

**Company Registration No. 03261416**

**FINANCE FOR RESIDENTIAL SOCIAL HOUSING (HOLDINGS) LIMITED**

**Unaudited Annual Report and Financial Statements**

**For the year ended 31 December 2018**



**FINANCE FOR RESIDENTIAL SOCIAL HOUSING (HOLDINGS) LIMITED**  
**UNAUDITED ANNUAL REPORT AND FINANCIAL STATEMENTS 2018**

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**FINANCE FOR RESIDENTIAL SOCIAL HOUSING (HOLDINGS) LIMITED**  
**UNAUDITED ANNUAL REPORT AND FINANCIAL STATEMENTS 2018**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

Link Corporate Services Limited  
Link Trust Corporate Limited  
Sean Martin

**SECRETARY**

Link Trust Corporate Limited  
34 Beckenham Road  
Beckenham, Kent  
BR3 4TU

**REGISTERED OFFICE**

6<sup>th</sup> Floor  
65 Gresham Street  
London  
EC2V 7NQ

**BANKERS**

The Royal Bank of Scotland plc  
Corporate Banking  
8th Floor  
135 Bishopsgate  
London  
EC2M 3UR

# **FINANCE FOR RESIDENTIAL SOCIAL HOUSING (HOLDINGS) LIMITED UNAUDITED ANNUAL REPORT AND FINANCIAL STATEMENTS 2018**

## **STRATEGIC REPORT**

### **PRINCIPAL ACTIVITIES**

Finance for Residential Social Housing (Holdings) Limited is a non-trading parent undertaking. It holds 99.99% of the issued share capital of Finance for Residential Social Housing Plc, whose principal activity is to provide mortgage loans on properties, which are funded by the issue of loan notes. Finance for Residential Social Housing Plc is not consolidated into the Company since the Company is restricted from being able to exercise control and benefit from its subsidiary's operating activities as a result of the terms of its loan notes issuance.

### **BUSINESS REVIEW**

There has been no change in the activities of the Company. The directors expect no further change in the forthcoming financial year.

### **RISK MANAGEMENT POLICIES AND PROCEDURES**

The directors acknowledge that the global macro-economic indicators and general business environment remain challenging. Market liquidity constraints, limited availability of credit and difficult trading conditions continue to pose significant challenges to all underlying businesses and borrowers to whom the Company has exposure. Conditions may deteriorate further due to the continued global financial and economic uncertainty.

The principal risks facing the Company are capital risk and credit risk. These risks have been monitored on an on-going basis during the year and the Company has policies in place to mitigate these risks. Refer to Note 10 of the Financial Statements for details.

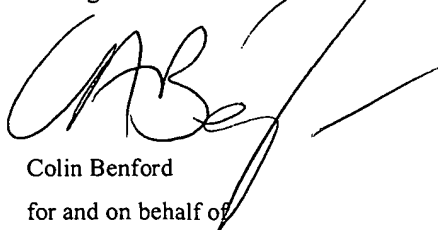
### **GOING CONCERN RISK**

The Company is a non-trading parent undertaking. It holds 99.99% of the ordinary shares issued by Finance for Residential Social Housing Plc. No impairment has been noted on the investment.

The Directors have formed the opinion that there are reasonable grounds to believe that the Company will be able to continue as a going concern as the liability on the balance sheet is to Finance for Residential Social Housing Plc and is not expected to be payable within twelve months from the date of signing the financial statements.

After making enquiries, and considering the uncertainties described above, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts.

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



Colin Benford

for and on behalf of

Link Corporate Services Limited

Date: 27 June 2019

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**DIRECTORS' REPORT**

The directors present their annual report on the affairs of Finance for Residential Social Housing (Holdings) Limited ("the Company") with unaudited financial statements for the year ended 31 December 2018.

The Directors' Report has been prepared in accordance with the special provisions relating to small companies under section 415(A)(1)&(2) of the Companies Act 2006.

**RESULTS AND DIVIDENDS**

The Company's result for the year before and after taxation was nil (2017: nil).

No interim dividends were declared or paid by the Company during the year (2017: nil) and the directors do not propose a final dividend (2017: nil).

**DIRECTORS**

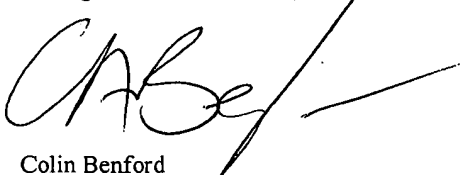
The directors of the Company who served through the year were as follows:

Link Corporate Services Limited  
Link Trust Corporate Limited  
Sean Martin

**EMPLOYEES**

The Company has no employees. Link Trust Corporate Limited performs the Company secretarial function. The Royal Bank of Scotland Plc provides certain administrative and cash management services for the Company.

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



Colin Benford

for and on behalf of

Link Corporate Services Limited

Date: 27 June 2019

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**DIRECTORS' RESPONSIBILITIES STATEMENT**

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December 2018

	2018 £'000	2017 £'000
Revenue	-	-
Expenditure	-	-
Net profit before tax	-	-
Tax	-	-
Net profit after tax	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year	-	-

The accompanying notes are an integral part of this statement of comprehensive income.

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**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2018

	Notes	2018 £'000	2017 £'000
<b>Non-current assets</b>			
Receivables	4	1	1
Investments	5	12	12
Total non-current assets		13	13
<b>Total assets</b>		13	13
<b>Non-current liabilities</b>			
Payables	6	(12)	(12)
Preference shares issued	7	(1)	(1)
Total non-current liabilities		(13)	(13)
<b>Total liabilities</b>		(13)	(13)
<b>Net assets</b>		-	-
<b>Equity</b>			
Share capital	8	-	-
Retained earnings	9	-	-
<b>Total equity</b>		-	-

These financial statements of Finance for Residential Social Housing (Holdings) Limited, registered number 03261416, were approved and authorised for issue by the Board of Directors on 27/6/17

The accompanying notes form an integral part of these financial statements.

For the financial year 2018 the company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies.

No members have required the company to obtain an audit of its accounts for the year ended 31<sup>st</sup> December 2018 in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Signed on behalf of the Board of Directors

Colin Benford

for and on behalf of

Link Corporate Services Limited

Date: 27 June 2019



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**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2018

	Share capital £'000	Retained earnings £'000	Total £'000
<b>Balance at 31 December 2016</b>	-	-	-
Profit for the year	-	-	-
<b>Balance at 31 December 2017</b>	-	-	-
Profit for the year	-	-	-
<b>Balance at 31 December 2018</b>	-	-	-

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**CASH FLOW STATEMENT**

For the year ended 31 December 2018

	2018 £'000	2017 £'000
Net cash flows from operating activities	-	-
Net cash flows from investing activities	-	-
Net cash flows from financing activities	-	-
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at end of year	-	-

The accompanying notes form an integral part of this cash flow statement.

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union. The financial statements have been prepared on a going concern basis as explained in the Directors' Report.

The financial statements have been prepared on the historical cost basis as modified by International Accounting Standard 39 "Financial Instruments: Recognition and Measurement" ("IAS 39").

The adoption of Standards and Interpretations issued by the International Accounting Standards Board (IASB), as adopted for use in the European Union ("EU"), that were effective for the current year has not had a material impact on the financial statements of the Company.

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

The directors are currently considering the option for adoption of FRS 102 which will not have any material impact on the amounts reported in these financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

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

**Investment**

The Company's investment in its subsidiary is measured at cost less any provision for impairment. At each balance sheet date, an assessment will be made to determine if there are any indications of impairment. If indications are present, impairment testing will be performed using estimated future cash flows discounted at the original effective interest rate. Any losses will be recognised immediately in the Statement of Comprehensive Income.

The Company holds 99.99% of the ordinary share capital of Finance for Residential Social Housing Plc ("Fresh plc"), however it is not consolidated by the Company. Fresh plc is not consolidated into the Company since the Company is restricted from being able to exercise control and benefit from its subsidiary's operating activities as a result of the terms of its loan notes issuance.

**Financial instruments**

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

**Receivables**

Receivables are classified as "loans and receivables" and are initially measured at fair value, and subsequently measured at amortised cost using the effective interest rate method.

**Trade and other payables**

Trade payables are classified as "other financial liabilities" and are initially measured at fair value, and subsequently measured at amortised cost using the effective interest rate method.

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**2. DIRECTORS AND EMPLOYEES**

None of the Directors received any emoluments for their services to the Company during the year (2017: nil).

None of the Directors have any interests in the Company as at the year end (2017: nil).

None of the Directors had any material interest in any contract of significance in relation to the business of the Company (2017: nil).

The Company does not have any employees (2017: none).

**3. REMUNERATION OF THE AUDITOR**

	2018 £'000	2017 £'000
Fees for the audit of the Company's annual accounts	-	-
Audit fees charged by the auditor in relation to auditing the Company's financial statements are payable by Finance for Residential Social Housing Plc.		

**4. RECEIVABLES**

	2018 £'000	2017 £'000
Other receivables (This represents the amounts receivable against preference share issues)	1	1

**5. INVESTMENTS**

	2018 £'000	2017 £'000
Finance for Residential Social Housing Plc	12	12

Finance for Residential Social Housing Plc is incorporated in Great Britain. Its principal activity is to provide mortgage loans on properties, which are funded by the issue of loan notes. Finance for Residential Social Housing (Holdings) Limited owns 99.99% of the ordinary share capital of Finance for Residential Social Housing Plc.

Finance for Residential Social Housing Plc is not consolidated into the Company since the Company is restricted from being able to exercise control and benefit from its subsidiary's operating activities as a result of the terms of its loan notes issuance.

**6. PAYABLES**

	2018 £'000	2017 £'000
Other payables	12	12

Other payables include an accrual for cumulative preferential dividend for the holders of 'B' shares as described in Note 7 amounting to £95 (2017: £95).

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**7. PREFERENCE SHARES ISSUED**

	2018	2017
	£	£
<b>Allotted, called up and fully paid</b>		
500 'B' shares of £1 each	500	500

The holders of 'B' shares are entitled to a fixed cumulative preferential dividend at the annual rate of one per cent of the nominal amount of each of the 'B' shares. The preferential dividend is payable in priority to a payment of a dividend to the holders of the ordinary shares.

'B' shares confer the right to receive notice of but not to attend or vote at a general meeting under ordinary circumstances. In the event that six months elapse after a fixed dividend date and the dividend payable on that date has not been paid, and that the business of a general meeting includes consideration of a resolution varying any of the special rights attached to the 'B' shares, each holder is entitled to one vote.

On a return of capital on a winding-up or otherwise, the principal amount of the preference shares is redeemable prior to any distribution of assets to ordinary shareholders.

The 'B' shares were issued on 24 March 1997 to Clifford Chance Nominees Limited, and were transferred to Royal Exchange Trust Company Limited on 2 January 2002 and on trust under the terms of a declaration of Trust with the ultimate beneficiaries being charities chosen by the trustees.

In accordance with IAS 32 *Financial Instruments: Presentation*, the 'B' shares issued by the Company are classified as a financial liability, rather than an equity instrument, due to the existence of the contractual obligation of the Company to pay the annual fixed cumulative dividend.

**8. SHARE CAPITAL**

	2018	2017
	£	£
<b>Called up, allotted and fully paid</b>		
2 ordinary shares of £1 each	2	2

The ordinary shares were issued on 9 October 1996 and are held by Royal Exchange Trust Company Limited on trust under the terms of a declaration of Trust with the ultimate beneficiaries being charities chosen by the trustees.

**9. RETAINED EARNINGS**

	2018	2017
	£'000	£'000
At start of year	-	-
Retained profit for year	-	-
At end of year	-	-

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**10. FINANCIAL INSTRUMENTS**

The Company's financial instruments comprise of an investment in the ordinary shares of Finance for Residential Social Housing Plc, preference shares issued to Royal Exchange trust Company, Other receivables and Other payables (as described in note 4 and 6 respectively). It is and has been throughout the year, the Company's policy that no trading in financial instruments shall be undertaken.

**Financial risk analysis**

Interest rate risk

The Company is not exposed to interest rate risk.

Credit risk

The Company regularly monitors any amounts due from Finance for Residential Social Housing Plc to ensure that it is recoverable. The maximum exposure to credit risk is equal to the amounts disclosed on the balance sheet.

**Capital risk management**

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

The capital structure of the Company primarily comprises issued preference shares (see note 7) and the Company is not subject to externally imposed capital requirements.

**11. RELATED PARTY TRANSACTIONS**

A balance of £12,000 (2017:£12,000) was payable to Finance for Residential Social Housing Plc as at 31 December 2018.

**12. ULTIMATE PARENT AND CONTROLLING PARTY**

The ordinary shares were issued on 9 October 1996 and the B shares were issued on 24 March 1997. The Ordinary shares are held by Royal Exchange Trust Company Limited and the B shares are held by Royal Exchange Trust Company Limited on trust under the terms of a declaration of Trust with the ultimate beneficiaries being charities chosen by the trustees. The Company does not have a controlling party.