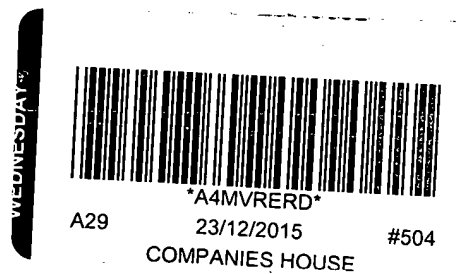


Company Registration Number: 93391195

RHP FINANCE PLC

Report and Financial Statements

For the period ended 31 March 2015



RHP Finance Plc
Report and financial statements for the period ended 31 March 2015

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Statutory Information

Company registration number 9331195

Directors Philip Day
David Done
John Newbury
Catriona Simons
Stephen Speak

Secretary Philip Day

Registered Office 8 Waldegrave Road,
Teddington.
London
TW11 8GT

Independent Auditor Grant Thornton UK LLP
Grant Thornton House
202 Silbury Boulevard
Central Milton Keynes
MK9 1LW

Bankers Lloyds Bank Plc
City Office Po Box 72 Bailey
Drive Gillingham Business
Park
Kent
ME8 0LS

Solicitors Trowers & Hamlins LLP
3 Bunhill Row
London
EC1Y 8YZ

RHP Finance Plc

Report and financial statements for the period ended 31 March 2015

STRATEGIC REPORT

The Directors submit their Strategic Report, Report from the Directors and the Audited Financial Statements for the period ended 31 March 2015.

Report of the Directors

RHP Finance plc. (the "Company") was incorporated on 27 November 2014. The company is wholly owned subsidiary of Richmond Housing Partnership Limited (RHP).

Business review and principal activity

The Company's principal activity is to provide finance for the growth and development activities of Richmond Housing Partnership (RHP) and its subsidiaries.

On 5 February 2015, the Company issued a fixed rate secured bond, denominated in Sterling and maturing 5th February 2048 ("2048 Bond"), of £175,000,000 to the Debt Capital Markets paying a fixed coupon of 3.25% payable in bi-annual instalments.

Of the £175,000,000 raised, £140,000,000 was issued to external investors realising proceeds of £138.6m. The entire proceeds were then lent to RHP under a loan agreement whose terms mirror those of the bond. The remaining £35,000,000 were held by the company themselves and treated as unissued.

The Bond Loan Agreement contains a provision for the Company to recover from RHP the difference between the interest payable to 2048 Bond investors and the interest receivable from amounts on-lent to RHP under the bond loan agreement, investment income accrued from permitted investments and bank deposits. This represents an embedded derivative which is not closely related to the host loan agreement, however the value of the embedded derivative is not material.

The Company has not carried on any business or activities other than that which is incidental to the financing of RHP since incorporation.

Principal risks and uncertainties

The principal risk facing the Company is the inability to meet its obligations in respect of the 2048 Bond Trust Deed.

Various security and contractual arrangements, as described in note 11 to these financial statements, are in place to mitigate these risks.

The risks facing the RHP Group could also have a material effect on the performance of RHP Finance PLC. These include:

- risk that the operating surplus of RHP does not perform in line with its business plan
- the risk that the loan covenants are breached

Management of these risks is controlled by:

- monitoring the operating surplus of RHP and how they have performed against the business plan
- regular review of factors that may impact operating surplus(es) and taking corrective action to ensure there is no impact on covenants
- monitoring the covenants

Further analysis of the key strategic risks faced by RHP and associated risk mitigants are provided in the RHP Group financial statements which can be found at www.RHP.org.uk.

RHP Finance Plc
Report and financial statements for the period ended 31 March 2015

Summary of key performance indicators

The Directors have monitored the progress of the overall strategy and the individual strategic elements by reference to the following non-financial indicators described below:

The Board of Directors ensure that the Company fulfils its obligations under the Bond Trust Deed which in turn ensures it is compliant with Listing Regulations and under the Bond Loan Agreement its commitments to Bond investors.

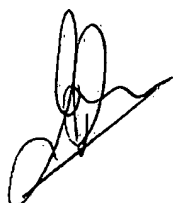
The Company is primarily a conduit for accessing the Debt Capital Markets therefore the Board of Directors monitor the availability of cashflows to and from RHP as the financial key performance indicators.

During the financial period all cash flow was readily available to and from RHP and therefore met this objective.

Financial risk management objectives

The Directors' approach to financial risk management objectives and exposures have been set out in Note 10 of these financial statements.

This report was approved by the Board on 7 July 2015 and signed on its behalf by

A handwritten signature in black ink, appearing to be 'John Newbury', written over a horizontal line.

John Newbury
Director

RHP Finance Plc
Report and financial statements for the period ended 31 March 2015

REPORT OF THE DIRECTORS

Future developments

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

Results and dividends

The profit for the period amounted to £nil.

The Directors do not recommend payment of a dividend in respect of the period ending 31 March 2015.

Directors and their interests

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

Philip Day
David Done
John Newbury
Catriona Simons
Stephen Speak

In accordance with the Company's Articles of Association, none of its Directors are required to retire. None of the Directors who held office at the beginning or end of the period had any interest in the shares of the Company.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report and Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company Law requires the directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and 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.

The directors confirm that so far as each of the directors is aware:

- there is no relevant audit information of which the Company's auditor is unaware; and

RHP Finance Plc

Report and financial statements for the period ended 31 March 2015

- 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 annual report, including the Strategic Report, 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.

Going Concern

The company's business activities, its principal risks and uncertainties and factors likely to affect its future position are set out within the Strategic Report. There are no material uncertainties.

The support available to the company from the RHP Group gives reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in the financial statements.

Signed on behalf of the Board of Directors



John Newbury
Director

7 July 2015

Registered in England – No 9331195

8 Waldegrave Road,
Teddington
London
TW11 8GT

RHP Finance Plc

Report and financial statements for the period ended 31 March 2015

Corporate Governance Statement

The Company has a listed security in issue and complies with the applicable sections DTR 7.1 and DTR 7.2 of the Financial Conduct Authority ("FCA") handbook.

The Company does not have a Premium Listing and is not required to comply with the UK Corporate Governance Code (formerly the Combined Code). However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the company and best practice.

The Board and its Directors

The Company is led by a Board of Directors ("Board"). The appointment of the Directors is pursuant to the Articles of Association dated 27 November 2014.

Each Director is of equal standing. Owing to the size and nature of the Company, there is no appointed Chairman or Chief Executive. There is also no distinction drawn between executive and non-executive Directors.

As the Board all have considerable experience within the Social Housing sector, and also act as board members or executive directors of RHP, the Company does not arrange any separate formal induction or training for new RHP Finance PLC Directors. This arrangement is reviewed on an on-going basis to consider its appropriateness when new directors are appointed.

The Directors are covered by the RHP Group's directors' and officers' indemnity insurance policy.

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.

The table below indicates the number of meetings held and the number of meetings attended by each Director since incorporation in November 2014.

	Board
Number of meetings held in the year (11 th December 2014)	1
Philip Day	1
David Done	1
John Newbury	1
Catriona Simons	1
Stephen Speak	1

All Directors receive appropriate and timely information and briefing papers in advance of the Management and Board Meetings. Whilst day-to-day management of the Company is delegated to the RHP executive group, 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 or engagement in any other activity.

Appointments and re-appointments to the Board are made in line with the Articles of Association. RHP has a Governance and Remuneration committee that provides oversight for the entire RHP Group of companies which includes RHP Finance PLC. 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.

RHP Finance Plc
Report and financial statements for the period ended 31 March 2015

The Group Board undertakes a formal annual evaluation of its performance and that of its subsidiaries which includes RHP Finance PLC. The Directors, however, ensure that the Board
Corporate Governance Statement (continued)

The Board and its Directors (continued)

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. This is reviewed by the Group Governance and Remuneration Committee.

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. The risks are also reviewed quarterly during the RHP Group 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 minimum requirements of 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 RHP as part of its assessment. This is monitored as part the RHP Group Board meetings which consider the relationship with the statutory auditor and all group subsidiaries.

The Board regularly reviews 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.

Currently, the internal audit arrangement in place covers the entire RHP Group which RHP Finance Plc. is part.

RHP Finance Plc
Report and financial statements for the period ended 31 March 2015

Independent auditor's report to the members of RHP Finance PLC

We have audited the financial statements of RHP Finance PLC for the period ended 31 March 2015 which comprise the profit and loss account, 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).

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 pages 5 to 6, 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 (APB'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/apb/scope/private.cfm.

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 2015 and of its result for the period 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:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 7 to 8 with respect to internal control and risk management systems in relation to financial reporting processes is consistent with the financial statements.

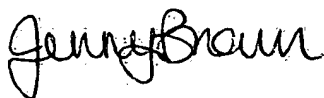
RHP Finance Plc
Report and financial statements for the period ended 31 March 2015

Independent auditor's report to the members of RHP 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; or
- a Corporate Governance statement has not been prepared by the company



Jennifer Brown
Grant Thornton UK LLP
Statutory Auditor,
Chartered Accountants
London

13 JULY 2015

RHP Finance Plc
Report and financial statements for the period ended 31 March 2015

Profit and Loss Account for period to 31 March 2015

	Notes	2015 £'000
Administrative expenses	2	-
Operating income before financing costs		-
Interest receivable and similar income	3	677
Interest payable and similar charges	4	(677)
Profit on ordinary activities before taxation		-
Taxation	5	-
Results for the period		-

The above relates wholly to continuing operations.

There is no difference between the result on ordinary activities before taxation and the result for the period stated above and their historic cost equivalent.

The company has no recognised gains and losses other than the result stated above and therefore no separate statement of total recognised gains and losses has been presented.

RHP Finance Plc
Report and financial statements for the period ended 31 March 2015

Balance Sheet for Period ended 31 March 2015

	Notes	2015 £'000
Fixed asset investment	6	137,736
Current assets:		
Debtors – amount falling due within one year	7	677
Cash at bank and in hand		13
		<u>690</u>
Creditors – amounts falling due within one year	8	(677)
Net Current assets		<u>13</u>
Total assets less current liabilities		<u><u>137,749</u></u>
Non-current liabilities:		
Creditors – amounts falling due after more than one year	9	137,736
Called-up share capital	12	13
Equity shareholders' funds	13	<u><u>137,749</u></u>

These financial statements were approved and authorised by the Directors for issue on 7 July 2015

Signed on behalf of the Board of Directors



John Newbury
 Director

RHP Finance Plc
Report and financial statements for the period ended 31 March 2015

Notes to the Financial Statements

1. Principal Accounting Policies

1.1 Basis of preparation

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards (United Kingdom Generally Accepted Accounting Practice).

The financial statements are presented in Sterling rounded to the nearest thousand.

1.2 Cash flow statement

The Company is exempt from the requirements of FRS1 (Revised) to prepare a cash flow statement as its results are included in the consolidated financial statements of the RHP group which includes a cash flow statement.

1.3 Interest receivable and similar income

Interest payable is charged to the income and expenditure account in the year

1.4 Taxation

The current tax charge is based on the results for the period 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 profit and loss account for the period.

1.5 Financial assets

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value adjusted by transaction costs. Amounts classed by the Company as financial assets are loans and receivables and cash.

1.6 Loans and Other Financial Instruments

Loans and other financial instruments are stated in the balance sheet at the amount of the gross proceeds, less the initial cost of raising the finance which is amortised over the period of the loan using the effective interest rate.

Where loans and other financial instruments are redeemed during the year, any redemption penalty is recognised in the income and expenditure account of the year in which redemption takes place.

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transaction costs.

Issue costs and discount on the issue of the bond are recognised in the profit and loss over the life of the bond.

RHP Finance Plc
Report and financial statements for the period ended 31 March 2015

Notes to the Financial Statements (continued)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Intercompany debtors are classified as loans and receivables. Loans and receivables are measured subsequent to initial recognition at amortised cost, discounted at a rate equal to the original effective rate, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the profit and loss account.

Provision against intercompany debtors is made when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective rate. An assessment for impairment is undertaken at least at each balance sheet date.

1.7 Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are recorded initially at fair value, net of direct issue costs.

Financial liabilities are measured subsequent to initial recognition at amortised cost discounted at the original effective rate, with interest-related charges recognised as an expense in finance cost in the profit and loss account. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the profit and loss account on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Financial liabilities are derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

2. Administrative Expenses

None of the Directors received any remuneration as Directors from the Company during the period. The Company has no directly employed personnel. Remuneration paid to RHP's Executive Group officers is disclosed in the RHP Group financial statements.

Audit fees of £7,500 and other administrative expenses are borne by RHP, the immediate and ultimate parent undertaking.

3. Interest receivable and similar income

	2015
	£'000
Interest receivable from RHP	677
Bank interest receivable	-
	677

RHP Finance Plc
Report and financial statements for the period ended 31 March 2015

Notes to the Financial Statements (continued)

4. Interest payable and similar charges

	2015 £'000
Interest payable on the 2048 Bond	<u>677</u>

5. Taxation

The results for the period do not give rise to a tax charge.

6. Fixed asset investment

	2015 £'000
Amounts owed by RHP through intercompany account	138,601
Unamortised Transaction costs	(865)
	<u>137,736</u>

On 5th February 2014, the Company issued a fixed rate secured bond, denominated in Sterling, maturing 5th February 2048 ("2048 Bond") of £175,000,000 to the Debt Capital Markets paying a fixed coupon bi-annually of 3.25%.

Of the £175,000,000 raised, £140,000,000 was issued to external investors. The remaining £35,000,000 was initially issued to the Company's external treasury advisors for nil consideration. All funds raised were on-lent to RHP under the Bond Loan Agreement. The £138,601,000 above reflects the discount on issue.

Loans to RHP are considered to be fixed asset investments as they are intended for use on a continuing basis in the Company's activities. The Directors consider such loans to be held for the long term over the life of the related debt.

The amounts stated above are all due in more than one year (refer to Note 8 for amounts due within one year).

7. Debtors – amount falling due within one year

	2015 £'000
Interest receivable	-
Amounts owed by RHP through intercompany account	677
	<u>677</u>

RHP Finance Plc
Report and financial statements for the period ended 31 March 2015

Notes to the Financial Statements (continued)

8. Creditors – amount falling due within one year

	2015 £'000
Amounts due to 2048 Bond investors	<u>-</u>

The maturity profile of anticipated future cashflows including interest in relation to the company's financial liabilities is shown in the table below:-

	2015 £'000
Financial assets:	
classed as loans and receivables (amortised cost)	
Within One Year	4,589,698
In one to two years	4,578,070
In two to three years	4,579,011
In three to four years	4,579,983
In four to five years	4,593,541
In more than five years	<u>256,747,498</u>
In more than five years	<u>279,667,801</u>

9. Creditors – amounts falling due after more than one year

	2015 £'000
Amounts owed to 2048 Bond investors	138,601
Unamortised Transaction costs	(865)
	<u><u>137,736</u></u>

The above includes the discount on issue; the nominal value is £140,000,000.
Under the terms of the Bond Loan Agreement RHP is committed to repay the 2048 Bond in full by maturity date in 10 bi-annual instalments starting on the 28th anniversary of the Bond to enable the Company to reimburse the bond holders.

All amounts are due for repayment in more than 5 years.

RHP Finance Plc
Report and financial statements for the period ended 31 March 2015

Notes to the Financial Statements (continued)

10. Financial instruments

The Company's financial instruments comprise borrowings and loans receivable. The sole purpose of these financial instruments is to raise finance for the growth and development activities of RHP and its subsidiaries.

The Company does not actively engage in the trading of financial assets for speculative purposes. The Company has not entered into any derivative contracts.

The most significant financial risks to which the Company is exposed are credit risk and liquidity risk. The Board's policy for managing the risks is summarised below:

The Company's financial instruments are summarised as follows:

	2015
	£'000
Financial assets:	
classed as loans and receivables (amortised cost)	
Loans to ultimate parent undertaking	137,736
Debtors	677
Cash and cash equivalents	13
	<u>138,426</u>
	2015
	£'000
Financial liabilities:	
classed as other financial liabilities (amortised cost)	
Other creditors (accrued 2048 bond coupon – see Note 6)	677
Other liabilities	137,736
	<u>138,413</u>

Credit risk

The Company is dependent on receipt of funds from RHP in order to meet its contractual obligations under the Bond Loan Agreement in relation to the 2048 Bond. The credit risk is that RHP, as the main counterparty, fails to reimburse the Company. The Directors consider the credit risk to be very low owing to the fact that RHP is a strong business, with a strong asset base, that consistently generates surpluses.

The credit risk for bank deposits and money market funds is considered low, since the counterparties are reputable banks with high quality external credit ratings.

The maximum credit risk currently faced by the Company is £138.6m being the total amount of funds raised from external investors by the 2048 Bond issuance, and on lent to RHP.

No impairment loss has been recorded in relation to the fixed asset investment.

RHP Finance Plc
Report and financial statements for the period ended 31 March 2015

Notes to the Financial Statements (continued)

10. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Group might be unable to meet its obligations. Expected cash flows from financial assets, in particular its cash resources and trade receivables, are used by the Directors in assessing and managing liquidity risk. The Group has in place a number of risk mitigation activities. The risk is managed via the Bond Loan Agreement into which the Company has entered with RHP.

The repayment profile of the Company's gross undiscounted liabilities is as follows:

	On demand £'000	Less than 12 months £'000	1 to 5 years £'000	More than 5 years £'000	Total £'000
2015					
Amounts due to 2048 Bond investors	-	4,562	18,212	256,830	279,604
Amounts due to RHP	13	-	-	-	13
	<u>13</u>	<u>4,562</u>	<u>18,212</u>	<u>256,830</u>	<u>279,617</u>

Amounts due to 2048 Bond Investors reflects the gross payments due on the amount of 2048 Bond that was issued to external investors.

Interest rate risk

The Company has no exposure to interest rate risk as all amounts owed to external 2048 Bond investors are at a fixed rate of interest as are the interest receivable amount due from RHP on amounts lent under the Bond Loan Agreement.

There are no other interest bearing assets or liabilities.

The interest rate profile of the Company's financial liabilities is as follows:

	2015 £'000
Fixed rate borrowings	<u>137,736</u>

The 2048 Bond pays a fixed coupon of 3.25%

Only £140,000,000 of the £175,000,000 2048 Bond has been issued.

RHP Finance Plc
Report and financial statements for the period ended 31 March 2015

Notes to the Financial Statements (continued)

10. Financial instruments (continued)

Fair values

Set out below is a comparison of book values and fair values of the Company's financial instruments:

	At Fair Value 2015 £'000	Book Value 2015 £'000
Financial asset		
Loans to ultimate parent undertaking	134,134	137,736
Cash and cash equivalents	13	13
At 31 March	<u>134,147</u>	<u>137,749</u>
	At Fair Value 2015 £'000	Book Value 2015 £'000
Financial liabilities		
Other creditors	13	13
Fixed rate secured Bonds	136,710	137,736
At 31 March	<u>136,723</u>	<u>137,749</u>

The fair value of the loans to RHP is based on the market value of similar debt instruments at 31 March 2015. Fair values of the financial liabilities are stated at Ask price of 97.65p and financial assets are stated at Bid price of 95.81p. The terms of the loan to RHP are fixed therefore no adjustment has been made to align the book value to fair value.

Foreign currency risk

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

RHP Finance Plc
Report and financial statements for the period ended 31 March 2015

Notes to the Financial Statements (continued)

11. Capital risk management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for the 2048 Bond investors and benefits for other stakeholders. The risk of interruption of cash inflows to the Company (which are required to service and repay the debt) is low owing to these ultimately being receivable from RHP which receives a significant proportion of its rents from the public sector and continues to generate a positive cashflow.

In order to maintain or adjust the capital structure, the Company may issue new shares, or sell assets to reduce debt.

The Group monitors capital on the basis of the carrying amount of equity, fixed asset investment plus its cash and cash equivalents as presented on the face of the balance sheet. Capital for the reporting period under review is summarised as follows:

	2015 £'000
Fixed asset investment	137,762
Cash and cash equivalents	13
Equity	13
Total capital	<u>137,788</u>

The Company has honoured all its covenant obligations since the 2048 Bond issuance to the Debt Capital Markets on 5 February 2015. The Company's covenants are outlined in the Bond Loan Agreement and relate to the permitted business activities of the Company and asset cover. Failure to comply with any covenant would lead to a default and security for the loan becoming immediately enforceable and the Loan becoming immediately due and repayable.

The Company has complied with all externally imposed capital requirements during the year.

12. Called up share capital

	2015 £'000
Authorised	
50,000 ordinary shares of £1 each	<u>50</u>
	2015 £'000
Allocated, issued and paid	
50,000 ordinary shares of £0.25 each	<u>13</u>

Upon incorporation the Company issued 50,000 shares to provide working capital to establish the business.

All shares rank pari passu in all regards.

RHP Finance Plc
Report and financial statements for the period ended 31 March 2015

Notes to the Financial Statements (continued)

13. Reconciliation of movement in shareholders' funds

	2015
	£'000
Opening shareholders' funds	-
Share issued in period	13
Closing shareholders' funds	13

14. Related party transactions

The company takes advantage of the FRS 8 "Related Party Disclosures" exemption permitting it not to disclose transactions with Group undertakings where 100% of the voting rights are controlled within the group and consolidated group accounts are prepared.

15. Ultimate parent undertaking

RHP Finance PLC is a wholly owned subsidiary of Richmond Housing partnership Limited (RHP), which is the ultimate parent and ultimate controlling entity. RHP is the smallest and largest entity in the group that produces consolidated financial statements. RHP is a registered public benefit formed under the Co-operative and Community Benefit Societies Act 2014. Consolidated financial statements of RHP can be obtained from the Company Secretary at 8 Waldegrave Road, Teddington, London, TW11 8G.