Bank of England

Bank of England Asset Purchase Facility Fund Limited Annual Report and Accounts

1 March 2021–28 February 2022

HC 332

Bank of England Asset Purchase Facility Fund Limited
8 Lothbury
London EC2R 8AH

Incorporated in England and Wales with limited liability under the UK Companies Act
Company Number: 06806063

Bank of England
Asset Purchase Facility Fund Limited
Annual Report and Accounts

1 March 2021 to 28 February 2022

Presented to Parliament pursuant to section 7C(7) of the Bank of England Act 1998 by the Chief Secretary to the Treasury.

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Any enquiries related to this publication should be sent to us at enquiries@bankofengland.co.uk.

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Contents

Directors' Report for the year ended 28 February 2022

The Directors present their report and the audited financial statements of Bank of England Asset Purchase Facility Fund Limited ('the Company') for the year ended 28 February 2022.

Business review and principal activity

The Company was established as a wholly-owned subsidiary of the Bank of England ('the Bank') on 30 January 2009 in order to fulfil the remit of the Chancellor of the Exchequer given to the Bank on 19 January 2009[1] and detailed in an exchange of letters with the Governor of the Bank on 29 January 2009. This remit was subsequently expanded to enable the Company's operations to be used as a monetary policy instrument, at the request of the Monetary Policy Committee (MPC) of the Bank, as detailed in the exchange of letters on 17 February 2009 and 3 March 2009. The exchange of letters can be found on the Bank and Her Majesty's Treasury (HM Treasury) websites.[2] The Company continues to act under this remit.

The Company is fully indemnified by HM Treasury (the 'Indemnity'): that is, any financial losses as a result of the asset purchases are borne by HM Treasury, and any gains are owed to HM Treasury. When the Company was first established, it was envisaged that payments due under the Indemnity would be settled when the asset purchase scheme ended. But as the scale and likely duration of the scheme increased, on 9 November 2012[3] it was agreed that the Company would transfer the expected cash balance at 31 March 2013 as partial settlement of the Indemnity to HM Treasury over a nine-month period, commencing January 2013. A process was also established for quarterly cash transfers for cash accumulated from 1 April 2013 onwards. The total amount transferred under these arrangements was £119.7 billion as at 28 February 2022, of which £7.2 billion was transferred during the year. The quarterly cash transfer arrangement applies to both transfers from the Company to HM Treasury, and from HM Treasury to the Company should cash shortfalls in the Company arise at some point in the future.[4]

1. The Chancellor's statement is available at **webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/press_05_09.htm**.
2. The exchange of letters is available at **www.bankofengland.co.uk/letter/2009/ apf-letter-march-2009** and **webarchive.nationalarchives.gov.uk/20100408190827/http://www.hm-treasury.gov.uk/d/chxletter_boe050309.pdf**.
3. **www.gov.uk/government/publications/asset-purchase-facility-cash-management-operations**.
4. See Busetto, F, Chavaz, M, Froemel, M, Joyce, M, Kaminska, I and Worlidge, J (2022), '**QE at the Bank of England: a perspective on its functioning and effectiveness**', 'Bank of England Quarterly Bulletin', 2022 Q1.

This arrangement has allowed the Government to manage its cash more efficiently in line with standard cash management processes, and is also in line with the practices of the US Federal Reserve and the Bank of Japan.

On 21 June 2018, the Bank and HM Treasury agreed a new capital and income framework for the Bank, summarised in a Memorandum of Understanding on the Financial Relationship between HM Treasury and the Bank.[5]

As part of that framework the Term Funding Scheme (TFS) assets held by the Company were transferred to the Bank in January 2019. It was agreed that the Company would continue to receive those scheme fees above Bank Rate payable on balances outstanding at the date of transfer.[6] The TFS scheme fully matured in February 2022.

A review of the current financial year is provided in the Strategic Report on page 11.

In terms of forward outlook, at its meeting ending on 2 February 2022, the MPC voted to begin to reduce the stocks of UK government bonds and sterling non-financial investment grade corporate bonds held in the APF. On 5 May 2022 the Bank published its approach to planned sales of CBPS assets, with further detail to be published in August 2022. The chancellor of the Exchequer and the Governor of the Bank of England jointly agreed to reduce the maximum authorised size of the APF. This was confirmed via an exchange of letters on 5 May 2022.[7]

There are no adjusting events after the reporting period affecting the Company which have occurred since the end of the financial year.

The Company has no branches outside the United Kingdom.

5. **www.bankofengland.co.uk/-/media/boe/files/memoranda-of-understanding/financial-relationship-between-hmt-and-the-boe-memorandum-of-understanding.pdf**.
6. These scheme fees are payable by a small proportion of institutions on their negative net lending over the relevant period.
7. The exchange of letters is available at **www.bankofengland.co.uk/letter/2022/may/apf-letters-may-2022**.

Directors

The Executive Director for Markets, the Chief Cashier and Executive Director of Banking, the Chief Financial Officer, and the Bank's Chief Economist and Executive Director for Monetary Analysis and Research were Directors of the Company during the year:

Andrew Hauser
Sarah John (Appointed 20 September 2021)
Afua Kyei
Huw Pill (Appointed 20 September 2021)

Andy Haldane (Resigned 30 June 2021)
Victoria Cleland (Resigned 23 September 2021)

The Directors have the benefit of an Indemnity against personal civil liability granted to the Company by HM Treasury in 2009, provided that the Company is not in wilful default or reckless disregard of its obligations.

None of the Directors had a beneficial interest at any time during the financial year in the shares of the Company. As determined by the Directors, the annual report and accounts have been reviewed by the Audit and Risk Committee of the Bank.

Statement of Corporate Governance Arrangements

The Company applies corporate governance arrangements judged by the Board to be appropriate to its policy objectives and also, as applicable, those of the Bank to its operations. In drawing up and operating these arrangements the Board has drawn on inputs from a range of specific codes of practice on corporate governance, but has decided not to apply any single code in its entirety, given the many provisions of such codes that are not applicable to the Company, in light of its unique purpose and its subsidiary status. Further information on the Bank's corporate governance arrangements including those relating to its people, risk management and internal control systems, corporate sustainability and responsibility initiatives can be found in the Bank's Annual Report and Accounts for 2021/22.

The Company has authorised the Bank to carry out the day-to-day activities and transactions relating to the asset purchase facility (the 'APF') on its behalf within set investment guidelines and controls. The Board meets at least quarterly to receive and discuss financial, legal, operational and risk updates on the Company and its operations and to make decisions on those matters that it has reserved to itself. Members of the Board attend relevant parts of the Bank's Audit and Risk Committee and a financial and risk management framework has been agreed by the Company with HM Treasury which sets out the high-level risks and standards for the Company's investment strategy. An internal control framework, which is reviewed annually by the Board, is also in place and addresses matters such as day-to-day governance of the APF and decision-making, the supporting processes and resources provided by the Bank, the implementation of APF operations and risk management and controls.

Risk management

The Company's operations are fully indemnified by HM Treasury and in return any surplus from these operations after the deduction of fees, operating costs and any tax payable are due to HM Treasury. As such, the Company is not exposed to financial risk, but manages the relevant risks on the underlying portfolio on HM Treasury's behalf.

The Company operates within a control framework agreed with HM Treasury. Subject to the policy objectives, the aim is to minimise overall risk through the appropriate choice of portfolio and risk management practices. A set of high-level financial risk parameters is in place for the Company's operations, relating to eligible asset classes, investment limits, credit risk, and counterparties; more detail is included in note 12 to the accounts.

Board meetings were held quarterly.

Engagement with Suppliers, Customers and Others

All of the infrastructure and support required to carry out APF operations is either provided by the Bank, or procured by the Bank from third parties. Consequently it is the Bank rather than the Company that enters into arrangements with, and is responsible for, the day-to-day management of any relevant supplier relationships. The Bank depends on its suppliers to help fulfil its mission and is committed to developing its supplier relationships and building trust. It is a signatory to the Prompt Payment Code and has published a Supplier Code of Practice on its website, to which all of its suppliers are expected to adhere.

Given its role in assisting the Bank to implement the monetary policy decisions of the MPC, the Board considers the UK public to be a key stakeholder for the Company. The Bank uses a variety of communication tools including public speeches by senior officials, social media and its website to provide tailored information to the public on the Bank's monetary policy decisions including the operations of the APF.

The Bank acts as the agent of the Company for both the gilt and corporate bond purchases made pursuant to its APF operations. Counterparties to these transactions must be participants in the Bank's Sterling Monetary Framework who are market makers in investment-grade Sterling denominated bonds and/or gilt-edged market makers. Alongside the routine day-to-day engagement with representatives of such entities by members of the Bank's Markets Directorate, detailed information on how to participate in the Company's APF schemes is provided through Market Notices and other communications made available on the Bank's website.

The Company's ultimate parent undertaking is HM Treasury. Officials from both the Bank and HM Treasury meet regularly to monitor the operation of the APF schemes operated by the Bank on behalf of the Company, to consider any risks to the public sector balance sheet, and to discuss the potential impacts of those schemes on specific sectors and markets.

Political contributions

The Company made no political donations and incurred no political expenditure during the year.

Dividend policy

As a result of the Indemnity, all profits and losses are passed onto HM Treasury. As a result there is no specific dividend policy required.

Disclosure of information to the Auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Statement of Directors' responsibilities in respect of the Directors' Report, Strategic Report and the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the UK 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 at that reporting date and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- ensure internal controls are in place as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- state whether they have been prepared in accordance with IFRS; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

The Directors confirm that the Annual Report and Accounts as a whole, is fair, balanced and understandable and provides the necessary information to users to assess the Company's position, performance, purpose and strategy. The Company's financial statements for the period to 28 February 2022 are presented on pages 21–38.

Assessment of going concern

In making their going concern assessment, the Directors have considered information relating to present and potential conditions, including cash flows and the ability of the Company to meet its liabilities as they fall due. Additionally the Company is fully indemnified by HM Treasury.

Energy and Carbon reporting

The Company is a wholly owned subsidiary of the Bank and uses the Bank's premises, processes, staff and systems to perform its activities. It is therefore not practical for it to obtain and disclose the energy and carbon reporting information required by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (the Regulations). The Bank has however disclosed information required by the Regulations in its climate-related financial disclosure report 2022, and those disclosures include the activities of its subsidiaries including the Company.

By order of the Board

A Hauser	**S John**	**A Kyei**	**H Pill**
Director	Director	Director	Director
20 June 2022	20 June 2022	20 June 2022	20 June 2022

Strategic Report for the year ended 28 February 2022

Review of 2021/22

During the year the Company continued to purchase assets as directed by the MPC. This included completing the gilt purchases announced by the MPC on 5 November 2021, and the reinvestment of the cash flows associated with reductions in its stock of sterling non-financial investment-grade corporate bonds – held as part of the Corporate Bond Purchase Scheme (CBPS) portfolio – back into eligible corporate bonds, announced by the MPC on 23 September 2021. The CBPS reinvestment purchases which ran from November 2021 to January 2022 were the first CBPS purchases to implement the Bank's approach to 'greening' the CBPS.[8] In summary, greening involved the introduction of new climate-related eligibility criteria and tilting of new purchases towards firms that were stronger climate performers.

During the year, there were two gilt redemptions, the cash flows associated with which were reinvested in gilts. As at 28 February 2022, the total amount of gilts held by the Company, valued at initial purchase price and net of redemptions was £874.9 billion (2021: £753.4 billion).

As at 28 February 2022, the stock of corporate bonds held by the CBPS, valued at initial purchase price and net of sales and redemptions was £19.8 billion (2021: £19.9 billion).

Since the inception of the Company until 28 February 2022, total purchases of gilts and eligible corporate bonds, net of redemptions and sales, valued at initial purchase price, was £894.8 billion.

Following the implementation of the capital and income framework for the Bank in 2018, administrative expenses incurred by the Bank in connection with the operation of the Company of up to £5 million per annum are recovered by the Bank from income derived through the Cash Ratio Deposit (CRD) scheme, rather than charged to the Company.

In terms of forward outlook, at its meeting ending on 2 February 2022, the MPC voted unanimously to begin to reduce the stock of UK government bond purchases, financed by the issuance of central bank reserves, by ceasing to reinvest maturing assets. Separately, the Committee also voted unanimously to begin to reduce the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, by ceasing to reinvest maturing assets and by a programme of corporate bond

8. www.bankofengland.co.uk/markets/greening-the-corporate-bond-purchase-scheme.

sales, to be completed no earlier than towards the end of 2023, that should unwind fully the stock of corporate bond purchases.[9] On 5 May 2022 the Bank published its operational approach to planned sales of CBPS assets, with further detail to be published in August 2022. At its meeting on 4 May 2022, the MPC reaffirmed that, given Bank Rate was being increased to 1% and consistent with the MPC's previous guidance, the Committee would consider beginning the process of selling UK government bonds held in the Company. The Committee reaffirmed that the decision to commence sales would depend on economic circumstances including market conditions at the time, and that sales would be expected to be conducted in a gradual and predictable manner so as not to disrupt the functioning of financial markets.

Financial results

The Company's financial statements for the year ended 28 February 2022 are provided on pages 21–38. Debt securities showed a mark-to-market loss, attributable to a decrease in the market value of the Company's gilt and corporate bond holdings. This loss reflects the Company's substantial exposure to sterling interest rates and the significant rise in gilt yields that occurred in late 2021 and early 2022. This also resulted in a change in the amount due to/(from) HM Treasury under the Indemnity (Note 8). Because of the Indemnity, the Company will never show an overall profit or loss.

The balance sheet of the Company totalled £895.3 billion as at 28 February 2022 (2021: £788.7 billion). The Company's principal liability was the loan from the Bank of £894.9 billion (2021: £773.4 billion). The fair value of the Company's holdings of securities was £866.2 billion (2021: £785.4 billion), of which £848.6 billion represented gilts and £17.6 billion represented corporate bonds (2021: £766.1 billion represented gilts, £19.3 billion represented corporate bonds). The Company's cash holdings at the balance sheet date were £6.3 billion (2021: £3.3 billion), primarily representing coupon income received, net of transfers to HM Treasury. The remaining assets comprise the net amount receivable from HM Treasury under the Indemnity of £22.8 billion (2021: £(15.3) billion). This amount is a balancing item representing the theoretical amount due to or from HM Treasury under the Indemnity if all assets were sold at current prices, and therefore fluctuates with market prices. Due to the impact of these unrealised mark-to-market effects, this amount does not represent an outstanding or near-term cash transfer requirement which would require settlement between the Company and HM Treasury.[10]

9. For further details please see **www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2022/february-2022**.
10. For further details of the Indemnity and cash flows between the Company and HM Treasury please see Dolan, S, Horn, T, Kant, S and Phillips, R (2022), 'Box D: Cash flow arrangements between the APF and HM Treasury' in '**QE at the Bank of England: a perspective on its functioning and effectiveness**', 'Bank of England Quarterly Bulletin', 2022 Q1.

Section 172(1) Statement

The Board acts in good faith to promote the success of the Company. It does so by ensuring that the Company achieves its primary purpose of assisting the Bank with its central banking functions, in particular its monetary policy objective, through the implementation and operation of the APF schemes. The Board is conscientious about its responsibilities and duties to its stakeholders under Section 172 of the Companies Act 2006. Information about engagement with the Company's key stakeholders (which include the UK public, APF market counterparties, suppliers and its ultimate parent undertaking HM Treasury) can be found in the Directors' Report. The Bank's Annual Report for 2021/22 also contains information on its community initiatives and how financial risks from climate change are managed across its entire operations including those of the Company.

Principal risks and uncertainties

The Company's operations are fully indemnified by HM Treasury and in return any surplus from these operations after the deduction of fees, operating costs and any tax payable is due to HM Treasury. As such, the Company is not exposed to financial risk, but manages the relevant risks on the underlying portfolio on HM Treasury's behalf.

The Company's accounts do not provide a meaningful guide to the overall impact of its purchases on the public finances. The amount due to or from HM Treasury under the Indemnity does not indicate whether the public sector as a whole made a profit or loss from the Company's asset purchases.

A range of information has been published[11] on the broader impact of quantitative easing on the economy and the public finances.

Asset purchases affect the economy and, ultimately, inflation through a variety of channels, via households, corporates and financial markets and institutions. Purchases of government securities will also impact the economy in a slightly different manner to purchases of corporate bonds. As such, Figure 1 is a simplified and stylised representation of the transmission mechanism of asset purchases, rather than a full description.

The Company makes use of the Bank's processes, staff and systems as a wholly owned subsidiary. For further Information on risk management please see the Bank's Annual Report and Accounts for 2021/22.

11. **www.bankofengland.co.uk/independent-evaluation-office/ieo-report-january-2021/ieo-evaluation-of-the-bank-of-englands-approach-to-quantitative-easing** and **committees.parliament.uk/writtenevidence/23385/html/**.

By order of the Board

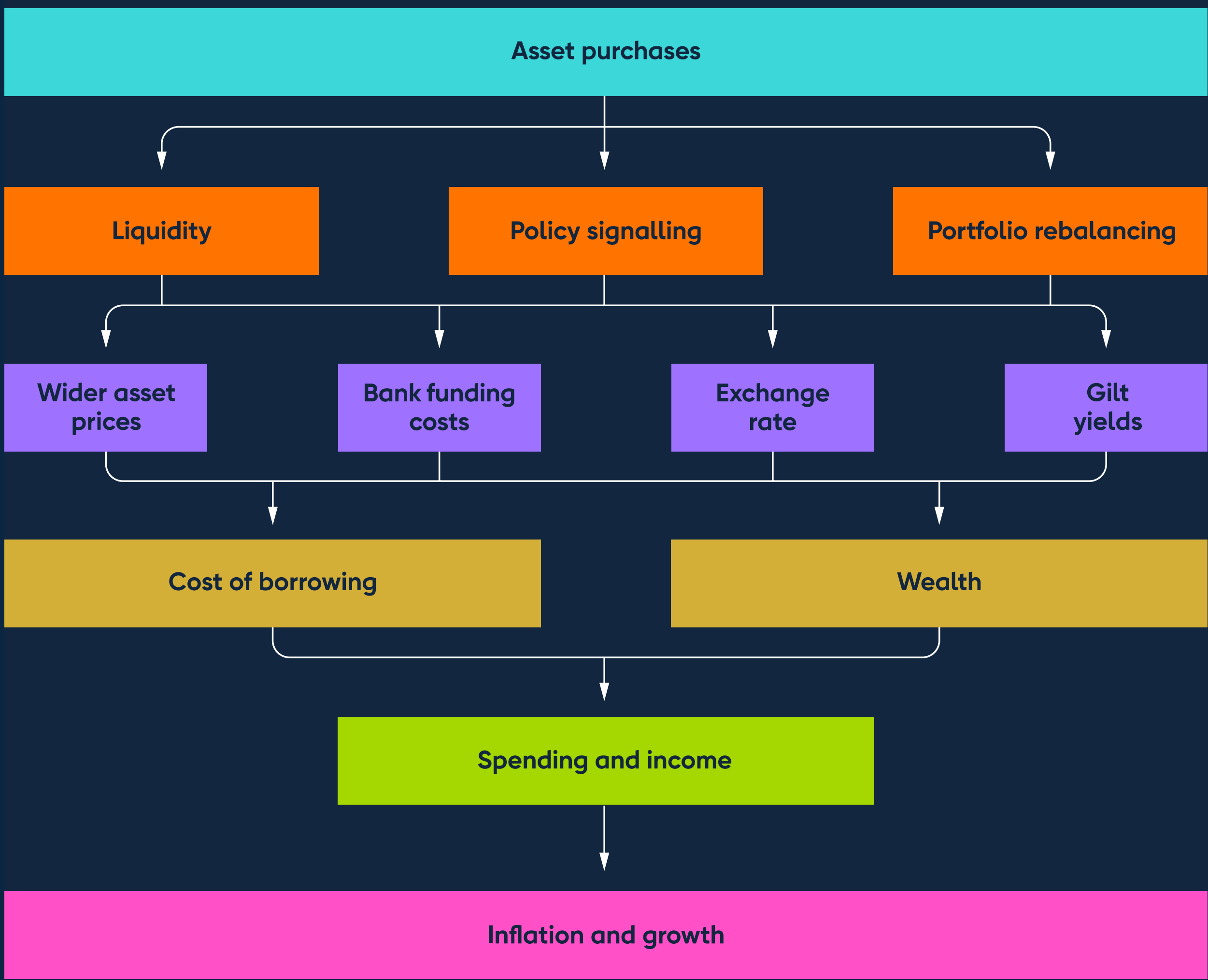
A Hauser
Director
20 June 2022

S John
Director
20 June 2022

A Kyei
Director
20 June 2022

H Pill
Director
20 June 2022

Figure 1: Stylised transmission mechanism for asset purchases[(a)]



(a) Bank of England Staff Working Paper No. 899, 'The central bank balance sheet as a policy tool: past, present and future', December 2020. Available at **www.bankofengland.co.uk/working-paper/2020/the-central-bank-balance-sheet-as-a-policy-tool-past-present-and-future**.

The Certificate And Report of the Comptroller and Auditor General to the House of Commons

Opinion on financial statements

I certify that I have audited the financial statements of Bank of England Asset Purchase Facility Fund Limited (the Company) for the year ended 28 February 2022 under the Bank of England Act 1998. The financial statements comprise the Company's

- Statement of Financial Position as at 28 February 2022;
- Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Changes in Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation is applicable law and UK adopted International Accounting Standards.

In my opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 February 2022 and of the profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Treasury directions issued under the Bank of England Act 1998.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' for the audit of the financial statements section of my certificate

Those standards require me and my staff to comply with the Financial Reporting Council's 'Revised Ethical Standard 2019'. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Company in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

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

Based on the work I have performed, I 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.

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

Other Information

The other information comprises information included in the Strategic Report and the Directors' Report but does not include the financial statements and my auditor's certificate thereon. The directors are responsible for the other information.

My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate I do not express any form of assurance conclusion thereon.

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

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

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors’ Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic and Directors’ Reports have been prepared in accordance with applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, I have not identified material misstatements in the Strategic Report or the Directors’ Report.

I have nothing to report in respect of the following matters:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit.

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors’ responsibilities, the directors are responsible for:

- The preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view.
- Internal controls as directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- Assessing the Company’s ability to continue as a going concern, disclosing, if applicable, matters relating 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.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with applicable law, the Bank of England Act 1998 and International Standards on Auditing (ISAs) (UK).

My 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 a certificate and report that includes my 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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

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

- The nature of the sector, control environment and operational performance including the design of the Company's accounting policies.
- Inquiring of management, the Company's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Company's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Company's controls relating to HM Treasury directions in relation to BEAPFF, Companies Act 2006 and the Bank of England Act 1998.

- Discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Company for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the Company's framework of authority as well as other legal and regulatory frameworks that the Company operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Company. The key laws and regulations I considered in this context included the Bank of England Act 1998 and Companies Act 2006. We also considered the limits as set out in the letters between the Chancellor and Governor.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above as having direct effect on the financial statements;
- enquiring of management, the Audit and Risk Committee concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business ; and
- testing over the regularity of debt security and corporate bond purchases, including confirming that the Company had not exceeded purchase limits overall and verifying that corporate bond purchases in year met the published eligibility criteria.

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

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

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I 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 I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General (Statutory Auditor)
May 2022

National Audit Office
157–197 Buckingham Palace Road
Victoria
London, SW1W 9SP

Statement of comprehensive income for the year ended 28 February 2022

	Note	2022 (£mn)	2021 (£mn)
Interest received		11	9
Coupon income received on financial instruments		18,088	16,662
Other income		-	-
Total Income		**18,099**	**16,671**
Interest paid on the loan from the Bank of England		(1,288)	(745)
Net losses on financial instruments		(47,689)	(56,108)
Administrative expenses	4	(2)	(2)
Net Indemnity for the year due (to)/from HM Treasury	8	30,880	40,184
Total Expenses		**(18,099)**	**(16,671)**
Profit before taxation		**–**	**–**
Taxation		–	–-
Profit after tax and total comprehensive income attributable to equity shareholder		**–**	**–**

Statement of other comprehensive income for the year to 28 February 2022

There were no items of other comprehensive income during the year ended 28 February 2022 (2021: £nil).

The notes on pages 25–38 are an integral part of these financial statements.

Statement of financial position as at 28 February 2022

	Note	2022 (£mn)	2021 (£mn)
Assets:			
Cash	10	6,261	3,325
Debt securities	5	866,176	785,405
Due from HM Treasury under Indemnity	8	22,829	–
Other assets	6	2	18
Total assets		**895,268**	**788,748**
Liabilities:			
Loans and other borrowings	7	895,266	773,477
Due to HM Treasury under Indemnity	8	–	15,269
Other liabilities	4	2	2
Total liabilities		**895,268**	**788,748**
Equity:			
Capital	9	–	–
Retained earnings		–	–
Total equity attributable to shareholders		**–**	**–**
Total liabilities and equity attributable to shareholders		**895,268**	**788,748**

In accordance with section 7C(4) of the Bank of England Act 1998, the Bank of England Asset Purchase Facility Fund Limited is exempt from the requirements of Part 16 (Audit) of the Companies Act 2006.

Company number: 06806063

The notes on pages 25–38 are an integral part of these financial statements.

Statement of financial position as at 28 February 2022 continued:

The financial statements were approved by the Board on 20 June 2022 and signed on its behalf by:

A Hauser	**S John**	**A Kyei**	**H Pill**
Director	Director	Director	Director
20 June 2022	20 June 2022	20 June 2022	20 June 2022

Statement of changes in equity for the year to 28 February 2022

There were no changes in equity during the year. The entire capital comprising 100 ordinary shares of £1 was issued, and fully paid to the Governor and Company of the Bank of England on 30 January 2009.

The notes on pages 25–38 are an integral part of these financial statements.

Statement of cash flows for the year ended 28 February 2022

	Note	2022 (£mn)	2021 (£mn)
Cash flows from operating activities:			
Profit after tax and Indemnity		–	–
Adjustments for;			
Interest income		(11)	(9)
Interest on Bank of England loan		1,288	745
		1,277	736
Changes in operating assets & liabilities:			
Increase/(decrease) in amount due to/(from) HM Treasury	8	(38,098)	(53,846)
(Increase)/decrease in value of debt securities	5	(80,771)	(275,673)
(Increase)/decrease in other assets		16	13
Increase/(decrease) in other liabilities		–	2
Cash generated from operations		(117,576)	(328,768)
Interest received		11	9
Net cash used in operating activities		**(117,565)**	**(328,759)**
Cash flows from financing activities:			
Loans and other borrowings	7	121,523	328,428
Interest paid		(1,022)	(976)
Net cash from financing activities		**120,501**	**327,452**
Net increase/(decrease) in cash and cash equivalents	**10**	**2,936**	**(1,307)**
Cash and cash equivalents at 1 March 2021	10	3,325	4,632
Cash and cash equivalents at 28 February 2022	**10**	**6,261**	**3,325**

The notes on pages 25–38 are an integral part of these financial statements.

Notes to the financial statements

1: Basis of preparation

Form of presentation of the financial statements

The financial statements comprise the Statement of Comprehensive Income, Statement of Financial Position, the Statement of Cash Flows, Statement of Changes in Equity and related notes.

The Company's financial statements have been prepared in accordance with the measurement and recognition requirements of the International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRICs) as adopted by the UK in accordance with the requirements of the Companies Act 2006.

The financial statements have been prepared on a going concern basis under the historical cost convention, as modified to include the revaluation of financial assets and liabilities that are held at fair value through profit or loss, and in accordance with the Companies Act 2006 and applicable accounting standards.

In making their going concern assessments, the Directors have considered information relating to present and potential conditions, including cash flows and the ability of the Company to meet its liabilities as they fall due. Additionally the Company is fully indemnified by HM Treasury.

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied.

2: Accounting policies

The following principal accounting policies have been applied consistently in the preparation of the financial statements.

a: Functional and presentational currency

The financial statements are presented in sterling, which is the Company's functional and presentational currency.

b: Financial instruments: financial assets and liabilities designated at fair value through profit or loss

i: Classification

The Company designates certain assets and liabilities at fair value through profit or loss to eliminate or significantly reduce the accounting mismatch that would otherwise arise from measuring financial assets and liabilities, or recognising gains or losses on them in the profit and loss account, on different bases. Departure from this treatment would create a mismatch in the measurement of the HM Treasury Indemnity financial asset (see 2(c)), the value of which equates to the difference between the fair value of the Company's assets and liabilities. Such assets and liabilities are the TFS scheme fees, the Indemnity and loans and other borrowings.

Debt securities are designated at fair value through profit and loss in accordance with IFRS 9. The fair value designation is made on initial recognition and is irrevocable.

ii: Initial recognition of financial instruments

Financial instruments are initially recognised at fair value, and transaction costs are immediately recognised in profit or loss. Financial securities are recognised/derecognised on the date the Company commits to purchase/sell the instrument (trade date accounting). The loan from the Bank is recognised on a settlement date basis.

Fair value is deemed to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

iii: Subsequent measurement

Gains and losses arising from changes in the fair value of assets classified at fair value through profit or loss are included in the statement of comprehensive income in the period in which they arise.

The fair values of quoted investments in active markets are based on current bid prices. In other cases, the Company establishes fair value by using appropriate valuation techniques. The policy for establishing fair values of securities in non-active markets and TFS scheme fees is described in note 3 'Significant accounting estimates and judgements in applying accounting policies' below.

c: HM Treasury Indemnity

The Company's operations are fully indemnified for loss by HM Treasury and in return any surplus from these operations, after deduction of fees, operating costs and any tax payable is due to HM Treasury. This arrangement is accounted for as a financial instrument under

IFRS 9 as it contains contractual obligations and rights as regards to the transfer of cash at a future date, so meets the definition of a financial instrument per IAS 32, and the value changes in respect of the underlying assets and liabilities of the Company. As such, the Indemnity is valued on the basis of the difference between the fair value of the Company's assets and liabilities. This is deemed to be the most appropriate accounting treatment as it provides the most accurate value of the Company as at the balance sheet reporting date.

Following the alteration to the Indemnity agreement in November 2012, a process for partial settlement of the Indemnity between the Company and HM Treasury was established. The Indemnity is presented after giving effect to payments made or received.

d: Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash equivalents with less than three months' maturity from the date of acquisition.

e: Equity capital

The entire equity capital comprising 100 £1 ordinary shares is held by the Governor and Company of the Bank of England.

3: Significant accounting estimates and judgements in applying accounting policies

The Company makes estimates and assumptions that affect the reported amounts of assets within the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fair value TFS scheme fees

As part of the transfer of TFS loans to the Bank on 21 January 2019, the nominal value of the loans were de-recognised from the Statement of financial position in a prior year having met the criteria per IFRS 9. Ahead of the transfer of these assets, it was agreed that the Company would continue to receive any scheme fees, being those additional scheme fees above Bank Rate payable on balances outstanding at the date of transfer. As such these scheme fees remained on the Company balance sheet and are included in other assets. The TFS scheme fully matured in February 2022 and consequently no further scheme fees will be received by the Company.

Fair value in non-active markets

Where possible, the Company uses a market price to value securities, as at 28 February 2022 this applies to the Company's entire portfolio of debt securities (see note 5). In other cases, the Company establishes fair value by using appropriate valuation techniques (see note 12). Loans and other borrowings are held at fair value. In relation to the Indemnity, the instrument is valued on the basis of the difference between the fair value of the Company's assets and liabilities, which is the amount due under the Indemnity.

4: Administrative expenses

	2022 (£mn)	2021 (£mn)
Management fee payable to Bank of England	**2**	**2**

Until May 2018, the Bank met all of the costs of the Company, including staff costs, and recharged them in full to the Company. Following the implementation of the Cash Ratio Deposit (CRD) regime, costs of up to £5m per annum (effective from 1 June 2018) are recovered from CRD income.

Under this arrangement the Bank recovered £5 million (2021: £5 million) through the CRD scheme and recovered £2 million (2021: £2 million) from the Company. The total administrative expense for the year was £7 million (2021: £7 million).

The Directors have not received any emoluments in respect of their services to the Company during the year ended 28 February 2022 (2021: £nil).

	2022 (£000)	2021 (£000)
Audit fees:		
Fees relating to current year	46	41
Fees payable for other services:		
Other fees	–	–

Fees in relation to audit services fees are paid for by the Bank and recharged to the Company through the management fee except where they are recovered by the Bank via the CRD scheme.

5: Debt securities

	2022 (£mn)	2021 (£mn)
Gilts	848,582	766,139
Corporate bonds	17,594	19,266
Total debt securities	**866,176**	**785,405**

The increase in value of debt securities in the year was £80.8 billion as presented in the statement of cash flows.

As at 28 February 2022, of the total gilts balance of £848.6 billion, gilts with a fair value of £18.9 billion were lent to the Debt Management Office (2021: £2.1 billion) (see note 13).

The CBPS was set up to purchase high-quality private sector assets financed by the creation of central bank reserves. As at 28 February 2022, the Company held corporate bonds with a fair value of £17.6 billion.

6: Other assets

	2022 (£mn)	2021 (£mn)
Accrued interest	2	–
TFS scheme fee asset	–	18
Total other assets	**2**	**18**

The Bank and the Company signed a separate agreement on 18th January 2019 setting out the transfer of the TFS scheme fees (an additional fee over Bank Rate applied to 8 out of the 62 participants) from the Bank to the Company following the TFS transfer.

These scheme fees have been recognised at fair value in accordance with IFRS 9 (see note 2b(i)) and valued using present value methodology (note 3).

The TFS scheme fully matured in February 2022.

7: Loans and other borrowings

	2022 (£mn)	2021 (£mn)
Loan from Bank of England	**895,266**	**773,477**

The amount above reflects a principal of £894.9 billion and accrued interest of £0.3 billion. The increase in value of loans and other borrowings in the year was £121.8 billion as presented in the statement of cash flows.

As disclosed in Review of 2021/22, the MPC voted unanimously to begin to reduce the stock of UK government bond purchases and the stock of sterling non-financial investment-grade corporate bond purchases, by ceasing to reinvest maturing assets. Consequently the Company has commenced partial repayment of the loan from the Bank in March 2022. Interest charges on the loan are accrued and paid to the Bank on each scheduled MPC meeting date.

8: Due to/from HM Treasury under Indemnity

	2022 (£mn)	2021 (£mn)
Net due to HM Treasury under Indemnity 1 March 2021	15,269	69,115
Change in fair value of Indemnity	(30,880)	(40,184)
Cash paid to HM Treasury	(7,218)	(13,662)
Net due to/(from) HM Treasury under Indemnity 28 February 2022	**(22,829)**	**15,269**

The change in the amount due to/(from) HM Treasury under Indemnity in the year was £38.1 billion as presented in the statement of cash flows.

An Indemnity has been provided by HM Treasury against any loss incurred by the Company and any profit made by the Company will be passed to HM Treasury. The Indemnity is valued on a marked-to-market basis (see note 2(c)).

9: Capital

The Company is a private company limited by shares.

The entire capital comprising of 100 authorised, issued and fully paid ordinary shares of £1 is held by the Governor and Company of the Bank of England.

In view of the Indemnity from HM Treasury, the Company requires only nominal capital.

10: Cash and cash equivalents

	At 28 Feb 2021 (£mn)	Cash flow (£mn)	At 28 Feb 2022 (£mn)
Cash	**3,325**	**2,936**	**6,261**

11: Contingent liabilities

There were no contingent liabilities as at 28 February 2022 (2021: £nil).

12: Financial risk management

The Company's operations are fully indemnified for loss by HM Treasury, and any surplus/deficit for these operations after deduction of fees, operating costs and any tax payable is due to/from HM Treasury. As such, the Company is not exposed to financial risk, but manages credit risk and market risk on HM Treasury's behalf. Financial risk management is carried out by the Bank on behalf of the Company.

The governance arrangements to manage and monitor these risks are described in a control framework document (which sets out the controls and procedures for undertaking transactions, monitoring risk, accounting and making payments), reviewed and approved periodically by the Directors. There is also a set of high-level risk standards applying to the Company agreed between HM Treasury and the Bank.

The Directors seek to ensure that effective risk management processes exist for monitoring and managing risk, within clear risk policies. Specialist teams and committees support senior management in ensuring that agreed standards and policies are followed.

The Bank's Financial Risk Management Division (FRMD) is responsible for analysing the financial risks faced by the Company in its operations in financial markets.

The Bank's Financial Risk and Resilience Division (FRRD) is responsible for challenge of risk decisions and risk management frameworks.

The Bank's Middle Office is responsible for the pricing, valuation and financial control of exposures arising from the Company's market operations.

a: Credit risk

Credit risk is the risk of loss arising from the failure of a counterparty or issuer to meet its financial obligations to the Company. Credit risk in the Company's asset portfolio arises as a result of purchasing debt security instruments issued by the UK Government and companies that are investment-grade at the point of purchase. Debt securities are closely monitored to identify those at rating downgrade risk, including those which may fall below investment grade.

The Company's credit risk policies are those defined by the Bank within the arrangements agreed with HM Treasury. The Bank defines high-level credit risk parameters under which credit risk is monitored and managed. Credit exposures to companies are controlled by a system of limits. Credit assessments are performed on all issuers to whom the Company is exposed. These are performed both regularly, following a timetable that reflects the risk attached to the Company's investments, and dynamically, in response to market or specific entity conditions.

The Bank's internal committee, chaired by the Head of Financial Risk Management Division, reviews the creditworthiness of issuers to whom the Company has credit exposure. The Bank's internal committee is supported by a credit risk analysis team.

The table below represents an analysis of debt securities by credit risk groupings, based on external rating agency designations[12] at 28 February 2022 with prior year comparatives:

Credit risk groupings of debt securities

	2022 (£mn)	2021 (£mn)
AAA	201	274
AA	849,787	767,604
A	4,818	5,638
BBB	11,254	11,764
BB	116	125
Total	**866,176**	**785,405**

12. Analysis of external credit ratings as at 28 February 2022 of the Company's debt securities by credit risk groupings, these ratings are based on the average of several market providers.

Location – Geographical concentration of assets

	2022 (£mn)	2021 (£mn)
United Kingdom	858,788	777,383
Rest of Europe	5,030	5,418
Other	2,358	2,604
Total	**866,176**	**785,405**

Assets categorised outside of the United Kingdom are held in the CBPS scheme and meet the required eligibility criteria. See note 5 for additional information on CBPS eligibility criteria.

The purpose of the CBPS is to impart monetary stimulus by lowering the yields on corporate bonds, thereby reducing the cost of borrowing for companies; by triggering portfolio rebalancing into riskier asset by sellers of assets; and by stimulating new issuance of corporate bonds. At its meeting ending on 2 February 2022, the MPC voted unanimously to begin to reduce the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, by ceasing to reinvest maturing assets and by a programme of corporate bond sales, to be completed no earlier than towards the end of 2023, that should unwind fully the stock of corporate bond purchases. The Company purchases, via the CBPS, a portfolio of sterling corporate bonds representative of issuance by firms making a material contribution to the UK economy. The table below shows the sectoral concentration of these assets:

Corporate bonds – Sectoral concentration of assets

	2022		2021	
	(£mn)	Per cent	(£mn)	Per cent
Communications	2,213	13	2,446	13
Consumer, Cyclical	1,773	10	2,324	12
Consumer, Non-cyclical	2,803	16	3,274	17
Electricity	3,941	22	4,084	21
Energy	478	3	555	3
Gas	1,016	6	1,160	6
Industrial & Transport	1,790	10	1,989	10
Property & Finance	1,380	8	1,073	6
Water	2,200	12	2,361	12
Total	**17,594**	**100**	**19,266**	**100**

b: Market risk

Market risk is defined as the risk of losses arising from movements in market prices. Market risk in the Company's asset portfolio arises as a natural consequence of its policy objectives, principally through the repricing of its assets as a result of changes in market interest rates.

The Company monitors interest rate risk in the form of 'delta', which is the change in valuation from a 1 basis point increase in market interest rates. The delta at 28 February 2022 was £936.5 million (2021: £875.9 million).

The Company also undertakes stress tests on the Company's operations, the results of which are reported to management alongside the delta measure.

c: Liquidity risk

Liquidity risk is the risk of encountering difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company does not face liquidity risk. Upon receipt of notification of the Company's intention to draw down under the loan, the Bank is required to make the advance, provided that the request is within authorised limits. The loan is ultimately repayable on termination of the Company's operations.

d: Other financial risk

The Company has a £895.3 billion (2021: £773.5 billion) loan from the Bank. A 1 basis point increase in Bank Rate would increase the funding cost by £89.5 million (2021: £77.4 million) per annum.

e: Fair value

The table below shows financial instruments carried at fair value by valuation method.

As at 28 February 2022

	Note	Level 1 (£mn)	Level 2 (£mn)	Total (£mn)
Assets:				
Debt securities	5	866,176	–	866,176
Due from HM Treasury under Indemnity	8	–	22,829	22,829
Liabilities:				
Loans and borrowings	7	–	895,266	895,266

As at 28 February 2021

	Note	Level 1 (£mn)	Level 2 (£mn)	Total (£mn)
Assets:				
Debt securities	5	785,405	–	785,405
TFS scheme fee asset	6	–	18	18
Liabilities:				
Loans and borrowings	7	–	773,477	773,477
Due to HM Treasury under Indemnity	8	–	15,269	15,269

There have been no transfers between levels in the year.

Level 1: Valuation techniques using quoted market prices: debt securities are valued using unadjusted quoted prices in active markets for identical financial instruments.

Level 2: Valuation techniques using observable inputs: financial instruments with quoted prices and models where inputs are observable. The categories of instruments comprise: the Indemnity to/(from) HM Treasury (calculated as the difference between the fair value of the assets and liabilities of the Company), the loan from the Bank to the Company and TFS scheme fees.

The balance sheet carrying value of cash, other assets and other liabilities approximates to the fair value.

f: Maturity analysis

Maturities of debt securities at their carrying amount as at 28 February 2022

	Note	Up to 1 year (£mn)	1–5 years (£mn)	5–10 years (£mn)	Over 10 years (£mn)	Total (£mn)
Assets:						
Gilts	5	34,716	225,013	197,959	390,893	848,581
Corporate bonds	5	1,189	3,683	4,261	8,462	17,595
Total assets		**35,905**	**228,696**	**202,220**	**399,355**	**866,176**

Maturities of debt securities at their carrying amount as at 28 February 2021

	Note	Up to 1 year (£mn)	1–5 years (£mn)	5–10 years (£mn)	Over 10 years (£mn)	Total (£mn)
Assets:						
Gilts	5	26,607	202,260	195,646	341,626	766,139
Corporate bonds	5	558	3,865	4,930	9,913	19,266
Total assets		**27,165**	**206,125**	**200,576**	**351,539**	**785,405**

13: Collateral

As at 28 February 2022, the Company held securities with a fair value £18.9 billion (2021: £2.1 billion) as collateral for gilts lent by the Company to the Debt Management Office with a notional value of £19.1 billion (2021: £2.0 billion). This lending is performed as part of the normal course of business of the Company and within the agreed scheme framework.

The Company has not sold any of these assets to third parties but, subject to applicable law and regulations, is entitled to do so.

14: Related party transactions

The Company has related party transactions with its shareholder, the Bank, and other related parties as indicated below.

The Bank of England

As at 28 February 2022, the Company had borrowed £894.9 billion (2021: £773.4 billion) from the Bank. Interest on this loan amounted to £1.3 billion (2021: £0.7 billion).

The Company was charged an administrative fee of £2 million (2021: £2 million) by the Bank. Following the implementation of the CRD regime in June 2018, costs of up to £5 million per annum are recovered from CRD income. Under this arrangement the Bank recovered £5 million (2021: £5 million) through the CRD scheme. The total administrative expense for the year was £7 million (2021: £7 million). During the year, on behalf of the Company, the Bank collected and paid £0.5 million in TFS penalty fees.

HM Treasury

HM Treasury has indemnified the Company against any losses it may incur in connection with its operations. Any surplus from these operations after the deduction of fees and any tax payable is due to HM Treasury. During the year £7.2 billion (2021: £13.7 billion) was transferred to HM Treasury as partial settlement of the Indemnity in accordance with the altered Indemnity agreement (see note 2(c) and note 8).

Debt Management Office (DMO) and Debt Management Account (DMA)

During the year the Company lent overnight a small proportion of its gilts portfolio to the DMO through the DMA. The position at 28 February 2022 is shown in note 5.

Other related parties

As part of the asset purchase scheme, the Company has purchased assets in a competitive process from commercial banks in their capacity as market makers. At the point of the transaction some of those commercial banks may have been under the ownership/part-ownership of the UK government. These transactions were conducted in the ordinary course of the Company's business on terms comparable to those with other entities that were not government-related.

Key management

As defined by IAS 24, the Directors of the Company are considered to be the only key management personnel of the Company. The Directors have not received any emoluments in respect of their services to the Company during the year ended 28 February 2022 (2021: £nil) or entered into any other transactions with the Company.

15: Ultimate parent company

The ultimate parent company of the Company is HM Treasury.

16: Events after the reporting period

There are no adjusting events after the reporting period. The accounts were approved by the Board for distribution on the same date as the Comptroller and Auditor General's Audit Certificate.

Bank of England Asset Purchase Facility Fund Limited
8 Lothbury
London EC2R 8AH

Incorporated in England and Wales with limited liability under the UK Companies Act
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