

Assettrust Housing Limited

Report and Financial Statements

31 December 2013

MONDAY



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12/01/2015

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COMPANIES HOUSE

Directors

G P C Mackay

F James

D Orchin

Auditors

Ernst & Young LLP

400 Capability Green

Luton

LU1 3LU

Registered Office

400 Capability Green

Luton

Beds

LU1 3AE

Registered No. 04725777

Directors' report

The directors present their report and financial statements for the year ended 31 December 2013.

Results and dividends

The loss for the year after taxation amounted to £497,307 (2012 – £3,893,775). The directors do not recommend a final dividend (2012 – £nil).

Principal activity and review of the business

The Company provides management and administration services to companies and investors active in the affordable housing sector.

The Company previously acted as parent to a group comprising socially rented property companies funded by RBS. Following the administration of certain of the subsidiaries and liquidation of the intermediate holding companies, the group has ceased to control the subsidiary investments although it continues to manage them under contract. The directors consider that all of its investments are now controlled by the appointed administrators on behalf of RBS or the liquidators appointed by the company.

The income streams for the Group derive from management fees from portfolios it acquires and manages on behalf of other investors.

Future outlook

Whilst disappointed with the administration of the RBS funded subsidiaries, the Directors remain confident about the future. The Company continues to manage its portfolio that is not in administration and has had discussions with the administrator regarding the future of the RBS funded assets. The Company has also had discussions with the liquidators of the intermediate holding companies to regain control of the subsidiaries that are not in administration.

In light of these challenging circumstances, the Directors of the company are assessing other opportunities available to the Company for the expansion of its existing trade. Despite the loss of control of the RBS funded subsidiaries the Directors have retained the skill and expertise of staff and all the necessary business processes within the Company to ensure that the business can continue to take advantage of any current or future opportunities open to them at this time.

The Company is pursuing a number of opportunities with house builders and housing associations and continues to receive approaches from investors and stakeholders in the sector, seeking to access the Company's expertise in shared ownership.

As a result, the directors will continue to work with existing social housing and private sector housing providers to bring in new and additional investment, that is highly efficient or of no burden to the public purse, hence addressing the chronic and growing shortage of affordable housing in many parts of the UK.

Going concern

The Company had net liabilities of £15,521,427 at 31 December 2013 (31 December 2012 – £15,024,120).

The Company ultimately relies on the support of the principal shareholder for operating costs. A letter of support has been issued by the principal shareholder to the Company confirming his continued support to the Company to meet its operating cash flows.

Directors

The directors who served the Company during the year were as follows:

G P C Mackay
F James
D Orchin

Directors' report

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

Small company exemptions

This report has been prepared in accordance with the special provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

On behalf of the Board



D Orchin
Director

12 January 2015

Statement of directors' responsibilities

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

Independent auditor's report

to the members of Assettrust Housing Limited

We have audited the financial statements of Assettrust Housing Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of the Company's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

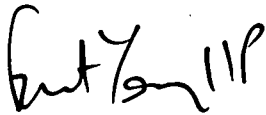
Independent auditor's report

to the members of Assettrust Housing Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report and take advantage of the small companies' exemption in preparing the directors' report.



Andrew Clewer (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Luton

12/1/15

Profit and loss account

for the year ended 31 December 2013

| | Notes | 2013 £ | 2012 £ |
|--|-------|-------------|-------------|
| Turnover | 2 | 1,008,993 | 231,176 |
| Operating expenses | | (1,428,786) | (2,228,338) |
| Intercompany loan provision | | (77,826) | (1,896,607) |
| Administrative expenses | | (1,506,612) | (4,124,945) |
| Operating loss | 3 | (497,619) | (3,893,769) |
| Bank interest receivable and similar income | | 312 | — |
| Bank interest payable and similar charges | | — | (6) |
| Loss on ordinary activities before taxation | | (497,307) | (3,893,775) |
| Tax on loss on ordinary activities | 5 | — | — |
| Loss on ordinary activities after taxation | | (497,307) | (3,893,775) |

Following the appointment of administrators to subsidiary undertakings as set out in note 6 the company has classified existing operations as discontinuing.

Statement of total recognised gains and losses

for the year ended 31 December 2013

There are no recognised gains or losses other than the loss attributable to the company of £497,307 for the year ended 31 December 2013 (2012 - £3,893,775).

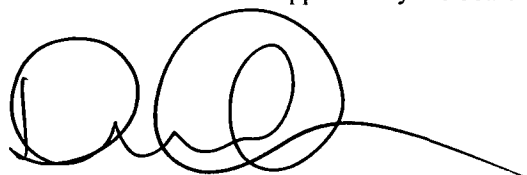
Balance sheet

at 31 December 2013

| | Notes | 2013 £ | 2012 £ |
|---|-------|---------------------|---------------------|
| Fixed assets | | | |
| Investments | 6 | — | — |
| Current assets | | | |
| Debtors | 7 | 104,578 | 32,628 |
| Cash at bank | | 5,363 | 53,724 |
| | | <u>109,941</u> | <u>86,352</u> |
| Creditors: amounts falling due within one year | 8 | <u>15,631,368</u> | <u>15,110,472</u> |
| Net current liabilities | | <u>(15,521,427)</u> | <u>(15,024,120)</u> |
| Total assets less current liabilities | | <u>(15,521,427)</u> | <u>(15,024,120)</u> |
| Capital and reserves | | | |
| Called up share capital | 9 | 505 | 505 |
| Profit and loss account | 10 | (15,521,932) | (15,024,625) |
| Shareholders' funds | 10 | <u>(15,521,427)</u> | <u>(15,024,120)</u> |

The financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements have been approved by the board on 12 January 2015 and signed on its behalf by:



D'Orchin
Director

Notes to the financial statements

at 31 December 2013

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Following the appointment of administrators to the company's subsidiary entities the Directors have determined that the company does not control its investments. Consequently, the financial statements present information about the company as an individual company and not as a group.

Fundamental accounting concept

Principal shareholder support

The Company ultimately relies on the support of the principal shareholder for operating costs. In addition the principal shareholder has confirmed that he will not demand repayment of amounts currently advanced to the Company from related undertakings. A letter of support has been issued by the principal shareholder to the Company confirming his continued support to the Company to meet its operating cash flows. For the avoidance of doubt this support excludes interest or principal payments on the Groups' other bank debt.

Investments

Investments are accounted for at the lower of cost and net realisable value.

The carrying values of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Revenue recognition

Turnover comprises revenue recognised by the company in respect of site management fees from subsidiary companies.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Pensions

Defined contributions have been made to certain employees' personal pension plans. The assets of these plans are held separately from those of the company. The pension cost charge represents contributions payable by the company to the plans. There were no amounts prepaid or accrued at the period end.

Notes to the financial statements

at 31 December 2013

2. Turnover

Turnover comprises revenue recognised by the company in respect of site management fees.

3. Operating loss

This is stated after charging:

| | 2013 | 2012 |
|------------------------|---------------|---------------|
| | £ | £ |
| Auditors' remuneration | <u>12,000</u> | <u>11,650</u> |

4. Directors' remuneration

| | 2013 | 2012 |
|--|----------------|----------------|
| | £ | £ |
| Remuneration in respect of qualifying services | <u>111,966</u> | <u>144,457</u> |

| | | |
|--|---------------|---------------|
| Contributions paid to money purchase pension schemes | <u>10,000</u> | <u>10,000</u> |
|--|---------------|---------------|

| | No. | No. |
|--|----------|----------|
| Number of directors accruing benefits under money purchase schemes | <u>1</u> | <u>1</u> |

5. Tax

a) Tax on loss on ordinary activities

The tax loss is made up as follows:

| | 2013 | 2012 |
|---|----------|----------|
| | £ | £ |
| Current tax: | | |
| UK corporation tax on the loss for the year | <u>-</u> | <u>-</u> |

b) Deferred tax

The deferred taxation asset not recognised in the financial statements is as follows:

| | 2013 | 2012 |
|----------------------|------------------|------------------|
| | £ | £ |
| Tax losses available | <u>2,708,155</u> | <u>2,821,778</u> |

Notes to the financial statements

at 31 December 2013

6. Investments

Shares in
subsidiary
undertakings
£

Cost:

| | |
|--|-----|
| At 1 January 2013 and 31 December 2013 | 255 |
|--|-----|

Impairment:

| | |
|--|-----|
| At 1 January 2013 and 31 December 2013 | 255 |
|--|-----|

Net book value:

| | |
|---------------------|---|
| At 31 December 2013 | — |
|---------------------|---|

| | |
|-------------------|---|
| At 1 January 2013 | — |
|-------------------|---|

On 23rd December 2013, Assettrust Housing Projects Limited, the Group's major subholding company, and the majority of its subsidiaries were put into administration by the Group's principal banker RBS. The Group's interest in Assettrust Housing Projects Limited and its subsidiary undertakings were held through an intermediate holding company, Assettrust Housing Investments Limited. The directors have commenced a process of Creditors Voluntary Liquidation of this company, along with a number of non-trading companies within the RBS security pool that were not included in the administration.

Full provision has been made against the value of this investment.

The Company owns but does not control 100% of the 'B' ordinary shares in Assettrust Housing Investments Limited, an intermediate parent undertaking. These shares carry 51% of the voting rights of all shares in issue.

The subsidiary undertakings placed into administration were as follows: -

AHL C&A Trading Limited
 AHL City Quarter Trading Limited
 AHL The Forge Trading Limited
 AHL Garratt Lane Trading Limited
 AHL Hunton Bridge Wharf Trading Limited
 AHL Langley Trading Limited
 AHL Pall Mall Trading Limited
 AHL Pan Peninsula Trading Limited
 AHL Point Pleasant Trading Limited
 AHL Riverside Court Trading Limited
 AHL Southfields Trading Limited
 AHL Woodlands Village Trading Limited
 AHL Woolwich Arsenal Trading Limited
 AHL Worcester Waterside Trading Limited
 AHL C&A Investments Limited
 AHL City Quarter Investments Limited
 AHL The Forge Investments Limited
 AHL Hunton Bridge Wharf Investment Limited

Notes to the financial statements

at 31 December 2013

6. Investments (continued)

The subsidiary undertakings placed into Creditors Voluntary Liquidation (CVL) were as follows (continued): -

Assettrust Housing Investments Limited
 AHL C&A Holdings Limited
 AHL City Quarter Holdings Limited
 AHL The Forge Holdings Limited
 AHL Hunton Bridge Wharf Holdings Limited
 AHL Langley Holdings Limited
 AHL Southfields Holdings Limited
 AHL Shared Ownership Borrower Limited

Trading companies – not in administration

The principal activity of these wholly owned companies is the engagement in management and development opportunities in the UK affordable housing market. The assets secured against the secondary facility are held within the following entities which are now owned by subsidiaries which are in administration or CVL.

AHL Langley Investments limited
 AHL Southfields Investments Limited

7. Debtors

| | 2013 | 2012 |
|------------------------------------|----------------|---------------|
| | £ | £ |
| Amounts owed by group undertakings | 31,922 | 31,721 |
| Other debtors and accrued income | 72,656 | 907 |
| | <u>104,578</u> | <u>32,628</u> |

8. Creditors: amounts falling due within one year

| | 2013 | 2012 |
|---------------------------------------|-------------------|-------------------|
| | £ | £ |
| Trade creditors | 2,160,984 | 2,078,319 |
| Amounts owed to group undertakings | 2,779,041 | 2,541,014 |
| Other taxes and social security costs | 162,460 | 117,091 |
| Other creditors | 10,346,113 | 10,216,710 |
| Accruals and deferred income | 182,770 | 157,338 |
| | <u>15,631,368</u> | <u>15,110,472</u> |

Notes to the financial statements

at 31 December 2013

9. Issued share capital

| <i>Allotted, called up and fully paid</i> | <i>No.</i> | <i>2013</i> | <i>No.</i> | <i>2012</i> |
|---|------------|-------------|------------|-------------|
| | | <i>£</i> | | <i>£</i> |
| 'A' ordinary shares of £0.01 each | 49,500 | 495 | 49,500 | 495 |
| 'B' ordinary shares of £0.01 each | 1,000 | 10 | 1,000 | 10 |
| | | <u>505</u> | | <u>505</u> |

The 'A' ordinary shares and the 'B' ordinary shares rank pari passu in all respects other than that the 'B' ordinary shares do not carry voting rights.

10. Reconciliation of shareholders' funds and movements on reserves

| | <i>Share capital</i> | <i>Profit and loss account</i> | <i>Total share-holders' funds</i> |
|---------------------|----------------------|--------------------------------|-----------------------------------|
| | <i>£</i> | <i>£</i> | <i>£</i> |
| At 1 January 2013 | 505 | (15,024,625) | (15,024,120) |
| Loss for the year | – | (497,307) | (497,307) |
| At 31 December 2013 | <u>505</u> | <u>(15,521,932)</u> | <u>(15,521,427)</u> |

11. Transactions with directors and related parties

| | <i>(Payable)/ receivable at 1 January 2013</i> | <i>Loan</i> | <i>Recharges</i> | <i>Fees</i> | <i>(Payable)/ receivable at 31 December 2013</i> |
|--------------|--|-------------|------------------|-----------------|--|
| | <i>£</i> | <i>£</i> | <i>£</i> | <i>£</i> | <i>£</i> |
| G P C Mackay | <u>(468,113)</u> | <u>–</u> | <u>–</u> | <u>(18,741)</u> | <u>(486,854)</u> |

| | <i>(Payable)/ receivable at 1 January 2013</i> | <i>Recharges</i> | <i>Loans received</i> | <i>Loans provided</i> | <i>(Payable)/ receivable at 31 December 2013</i> |
|--------------------------------|--|------------------|---------------------------|---------------------------|--|
| | <i>£</i> | <i>£</i> | <i>£</i> | <i>£</i> | <i>£</i> |
| Assettrust Limited | – | – | (1,732,930) | 71,700 | (1,661,230) |
| Bivar Limited | (1,119,669) | (117,204) | – | – | (1,236,873) |
| GPCM Finco Limited | (391,086) | – | (15,000) | – | (406,086) |
| Hometrack Data Systems Limited | (1,960,002) | (124,284) | – | 1,615,000 | (469,286) |
| PXS Limited | (4,050,306) | – | – | – | (4,050,306) |
| Statuslist Limited | (2,929,945) | – | – | – | (2,929,945) |
| Hometrack.Co.UK Limited | (1,014,123) | – | – | – | (1,014,123) |
| Touchdown Relocation Limited | <u>(20,000)</u> | <u>–</u> | <u>–</u> | <u>–</u> | <u>(20,000)</u> |

G P C Mackay is a director and shareholder of the above companies.

Notes to the financial statements

at 31 December 2013

12. Ultimate parent undertaking and controlling party

In the opinion of the directors the ultimate controlling party is G P C Mackay.