each other. The effective interest rate derived is therefore an estimate that would impact any income or expense determined using an amortised cost methodology. The Company's assets and liabilities are matched. Were the expected cashflows and related asset to change, a corresponding offsetting change would occur in the liability, resulting in a negligible impact on equity for the Company.

4. Interest receivable and similar income

	2024	2023
	£	£
Interest receivable and similar income	12,688,245	13,315,722
	12,688,245	**13,315,722**

5. Interest payable and similar expenses

	2024	2023
	£	£
Interest payable and similar expenses	7,208,356	9,792,174
	7,208,356	**9,792,174**

6. Impairment Charge

	2024	2023
	£	£
Impairment charge	1,718,847	1,093,355
	1,718,847	**1,093,355**

7. Administrative expenses

	2024	2023
	£	£
General administrative expenses	633,895	932,400
Auditors' remuneration, exclusive of VAT – - The audit of the Company's financial statements	37,000	35,000
	670,895	**967,400**

There were no non-audit services provided by the auditors (2023: £nil).

8. Directors and employees

The Company has no employees (2023: nil) and services required are contracted from third parties. The Directors received no remuneration (2023: nil) from the Company in respect of qualifying services rendered during the year.

During the year, fees of £68,242 (2023: £74,973) were paid and accrued to CSC Capital Markets UK Limited in respect of corporate services provided to the Company; this included the provision of the Directors to the Company.

9. Tax on Profit

a. Analysis of the company charge in the year

	2024	2023
	£	£
UK corporation tax charge on the profit for the year at current tax charge of 25% (2023: 23.5%)	250	235
	250	**235**

b. Factors affecting the Company tax charge for the year

The tax assessed for the year is the same as (2023: less than) the standard rate of corporation tax in the UK of 25% (2023: 23.5%).

	2024	2023
	£	£
Profit before tax	3,090,147	1,462,793
Current tax charge at 25% (2023: 23.5%)	772,537	343,756
Effects of:		
Accounting gain not taxed in accordance with SI 2006/3296	(772,537)	(343,756)
Retained profit taxed in accordance with SI 2006/3296	250	235
Total tax charge for the year	**250**	**235**

For UK corporation tax purposes, the Company has been considered as a Securitisation Company under the 'Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296)'. Therefore, the Company is not required to pay corporation tax on its accounting profit or loss. Instead, the Company is required to pay tax on its retained profits as specified in the documentation governing the transaction. In accordance with the Transaction Documents the Company is expected to retain £1,000 per annum.

10. Debtors

	31 December 2024	31 December 2023
	£	£
Amounts falling due within one year		
Loans	19,997,280	24,407,627
Amounts owed by group undertakings	19,616	1,213,896
Other debtors	925,870	679,551
	20,942,766	**26,301,074**
Amounts falling due after one year		
Loans	7,905,275	25,015,185
	7,905,275	**25,015,185**

The amounts owed by group undertakings bear no interest.

10. Debtors (continued)

	31 December 2024 £	31 December 2023 £
Loans		
Contributions to Asset Trust	88,595	964,192
Loans balance	46,185,182	68,882,067
Impairment provision	(14,512,313)	(9,528,338)
EIR adjustment	(3,858,909)	(10,895,109)
	27,902,555	**49,422,812**

The Company was incorporated on 19 January 2021 as a special purpose vehicle for the purpose of advancing funds to an Asset Trust which in turn will be applied by the Asset Trustee for the ongoing origination of loans with UK SMEs pursuant to the CBILS.

The Company had advanced £88,595 (2023: £964,192) of funds to the Asset Trust for onward lending post year end.

11. Cash and cash equivalents (restricted)

	31 December 2024 £	31 December 2023 £
Cash and cash equivalents (restricted)	1,634,766	1,254,290
	1,634,766	**1,254,290**

The restricted cash is cash which has restrictions on use. This includes amounts held as collateral, amounts held on trust and amounts which are not permitted to be used for general corporate purposes.

12. Creditors

	31 December 2024 £	31 December 2023 £
Amounts falling due within one year		
Trade creditors	46,778	33,079
Amounts owed to group undertakings	31,793	-
Corporation tax	250	235
Senior notes	21,946,511	23,977,798
Subordinated notes	1,170,230	4,895,473
	23,195,562	**28,906,585**
Amounts falling due after more than one year		
Senior notes	4,258,470	24,475,156
Subordinated notes	3,041,226	2,291,156
	7,299,696	**26,766,312**

The Company entered into a Senior Note Purchase Agreement with Barclays Bank PLC with a maximum commitment amount equal to £178,500,000 with an interest rate of 1.9% + compounded daily SONIA and with a maturity date of 23 June 2028.

The Company issued Subordinated Notes with a maximum commitment amount equal to £32,065,000 with an interest rate of 5% and with a maturity date of 23 June 2028. The holder of the Subordinated Notes is also ultimately entitled to any residual cash flows in the Company, by way of a Subscription Fee, which forms part of interest payable and similar expenses.

13. Financial instruments

The narrative disclosure required by FRS 102 in relation to the nature of the financial instruments used during the year to manage credit risk, market risk and liquidity exposure and its capital risk management policies are shown in the strategic report.

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

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken. Following the initial set-up, the Directors monitor the Company's performance by reviewing the monthly reports produced. Such review is designed to ensure that the terms of the documentation have been met, that no unforeseen risks have arisen and that the noteholders have been paid on a timely basis.

The table below shows the classification of the financial instruments of the Company at the year end.

31 December 2024	**Amortised Cost**	**Total**
	£	**£**
Financial assets		
Loans	27,902,555	27,902,555
Debtors: amounts falling due within one year	945,486	945,486
Cash and cash equivalents (restricted)	1,634,766	1,634,766
	30,482,807	**30,482,807**

31 December 2024	**Amortised Cost**	**Total**
	£	**£**
Financial liabilities		
Senior notes	26,204,981	26,204,981
Subordinated notes	4,211,456	4,211,456
Amounts owed to group undertakings	31,793	31,793
Other creditors	46,778	46,778
	30,495,008	**30,495,008**

31 December 2023	**Amortised Cost**	**Total**
	£	**£**
Financial assets		
Loans	49,422,812	49,422,812
Debtors: amounts falling due within one year	1,893,447	1,893,447
Cash and cash equivalents (restricted)	1,254,290	1,254,290
	52,570,549	**52,570,549**

Restated

	Amortised Cost	**Total**
	£	**£**
Financial liabilities		
Senior notes	48,452,954	48,452,954
Subordinated notes	7,186,629	7,186,629
Other creditors	33,079	33,079
	55,672,662	**55,672,662**

Financial assets measured at amortised cost comprise the Loans and all other current assets. Financial liabilities measured at amortised cost comprise Notes and all other contractual liabilities. The Company does not currently hold financial assets or liabilities at fair value through profit and loss. Short-term creditors/debtors with no stated interest rate are measured at the original invoice amount where effects of discounting are immaterial.

13. Financial instruments *(continued)*

Credit risk

The ability of the Company to meet its obligations to the noteholders and its operating and administrative expenses is dependent on the extent that it has such amounts available to it. Heightened credit risk could occur during the events that continue to develop around the world with the associated major economic downturn and during a failure to manage the risks involved when advancing loans to SMEs. The Company seeks to manage this risk by employing a range of credit assessment checks on all applicants together with ongoing reviews and the assessment of credit performance of the Loans. In the event that a Borrower subsequently defaults, the Guarantor will fund 70%/80% (dependent upon the type of Loan) of the outstanding guaranteed balance.

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

	Carrying Value 31 December 2024	Maximum Exposure 31 December 2024	Carrying Value 31 December 2023	Restated Maximum Exposure 31 December 2023
	£	£	£	£
Assets:				
Loans	27,902,555	10,749,255	49,422,812	16,045,254
Debtors: amounts falling due within one year	945,486	945,486	1,893,447	1,893,447
Cash and cash equivalents (restricted)	1,634,766	1,634,766	1,254,290	1,254,290
	30,482,807	**13,329,507**	**52,570,549**	**19,192,991**

Maximum exposure for Loans is the amount that will not be funded by the Guarantor i.e. 20%/30% (dependent upon the type of Loan) of the gross Loans balance outstanding at year-end.

The table below sets out the gross carrying value and the individual impairments for the underlying Loans.

	Carrying value before impairment and EIR adjustments	Impairment	Carrying value after impairment but before EIR adjustments
	£	£	£
Loans as at 31 December 2024			
Individually impaired	15,935,617	(14,512,313)	1,423,304
Past due but not impaired	961,611	-	961,611
Neither past due nor impaired	29,376,549	-	29,376,549
	46,273,777	**(14,512,313)**	**31,761,464**

	Carrying value before impairment and EIR adjustments	Impairment	Carrying value after impairment but before EIR adjustments
	£	£	£
Loans as at 31 December 2023			
Individually impaired	10,448,341	(9,528,338)	920,003
Past due but not impaired	1,866,606	-	1,866,606
Neither past due nor impaired	57,531,312	-	57,531,312
	69,846,259	**(9,528,338)**	**60,317,921**

Impairment of underlying Loans is recognised in the impairment charge in the statement of comprehensive income.

The credit quality of the financial assets that are neither past due nor impaired can be assessed by reference to an external credit rating (if available).

13. Financial instruments *(continued)*

Loans that are neither past due nor impaired

The table below sets out the Company's underlying Loans that are neither past due nor impaired based on Equifax scores.

	31 December 2024	31 December 2023
	£	£
Low	-	262,167
Medium	29,255,663	57,159,697
High	120,886	109,448
	29,376,549	**57,531,312**

Liquidity risk

Liquidity risk is defined as the risk of being unable to fulfil current or future payment obligations in full on the due date. The objective of the Company's liquidity management is to ensure the sufficient funds are available to meet the Company's commitments. Liquidity risk is minimised by the fact that the UK Government has guaranteed interest payments for 12 months and provides a steady cash flow for the Company to discharge all expenses. In the event that a borrower subsequently defaults, the Guarantor will fund 70/80% of the outstanding guaranteed balance. Liquidity risk is also minimised as the Senior Notes and Subordinated Notes are limited recourse obligations of the Company, the Company is not ultimately exposed to losses if the borrowers are unable to repay the Loans. The Company's liquidity position is monitored and reviewed by the Directors on an ongoing basis.

In the event that a Borrower subsequently defaults, the Guarantor will fund 70/80% of the outstanding guaranteed balance. The Company's liquidity position is monitored and reviewed by Directors on an ongoing basis. The Certificates do not form part of the liquidity table below as the valuation of the Certificates are not based on contractual maturity and are solely based upon cash receipts into the Company.

The table below reflects the undiscounted contractual cash flows (including interest) of financial liabilities at the balance sheet date:

	Gross cash flows	1 month to 3 months	4 months to 2 years	Over 2 years
	£	£	£	£
As at 31 December 2024				
Senior Note	26,531,830	4,875,933	21,655,897	-
Subordinated Notes	6,889,365	347,543	3,183,480	3,358,342
Accrued Expenses	46,778	46,778	-	-
	33,467,973	**5,270,254**	**24,839,377**	**3,358,342**

	Gross cash flows	1 month to 3 months	4 months to 2 years	Over 2 years
	£	£	£	£
As at 31 December 2023				
Senior Note	48,452,954	-	23,977,798	24,475,156
Subordinated Notes	7,186,629	-	4,895,473	2,291,156
Interest Expense	24,234,182	426,051	13,907,519	9,900,612
Accrued Expenses	33,079	33,079	-	-
	79,906,844	459,130	42,780,790	36,666,924

13. Financial instruments *(continued)*

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

	Fixed interest rate	**Floating interest rate**	**Non-interest bearing**	**Total**
	£	**£**	**£**	**£**
As at 31 December 2024				
Loans and receivables	27,902,555	-	-	27,902,555
Debtors: amounts falling due within one year	-	-	945,486	945,486
Cash at bank in hand	-	1,634,766	-	1,634,766
Total assets	**27,902,555**	**1,634,766**	**945,486**	**30,482,807**
Senior Notes	-	(26,204,981)	-	(26,204,981)
Subordinated Notes	-	(4,211,456)	-	(4,211,456)
Accrued Expenses	-	-	(46,778)	(46,778)
Total liabilities	**-**	**(30,416,437)**	**(46,778)**	**(30,463,215)**
Interest rate sensitivity gap	27,902,555	(28,781,671)	898,708	19,592

	Fixed interest rate	**Floating interest rate**	**Non-interest bearing**	**Total**
	£	**£**	**£**	**£**
As at 31 December 2023				
Loans and receivables	49,422,812	-	-	49,422,812
Debtors: amounts falling due within one year	-	-	1,893,447	1,893,447
Cash at bank in hand	-	1,254,290	-	1,254,290
Total assets	**49,422,812**	**1,254,290**	**1,893,447**	**52,570,549**
Senior Notes	-	(48,452,954)	-	(48,452,954)
Subordinated Notes	-	(7,186,629)	-	(7,186,629)
Accrued Expenses	-	-	(33,079)	(33,079)
Total liabilities	**-**	**(55,639,583)**	**(33,079)**	**(55,672,662)**
Interest rate sensitivity gap	49,422,812	(54,385,293)	1,860,368	(3,102,113)

14. Called up share capital

	31 December 2024	**31 December 2023**
	£	**£**
Allotted, called up and issued		
1 ordinary shares of £1 each (2023: 1)	1	1
	1	**1**

15. Profit and loss account

	2024	**2023**
	£	**£**
Opening balance	(3,102,349)	(4,564,907)
Profit for the financial year	3,089,897	1,462,558
Closing balance	**(12,452)**	**(3,102,349)**

16. Parent and ultimate controlling party

The entire share capital of the Company is held on a discretionary trust basis under a share trust deed by the legal parent company CSC Corporate Services (UK) Limited, a company incorporated in the United Kingdom and registered in England and Wales.

The smallest and the largest group in which the Company is consolidated is iwoca Limited, a company registered in England and Wales. Although iwoca Limited has no direct ownership interest in the Company, it is considered to exert control over the Company and therefore is considered by the Directors to be the Company's ultimate parent company and controlling party. Copies of the Group financial statements are available from 10 Queen Street Place, London, United Kingdom, EC4R 1AG.

17. Related Parties

CSC Capital Markets UK Limited entered into an agreement with the Company to provide certain corporate administrative services, bookkeeping and accounting services to the Company. During the financial year the Company incurred fees of £68,242 (2023: £74,973) from CSC Capital Markets UK Limited. There were no fees paid to Directors by the administrator as a directors' fee.

The Company's related party transactions between the Company and iwoca Limited, details of which are listed below:

Name	**Statement of comprehensive income 2024**	**Amounts outstanding 2024**	**Statement of comprehensive income 2023**	**Amounts outstanding 2023**
	£	**£**	**£**	**£**
iwoca Limited	(514,691)	(708,598)	(819,215)	(106,834)
Iwoca Skye Finance Limited	36,351	19,616	25,544	962,676

18. Post balance sheet events

There have been no significant subsequent events since the balance sheet date which require disclosure in these financial statements.