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Registered in England and Wales
Company number 07984573

EAST FINANCE plc

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2017

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Company Information

Registered Company Number: 07984573

Directors

Yvonne Arrowsmith
Martin Watts

Company Secretary

Henry Potter

Registered Office

29-35 West Ham Lane
Stratford
London
E15 4PH

Bankers

Barclays Bank plc
1 Churchill Place
London
E14 5HP

Solicitors

Trowers & Hamlins
3 Bunhill Row
London EC1Y 8YZ

Auditors

Grant Thornton UK LLP
Kingfisher House
1 Gilders Way
St. James Palace
Norwich
Norfolk
NR3 1UB

Strategic Report including the Operating and Financial Review

The Board of East Finance plc is pleased to present its report together with the audited financial statements for the year ended 31 March 2017.

Principal activity

The Company's principal activity is to act as an onward lender of bond monies to provide finance for the growth and development activities of East Thames Limited, a charitable subsidiary undertaking of London & Quadrant Housing Trust (the Company's ultimate parent undertaking).

Business and financial review

The Company continues to maintain the £250,000,000 Bond which it issued in June 2012 paying a fixed coupon semi-annually in arrears of 5.486%. The whole amount remains on-lent to East Thames Limited under a facility agreement between the Company and East Thames Limited.

A continued arrangement is in place under the terms of the Bond Loan Agreement such that East Thames Limited is required to reimburse the Company all expenditure incurred in respect of the 2042 Bond, including transaction costs. The Bond Loan Agreement contains a provision for the Company to recover from East Thames Limited the difference between the interest payable to 2042 Bond investors and the interest receivable from amounts on-lent to East Thames Limited under the Bond Loan Agreement. During the year under review, the Company had no surplus funds or investments.

Since incorporation, the Company has not carried on any business or activities other than incidental to the financing of East Thames Limited. The Company is expected to break even each year. The profit for the year, both before and after taxation, was £nil.

Principal risks and uncertainties

The principal risks facing the Company continue to be:

- the inability to meet its obligations in respect of the 2042 Bond Trust Deed, in particular the covenants placed on the Company as the issuer of the 2042 Bond;
- the inability of the Company or East Thames Limited to meet their respective obligations under the Bond Loan Agreement, in particular payments, warranties and covenants; and
- that East Thames Limited's financial performance deteriorates as a result of external influences such as Welfare Reform, the housing market or general economic conditions, which potentially threaten the ability to service debt or compliance with the interest cover covenant.

These risks are managed and mitigated through the governance and financial disciplines adopted by the Company and East Thames Limited. This includes the implementation and monitoring of internal controls, adherence to group governance principles, regular assessments of actual and prospective covenant compliance and reporting to the Board of Directors.

The Company continues to comply with its obligations under the Bond Loan Agreement.

Strategic Report including the Operating and Financial Review (continued)

Principal risks and uncertainties (continued)

The Company operates as a group funding vehicle. Its performance against key performance indicators, which are the financial covenants, is as follows:

Key performance indicator	Actual performance	Target performance
Annual interest cover covenant	380%	Must exceed 95%
Rolling three year interest cover covenant	283%	Must exceed 105%
Asset value cover	£385 million	Must exceed £250 million

Financial instruments

Other than the £250,000,000 Bond which it issued in June 2012, and the inter-company debtor the Company has with its immediate parent entity, East Thames Limited, the Company has no other material financial instruments.

Financial risk management

The Board have full responsibility for assessing and managing risk. However, as part of the wider group arrangements there is regular review and scrutiny of financial risk management including those pertaining to this company.

The Company's operations expose it to a variety of financial risks that include the effects of interest rate risk, liquidity risk and credit risk. The wider group has in place a risk management plan that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of debt finance and related finance costs.

The United Kingdom European Union membership referendum took place on 23 June 2016 and Article 50 was triggered on 29 March 2017 giving the UK a two year deadline to agree the terms of departure from the EU. Whilst the impact of the decision to exit from the EU is still not fully known it will result in some future economic uncertainty.

Interest Rate Risk

The Company currently borrows funds on a fixed rate basis of 5.49% from the capital markets under the 2042 Bond and then on-lends these to East Thames Limited at the same fixed rate of interest. This provides a highly effective hedge for the Company due, firstly to the fixed rate of interest for the entire term of the 2042 Bond, secondly the matching of interest rate terms for the 2042 Bond and the loan on-lent to East Thames Limited and thirdly the 2042 Bond being accounted for at amortised cost so that any movements in fair value do not impact the statement of comprehensive income. As such the Company does not bear any interest rate risk, apart from the underlying credit risk with East Thames Limited, which is discussed below. The Company does not undertake any hedging activities and it does not have any derivatives. The wider group members also have other debt with external providers, some on fixed and some on variable rates of interest, which are closely monitored to ensure compliance to covenants. Close monitoring of market movements in interest rates and forward planning takes place by the treasury team to ensure risk is managed.

Strategic Report including the Operating and Financial Review (continued)

Financial Risk Management (continued)

Liquidity Risk

Liquidity risk is the risk that the Company might be unable to meet its obligations. The Company actively lends the full amount of the loans it has itself borrowed, thus the entity has assets to fully offset its liabilities and interest receivable to offset its interest payable. Cash is monitored by each wider group member to ensure funds are available to meet ongoing commitments. Daily cash flows are maintained and monitored, forecasting future requirements to anticipate any potential drawdown.

Credit Risk

As at 31 March 2017 the Company had on lent £250m of funds and issue costs to East Thames Limited. Attached to the intercompany borrowings is a financial guarantee from East Thames Limited which is secured by first legal mortgages over property assets with a value in excess of total borrowings. The Company is dependent on receipt of funds from East Thames Limited in order to meet its contractual obligations under the Bond Loan Agreement in relation to the 2042 Bond. The credit risk is that East Thames Limited fails to reimburse the Company. The Directors consider the credit risk to be very low owing to the fact that East Thames Limited has a strong asset base that consistently generates a surplus and is supported by a regulator that has strong oversight and ensures the financial viability of the business.

Foreign Currency Risk

The Company has no foreign currency transactions. All of the Company's borrowings and coupon payments are denominated in Sterling.

Future developments

The Directors do not anticipate any change in the Company's principal activity.

Signed on behalf of the Board of Directors



Yvonne Arrowsmith - Director
19 June 2016

East Finance plc
Registered in England and Wales - No 07984573

Report of the Directors

Results and dividends

The profit for the year amounted to £nil. The Company's performance is monitored against original expectations and is expected to break even.

The Directors do not recommend payment of a dividend in respect of the year ended 31 March 2017.

Directors and their interests

The Directors of the Company who held office during the year are as follows:

Yvonne Arrowsmith	
Simon Bass	resigned 30 May 2017
Duncan Beardsley	resigned 9 January 2017
Calum Mercer	resigned 30 November 2016
Brian Mulholland	resigned 30 November 2016
Martin Watts	appointed 9 January 2017

In accordance with the Company's Articles of Association, all of its initial Directors were required to retire at the first annual general meeting and thereafter retire by rotation. None of the Directors who held office at the beginning or end of the year had any interest in the shares of the Company.

Going Concern

In certain adverse market conditions, the principal risks and uncertainties detailed above, or other liquidity issues, could impact upon the Company's ability to effectively operate as a going concern. The Directors are not aware of any material uncertainties and have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future given its context as a member of East Thames Limited Group which includes the Company. For this reason, the Company continues to adopt the going concern basis in the financial statements.

Report of the Directors (continued)

Statement of Directors' Responsibilities for the Financial Statements

The Directors are responsible for preparing the Strategic Report including the Operating and Financial Review and the Report of the Directors 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 and profit or loss of the Company for the year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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;
- 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.

The Directors confirm that:

- so far as each Director is aware there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

To the best of our knowledge:

- the Financial Statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Strategic Report including the Operating & Financial Review and the Report of the Directors includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

Report of the Directors (continued)

Corporate Governance Statement

The Company has a listed security in issue and is required to comply with sections 7.1 and 7.2 of the Disclosure and Transparency Rules (DTR) of the Financial Conduct Authority (FCA) handbook.

The Board and its Directors

The Company is led by a Board of Directors (the Board). The appointment of the Directors is pursuant to the Articles of Association dated 9 March 2012. Each Director is of equal standing. Owing to the size and nature of the Company, there is no appointed Chief Executive. There is also no distinction drawn between executive and non-executive Directors. The Company arranges formal induction for new Directors and arranges training as necessary. The Company has not arranged insurance cover since suitable legal insurance cover is provided by East Thames Limited for the Directors and Officers in respect of potential legal action against them. The Board acknowledges that it is collectively responsible for the success of the Company by providing leadership, setting the Company's strategic aims, ensuring that the necessary financial and human resources are in place and reviewing management performance. In order to discharge these responsibilities, the Directors met on a regular basis throughout the year. Since the issuance of the 2042 Bond, the Directors have held regular Board meetings at which it discussed the activities of the Company. The Management and Board Meetings are also attended by key members of the Company's management team. The table below indicates the number of meetings held and the number of meetings attended by each Director.

Two Board meetings were held in the year ended 31 March 2017. The attendances were as follows:

	12 May 2016	27 July 2016
Yvonne Arrowsmith	A	✓
Simon Bass	✓	✓
Duncan Beardsley	✓	✓
Calum Mercer	✓	A
Brian Mulholland	✓	✓
Martin Watts	N/A	N/A

During the year ended 31 March 2017 there were several changes to the Board of Directors. These arose from the change in ultimate parent entity that occurred on 6 December 2016. Details of the new ultimate parent entity are given in note 14 to the financial statements.

All Directors receive appropriate and timely information and briefing papers in advance of Board Meetings. Whilst day-to-day management of the Company is delegated to the management team, there is a formal schedule of matters reserved for decisions by the Board. These include such matters as the provision of guarantees or indemnities in respect of any liability and approval of the annual budget or engagement in any other activity. Appointments to the Board are made in line with the Articles of Association. East Thames Limited has a Governance and Remuneration committee that provides oversight for the Group, which includes the Company. The Company does not have a separate and dedicated Governance and Remuneration committee as the size and nature of the Company does not warrant a dedicated committee.

The Board undertakes an internal annual evaluation of its performance and that of its Directors. This evaluation is undertaken externally on a three year basis. The Board operates a policy on the appointment, re-election and retirement of Directors which is consistent with East Thames Limited. The Directors ensure that the Board is structured in such a way that each member of the Board is able to bring different experiences and skills to the operation of the Company and encourages and supports each Director to regularly update and refresh their skills and knowledge.

Report of the Directors (continued)

Corporate Governance Statement (continued)

Internal control and risk management systems

The Board has established processes for identifying, evaluating and managing the significant risks the Company faces. The Board annually reviews these processes, which have been in place from the commencement of trading to the date of approval of this report. Key high level risks are also reviewed quarterly at the Group's Risk Management and Audit Committee meetings. The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board's monitoring covers all controls, including financial, operational and compliance controls and risk management to ensure it meets the requirements of Disclosure and Transparency Rules (DTR) 7.1.3. It is based principally on reviewing financial and operational reports from management to consider whether significant risks are identified, evaluated, managed and controlled and whether any significant weaknesses are promptly remedied or indicate a need for more extensive monitoring.

As part of the requirements of DTR 7.1.3 the Board specifically monitors the financial reporting process and the statutory audit of the annual accounts through reports provided by management. Furthermore, the Board reviews and monitors the independence of the statutory auditor and considers the relationship with the Group as part of its assessment. This is monitored within the East Thames Limited Board meetings which consider the relationship with the statutory auditor and all group subsidiaries. At each Company Board meeting Directors review whether the existing internal controls to monitor the requirements of DTR 7.1.3 are sufficient and take appropriate action as necessary. The Board has not identified nor been advised of any failings or weaknesses which it has determined to be significant during the course of its review of the systems of internal control. The Board considers the existing internal controls to be sufficient and does not consider there to be a requirement for a specific East Finance plc Internal Audit function as the East Thames Limited Internal Audit function provides sufficient support and expertise. The requirement for a dedicated Internal Audit function is considered annually.

Auditors

The London & Quadrant Housing Trust Group has retendered its external audit arrangements. A resolution to appoint KPMG LLP will be put to the Annual General Meeting.

Signed on behalf of the Board of Directors



Yvonne Arrowsmith - Director
19 June 2017

East Finance plc
Registered in England and Wales - No 07984573
Registered Office: 29-35 West Ham Lane, Stratford, London E15 4PH

Independent auditor's report to the members of East Finance plc

We have audited the financial statements of East Finance plc for the year ended 31 March 2017 which comprises the statement of comprehensive income, the statement of changes in equity, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 Statement of Directors' Responsibilities set out on page 5, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on 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 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report including the Operating and Financial Review and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report including the Operating and Financial Review and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report including the Operating and Financial Review and the Report of the Directors.

Independent auditor's report to the members of East Finance plc (continued)

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.



Tobias Wilson
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Norwich

6 July 2017

Statement of Comprehensive Income

	Note	2017 £'000	2016 £'000
Turnover		-	-
Administrative expenses	3	-	-
Operating surplus		-	-
Interest receivable and similar income	5	13,751	13,749
Interest payable and similar charges	6	(13,751)	(13,749)
Profit on ordinary activities before taxation		-	-
Taxation	7	-	-
Profit for the financial year		-	-

There were no transactions in Other Comprehensive Income for the year (2016: £nil).

The Company's results relate wholly to continuing activities.

The notes on pages 14 to 19 form part of these financial statements.

Statement of Changes in Reserves

	Share Capital £'000	Revenue Reserve £'000	Total £'000
At 1 April 2015	13	-	13
Profit for the year	-	-	-
At 31 March 2016	13	-	13
Profit for the year	-	-	-
At 31 March 2017	13	-	13

The notes on pages 14 to 19 form part of these financial statements.

Balance Sheet

	Note	2017 £'000	2016 £'000
Non Current Assets			
Investment	8	248,019	247,983
Current Assets			
Debtors	9	4,021	4,021
Cash at bank and in hand		13	13
		4,034	4,034
Current Liabilities	10	(4,021)	(4,021)
Net Current Assets		13	13
Total Assets less Current Liabilities		248,032	247,996
Non Current Liabilities	11	(248,019)	(247,983)
Net Assets		13	13
Capital and reserves			
Share capital	12	13	13
Revenue reserve		-	-
		13	13

These financial statements were approved by the Board on 19 June 2017 and signed on its behalf by:



Yvonne Arrowsmith
Director



Martin Watts
Director

The notes on pages 14 to 19 form part of these financial statements.

Notes to the Financial Statements

1 Accounting Policies

(a) Basis of preparation

East Finance plc (the Company) is a limited company incorporated in England and Wales. Its registered office is stated on page 1 of these financial statements. The financial statements of the Company are prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The Company has adopted IFRS 9 Financial Instruments (IFRS 9) for the recognition and measurement of its financial instruments as permitted by FRS 102 Paragraph 11.2 (c).

The Company has taken advantage of the exemption allowed by FRS 102 not to present a Statement of Cash Flows as it is a member of the London & Quadrant Housing Trust Group which prepares publicly available consolidated financial statements, and the Company is included in the consolidation.

The Company's presentation currency is Great Britain Pounds. Amounts are presented in thousands.

The preparation of the financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the Company's management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

(b) Going concern

On the basis of their assessment of the Company's financial position and resources, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. The Board when making its assessment has considered the risks presented by both Brexit and the result of the 8 June 2017 General Election. Thus they adopt the going concern basis of accounting in the preparation of the annual financial statements.

(c) Investment income

Income receivable from investments is recognised as income accrues, using the effective interest method (that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

(d) Interest payable and similar charges

Interest on borrowings is charged to the Statement of Comprehensive Income over the term of the debt using the effective interest rate method, to ensure that the amount charged is at a constant rate on the carrying amount.

Costs of issuing debt are recognised as a reduction in the associated capital instrument. Costs in obtaining undrawn facilities are amortised over the life of the facility.

Notes to the Financial Statements (continued)

1 Accounting Policies (continued)

(e) Taxation

The current tax charge is based on the results for the year and is measured at the amounts expected to be paid based on the tax rates and laws substantially enacted by the balance sheet date. Current tax is recognised in the Statement of Comprehensive Income for the year.

(f) Financial assets

Borrowings are recognised initially at fair value less attributable issue costs. Subsequent to initial recognition borrowings are stated at amortised cost with any difference between the amount initially recognised and the redemption value being recognised in the Statement of Comprehensive Income over the period of the borrowings, using the effective interest method.

The loan advanced to East Thames Limited is classified as an instrument to be carried at amortised cost. It is presented as a fixed asset investment and held at amortised cost using the effective interest rate to allocate the issuance transaction costs.

Accrued interest receivable on loans advanced to East Thames Limited is also classified as a financial instrument to be carried at amortised cost. Consequently it is held at amortised cost and included within debtors due within one year.

With the exception of the Company's borrowings, there is no significant difference between the carrying value and fair value of the Company's financial assets and liabilities.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(g) Financial liabilities

Bonds are classified as instruments to be held at amortised cost. Accordingly they are held as such using the effective interest rate method to allocate costs of issue (including any discount or premium on issue).

Accrued interest payable on the Bond is also classified as an instrument to be held at amortised cost.

Notes to the Financial Statements (continued)

1 Accounting Policies (continued)

(h) Bond issue costs

Costs incurred on the issue of bond finance are initially recorded as a deduction from the gross proceeds of the loan and included in creditors greater than one year. The costs are then subsequently amortised over the term of the loan.

2 Critical accounting judgements and estimation uncertainty

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.

(a) Critical judgements in applying the Company's accounting policies

The following are the significant management judgements made in applying the accounting policies of the Company that have the most significant effect on the financial statements.

(i) Determining the treatment of financial instruments

Judgement is required to determine the treatment of financial instruments and whether they should be accounted for at amortised cost or at fair value. This judgement to hold financial instruments at amortised cost has been applied by reference to the requirements of IFRS 9 and the terms under which the instruments are issued. In this context the 2042 bond is carried at amortised cost being a debt instrument with a fixed rate of interest held within a business model whose objective is to hold financial instruments to collect contractual cash flows. No election to account at fair value has been made. The amounts on lent to East Thames Limited are on the same terms as the 2042 bond.

(b) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are neither estimates nor assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3 Administrative expenses

The Company has no directly employed personnel.

Audit fees of £12,000 (2016: £12,000) and other administrative expenses are borne by East Thames Limited, the immediate parent undertaking.

4 Directors emoluments

The Directors are appointed by East Thames Limited. The Directors do not receive any remuneration for their duties as Directors of the Company. Any employment costs are borne by East Thames Limited and disclosed as appropriate in that entity.

Notes to the Financial Statements (continued)

5 Interest receivable and similar income

	2017 £'000	2016 £'000
Interest receivable and similar income on an intra group loan	13,751	13,749
	<u>13,751</u>	<u>13,749</u>

The Company has lent the entire proceeds of the 2042 Bond to East Thames Limited on the same interest rate basis as the 2042 Bond. The £13,751,000 (2016: £13,749,000) of interest receivable from East Thames Limited under the Bond Loan Agreement matches the interest payable to the bondholders plus the amortisation of the bond issue costs.

Under the terms of the Bond Loan Agreement East Thames Limited is required to reimburse the Company all expenditure incurred in respect of the 2042 Bond. Immediately after the issuance of the 2042 Bond the Company on-lent the entire bond proceeds to East Thames Limited.

6 Interest payable and similar charges

	2017 £'000	2016 £'000
Interest payable on 2042 Bond	13,715	13,715
Amortisation of Bond issue costs	36	34
	<u>13,751</u>	<u>13,749</u>

7 Taxation on profit on ordinary activities

The result for the year did not give rise to a tax charge.

8 Fixed Asset Investment

	2017 £'000	2016 £'000
Long-term debtor due from a Group undertaking	248,019	247,983
	<u>248,019</u>	<u>247,983</u>

The net proceeds of the 2042 Bond was immediately on-lent to East Homes Limited, a fellow Group undertaking.

The increase in the loan of £36,000 (2016: £34,000) represents East Thames Limited reimbursing the Company for the amortisation of the 2042 Bond issue costs.

The loan to East Thames Limited is considered to be a fixed asset investment as it is intended for use on a continuing basis in the Company's activities. The Directors consider such loans are held for the long-term over the life of the related debt.

Notes to the Financial Statements (continued)

9 Debtors: due within one year

	2017 £'000	2016 £'000
Interest receivable from Group entities	4,021	4,021
	<u>4,021</u>	<u>4,021</u>

10 Current liabilities

	2017 £'000	2016 £'000
Interest payable on 2042 Bond	4,021	4,021
	<u>4,021</u>	<u>4,021</u>

11 Non current liabilities

	2017 £'000	2016 £'000
2042 Bond	250,000	250,000
Unamortised bond issue costs	(1,981)	(2,017)
	<u>248,019</u>	<u>247,983</u>

Under the terms of the Bond Loan Agreement, East Thames Limited is committed to repay the £250,000,000 in full at maturity on 15 June 2042 to enable the Company to reimburse the 2042 Bondholders.

The 2042 Bond is secured by fixed charges over the housing properties of East Thames Limited.

12 Called up share capital

Authorised

50,000 ordinary shares of £1 each.

Allocated, issued and fully paid

50,000 ordinary shares of £1 each partly paid at 25 pence.

Upon incorporation the Company issued the partly paid shares to provide £12,500 to provide working capital to establish the business. All shares rank pari passu in all regards.

13 Related party transactions

As permitted by FRS 102 Paragraph 33.1A, the Company has not presented details of related party transactions with other companies that are wholly owned within the Group.

Notes to the Financial Statements (continued)

14 Ultimate parent undertaking

London & Quadrant Housing Trust, is registered under the Cooperative and Community Benefit Societies Act 2014 and is a registered housing association, assumes responsibility as the parent entity for its operating subsidiaries including the Company (East Finance plc). The results of the Company are included in the consolidated financial statements of its ultimate parent undertaking, London & Quadrant Housing Trust.

The Company's immediate parent undertaking is East Thames Limited.

A copy of the London & Quadrant Housing Trust's financial statements can be obtained from its registered office, One Kings Hall Mews, London SE13 5JQ.

15 Post balance sheet event

There were no events subsequent to 31 March 2017 that require disclosing.