ResiManagement Limited

Report and Financial Statements

31 December 2017

Directors

G P C Mackay (Chairman)
C A Hewitt
N A McAlpine-Lee

Secretary

Gravitas Company Secretarial Services Limited

Auditors

Ernst & Young LLP
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Luton
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Registered Office

One New Change
London
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Registered No. 08155459

Directors' Report

The directors present their report and financial statements for the year ended 31 December 2017 for ResiManagement Limited ("the Company").

Review of the business

The company provides management and administration services to companies and investors active in the affordable housing sector. The number of properties managed by the company continues to grow as a result of these activities.

Future outlook

Significant demand for shared ownership properties and government's reaffirmed commitment to extending home ownership via the Shared Ownership and Affordable Homes Programme 2016 to 2021 (SOAHP) creates significant opportunity for private investment in affordable housing and, in addition to the existing pipeline described above, the company expects to grow in line with this increased sector wide activity.

Going concern

The company's business activities, together with the factors likely to affect its future development are described above.

The financial statements have been prepared on a going concern basis as the company is in a financially sound position. The company is well positioned for future growth in turnover and profitability as its investor capitalises on the market opportunity for private investment in affordable housing. As a consequence, the directors believe the company is well placed to manage its business risks successfully.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis continues to be adopted in preparing the annual report and financial statements.

Directors

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

G P C Mackay
C A Hewitt
N A McAlpine-Lee

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 auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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Directors' Report (continued)

Small company exemptions

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

On behalf of the Board

C Hewitt
Director

14 June 2018

Statement of Directors' Responsibilities

The directors are responsible for preparing the 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) including section 1A of 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 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; 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 ResiManagement Limited

Opinion

We have audited the financial statements of ResiManagement Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position and the related notes 1 to 6, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent Auditor's Report (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are *required to determine whether there is a material misstatement in* the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Independent Auditor's Report (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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.

Ernst & Young LLP

Andrew Clewer (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Luton
15/6/18

Statement of Comprehensive Income

for the year ended 31 December 2017

	Notes	2017 £	2016 £
Turnover		4,608,989	2,175,445
Administrative expenses		(2,610,819)	(1,699,427)
Operating profit	2	1,998,170	476,018
Bank interest receivable and similar income		173	198
Profit on ordinary activities before taxation		1,998,343	476,216
Tax on profit on ordinary activities		321,211	–
Profit on ordinary activities after taxation		2,319,554	476,216

Statement of Changes in Equity

for the year ended 31 December 2017

	Share capital	Retained earnings	Total
	£	£	£
At 1 January 2016	300	239,987	240,287
Profit for the year and total comprehensive income	-	476,216	476,216
Equity dividends paid	-	(624,998)	(624,998)
At 31 December 2016	300	91,205	91,505
Profit for the year and total comprehensive income	-	2,319,554	2,319,554
Equity dividends paid	-	(1,400,587)	(1,400,587)
At 31 December 2017	300	1,010,172	1,010,472

Statement of Financial Position

as at 31 December 2017

	Notes	*2017* £	*2016* £
Current assets			
Debtors	3	1,140,979	160,415
Cash at bank		33,343	43,781
		1,174,322	204,196
Creditors: amounts falling due within one year	4	163,850	112,691
Net assets		1,010,472	91,505
Capital and reserves			
Called up share capital	5	300	300
Profit and loss account		1,010,172	91,205
Shareholders' funds		1,010,472	91,505

These accounts have been prepared in accordance with the provisions applicable to companies subject to the Small Companies' regime of the Companies Act 2006 and with Section 1A of Financial Reporting Standards 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements have been approved by the board on 14TH JUNE 2018 and signed on its behalf by:

C Hewitt
Director

Notes to the financial statements

as at 31 December 2017

1. Accounting policies

Statement of compliance

The financial statements have been prepared in Compliance with Section 1A of FRS 102 as it applies to the financial statements for the year ended 31 December 2017.

Basis of preparation

The financial statements have been prepared under the historical cost convention and presented in Sterling which is the functional currency.

The company is a private company limited by shares and is incorporated in England and Wales.

Revenue recognition

Turnover comprises revenue recognised by the company in respect of transactional and management fees due under the agreements it has in place to provide property and administrative services.

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.

Classification of shares as debt or equity

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Accordingly, a financial instrument is treated as equity if:

i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and
ii) the instrument is a non-derivative that contains no contractual obligations to deliver a variable number of shares or is a derivative that will be settled only by the company exchanging a fixed amount of cash or other assets for a fixed number of the company's own equity instruments.

When shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet; measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating to the liability component are charged as interest expense in the income statement.

Notes to the financial statements (continued)

as at 31 December 2017

1. Accounting policies

Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of comprehensive income when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Capital expenditure

Costs in relation to the acquisition of computer equipment for individual use are expensed as incurred on the basis of their short economic useful lives and insignificant values.

2. Operating profit

This is stated after charging:

	2017	2016
	£	£
Auditors remuneration	18,000	12,000

The monthly average number of employees during the year was 18 (2016: 9).

Notes to the financial statements (continued)

as at 31 December 2017

3. Debtors

	2017 £	2016 £
Trade debtors	708,198	111,664
Other debtors and accrued income	111,570	48,751
Deferred tax asset	321,211	-
	1,140,979	160,415

The deferred tax asset relates to available tax losses which are expected to be recoverable against future taxable profits.

4. Creditors: amounts failing due within one year

	2017 £	*2016* £
Trade creditors	41,109	6,949
Other taxes and social security costs	54,162	27,094
Other creditors	7,563	6,529
Accruals and deferred income	61,016	67,201
Dividend payable	-	4,918
	163,850	112,691

5. Issued share capital

Allotted, called up and fully paid	No.	2017 £	No.	2016 £
'A' ordinary shares of £0.01 each	10,000	100	10,000	100
Convertible shares of £0.01 each	10,000	100	10,000	100
Preference shares of £0.01 each	10,000	100	10,000	100
		300		300

The 3 classes of shares derive their names from the way in which they participate in any dividends or capital distribution.

The company dividend policy is to distribute all distributable profits to shareholders, subject to retaining sufficient cash to meet the operational needs of the business.

The Preference Shares have preferential rights to dividends and on capital distribution. They carry no voting or redemption rights and are non-cumulative. Preference Share dividends are calculated by reference to a formula, linked to the company turnover in the relevant period and prevailing tax rates, up to a cap. Once the sum of all Preference Share dividends paid has reached the cap, no further Preference Share dividends will be payable.

The 'A' Ordinary Shares carry voting and capital distribution rights. There are no redemption rights.

The Convertible Shares carry no voting or redemption rights. Each Convertible Share will convert to one Deferred Share on the conversion date of 17 December 2034. The Deferred Shares may

Notes to the financial statements (continued)

as at 31 December 2017

5. Issued share capital (continued)

then be redeemed by the company at any time for £0.01 for all the Deferred Shares registered in the name of each holder.

Following calculation of any Preference Share dividend, dividends on the 'A' Ordinary Shares and the Convertible Shares will be paid using all remaining distributable profits and must be paid 93% to 'A' Ordinary Shareholders and 7% to Convertible Shareholders. If there are no Convertible Shares in issue 100% is paid to the 'A' Ordinary Shareholders.

Decisions are taken at meetings of the Board by a simple majority of the votes of the directors. Where there is equality of votes the Chairman of the Board has the casting vote. Certain strategic and operational Board and Shareholder matters require approval by 'A' Ordinary Shareholders holding at least 72% of the 'A' Ordinary Shares in issue. These include changes to dividend policy, lending arrangements and share issues.

6. Transactions with directors

	Management/ consultancy fees 2017	Payable at 31 December 2017	Management/ consultancy fees 2016	Payable at 31 December 2016
	£	£	£	£
C A Hewitt	168,534	-	148,995	-
N A McAlpine-Lee	281,328	-	223,200	-

Recharges from G P C Mackay & Co, an entity related to G P C Mackay, in the year amounted to £71,139 (2016: £102,271).

Dividends distributed during the period amounted to £1,400,587 (2016: £624,998) comprising of preference, convertible and ordinary dividends. The preference dividend amounted to £727,320, of which G P C Mackay received the full amount. The convertible dividend amounted to £47,129, of which G P C Mackay received £20,675. The ordinary dividend amounted to £626,138, of which G P C Mackay received £388,206, N A McAlpine-Lee received £125,228 and C A Hewitt received £62,614.

Post year end, further dividends amounting to £640,576 were distributed comprising of preference, convertible and ordinary dividends. The preference dividend amounted to £404,017, of which G P C Mackay received the full amount. The convertible dividend amounted to £16,559, of which G P C Mackay received £7,263. The ordinary dividend amounted to £220,000, of which G P C Mackay received £136,400, N A McAlpine-Lee received £44,000 and C A Hewitt received £22,000.

Key management personnel are considered to be the above directors who have authority and responsibility for planning, directing and controlling the activities of the company.