

GB Social Housing Plc

Annual Reports and financial statements

For the year ended 31 December 2014

Contents	Page:
Officers and professional advisers	1
Strategic Report	2
Directors' report	5
Statement of directors' responsibilities	7
Independent auditors' report	8
Profit and loss account	10
Balance sheet	11
Cash flow statement	12
Notes forming part of the financial statements	13

GB Social Housing plc

Officers and professional advisers

Directors

Duncan Michael
Gerhard Oberholzer
John Pilkington
Michael Jones
Andrew Dixon (resigned 30 July 2014)

Company secretary and Registered office

SFM Corporate Services Limited
35 Great St Helen's
London
EC3A 6AP

Company registration number

07165018
(England and Wales)

Bankers

Barclays Bank
Level 11, 1 Churchill Place
London
E14 5HP

Independent auditor

Price Bailey LLP
Chartered Accountants and Statutory Auditors
Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ

Strategic report for the year ended 31 December 2014

The directors present the strategic report together with the audited financial statements of GB Social Housing Plc (the "Company") for the year ended 31 December 2014.

Principal activities and Business Review

The Company is a UK PLC that provides fixed rate, long term loans to UK housing associations with funding requirements of £3,000,000 upwards. The Company funds such loans via note issuance of £2,000,000,000 secured note programme listed on the Channel Islands Securities.

On 12 February 2013 the Company issued a tranche of 5.193 percent secured notes due to mature in 2038 totalling £89,900,000 (the "Initial Series") and on 17 April 2014 issued a second tranche of 5.193 percent secured notes due to mature in 2038 in the amount of £48,200,000 (the "Second Series"). The Initial Series and Second Series issuances were consolidated into a single series totalling £137,100,000 (the "Notes").

The proceeds of the Notes were on-lent to the following registered providers of social housing (the "Borrowers") in the amounts listed below (the "Loans").

Loan agreement date	Housing Association	Amount borrowed
12 February 2013	North Hertfordshire Homes Limited	£10,000,000
12 February 2013	Paradigm Homes Charitable Housing Association Limited	£50,000,000
12 February 2013	Teign Housing	£25,000,000
11 April 2014	Hillcrest Housing Association Limited	£33,407,228
11 April 2014	Caledonia Housing Association Limited	£14,317,383

In respect of the Notes issuances £500,112 (2013:£3,899,064) were retained and invested in UK Gilts. The proceeds of such UK Gilts will be used to meet shortfalls in the amounts available to pay interest and expenses in respect of the Notes or to fund part of the redemption amount payable on redemption of the Notes.

The directors do not anticipate any changes to the present level of activity, or the nature of, the Company's business in the near future.

Results

The profit and loss account is set out on page 10 and shows a profit for the financial year.

Key performance indicators, principal risks and uncertainties

The profit for the year to 31 December 2014 of £7,142 (2013: £2,445) was principally attributable to the difference between Loans interest received and Notes interest payable.

There were no impairment losses accounted for in the profit and loss account during the current year (2013: £nil).

The principal risks and uncertainties faced by the Company are reviewed below under Financial Instruments.

Strategic report for the year ended 31 December 2014 (continued)

Financial Instruments

The Company's operations are financed primarily by means of the Notes. The Company issued such financial instruments and lent the proceeds to registered providers of social housing. It is not the Company's policy to trade in financial instruments.

The primary risks arising from the Company's financial instruments are credit risk, liquidity risk and interest rate risk. The principal nature of such risks are summarised below.

Credit risk

Credit risk reflects the risk that the Company's counterparties will not meet their obligations as they fall due.

The Company's principal business objective rests on the provision of loans to registered providers of social housing. The Company will be subject to the risk of delays in the receipt of repayments, or risk of defaults in the making of payments due from the relevant Borrowers. The Company considered the Borrowers' compliance with the requirements set out in their respective loan agreements with the Company and the fulfilment of certain loan eligibility criteria in assessing the credit risk and the decision to lend to these Borrowers.

No impairment losses have been recognised against the Loans as at 31 December 2014 (2013: £nil).

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities in a timely manner.

The ability of the Company to meet its obligations will be principally dependent on the receipt by it of funds from the Borrowers under the relevant associated loan agreements. The Company will be subject to the risk of delays in the receipt of such repayments, due from the relevant Borrowers. In the event that any Borrower fails to make a repayment of interest, available cash reserves will be applied and/or some or all of the UK Gilts will be realised in order to fund such shortfall.

Interest rate risk

Interest rate risk exists where interest rates on assets and liabilities are either set according to different basis or reset at different times. The Company minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of its assets and liabilities are matched.

Whilst Loans and associated Note interest rates should always match, any UK Gilt acquired by the Company will have no matching interest rate in the associated Note that finances it. Any shortfall in available interest generated by the UK Gilt has to be charged to the Borrowers on a pro rated basis in order to ensure adequate cash being available to service the associated Note coupon in full.

Strategic report for the year ended 31 December 2014 (*continued*)

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern. The Company is not subject to any external capital requirements except for the minimum requirement under the Companies Act 2006. The Company has not breached the minimum requirement. The capital structure is shown on the balance sheet.

On behalf of the board

Gerhard Oberholzer

Director

Date O/S

Directors' report for the year ended 31 December 2014

The directors present their report of GB Social Housing Plc (the "Company") for the year ended 31 December 2014.

Going concern

In order to form a view as to the most appropriate basis of preparation of these financial statements, the directors have assessed the likelihood of whether the Company will be able to continue trading over the foreseeable future versus the likelihood of either intending to or being forced to either cease trading or putting the Company into liquidation.

The directors consider that the Company is able to meet its liabilities as they fall due, and accordingly, the financial statements have been prepared on a going concern basis.

Corporate governance

The Directors have been charged with governance in accordance with the programme documents describing the structure and operation of the Company. The governance structure of the Company is such that the key policies have been predetermined at the time of issuance and key operational roles have been assigned to third parties with their roles strictly governed by the programme documents.

The programme documents provide for procedures that have been designed for safeguarding assets against unauthorised use or disposition, for maintaining proper accounting records, and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to business objectives whilst enabling them to comply with the regulatory obligations.

Dividends

The directors do not recommend the payment of a dividend (2013: £nil).

Issue of shares

The issued share capital consists of 50,000 ordinary shares of £1 each and 250,000 paid non-voting preference shares of £1 each.

Directors and their interests

The directors of the Company who served during the year, and subsequently, were:

Andrew Dixon (resigned 30 July 2014)
Duncan Michael
Gerhard Oberholzer
John Pilkington
Michael Jones

Directors' report for the year ended 31 December 2014 (continued)

Directors and their interests (continued)

None of the directors has any beneficial interest in the preference or ordinary share capital of the Company.

None of the directors had any interest either during or at the end of the year in any material contract or arrangement with the Company.

Third party indemnities

Qualifying third party indemnity provisions for the benefit of the directors were in force during the year under review and remains in force as at the date of approval of the annual reports and financial statements.

Company secretary

SFM Corporate Services Limited acted as the company secretary to the year end and subsequently.

Statement of disclosure of information to auditors

The directors confirm that:

- a) so far as the directors are aware, there is no relevant information of which the Company's auditors are unaware; and
- b) each director has taken all the 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 Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s 418(2) of the Companies Act 2006.

Independent auditor

The auditor, Price Bailey LLP, have expressed their willingness to continue in office, and a resolution for the reappointment of Price Bailey LLP as auditor will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the board

Gerhard Oberholzer

Director

Date O/S

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company 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 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.

On behalf of the board

Gerhard Oberholzer

Director

Date O/S

Independent auditors' report to the shareholders of GB Social Housing Plc

We have audited the financial statements of GB Social Housing Plc for the year ended 31 December 2014, set out on pages 10 to 20. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standard (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 Auditors' 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 AUDITORS

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

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 December 2014 and of the company's 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 MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company's 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.

Martin Clapson FCA (Senior Statutory Auditor)

for and on behalf of
Price Bailey LLP

Chartered Accountants
Statutory Auditors

Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ

Date:

Profit and loss account for the year ended 31 December 2014

	Notes	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Interest receivable and similar income	2	6,012,519	3,225,435
Interest payable and similar charges	3	(6,089,037)	(3,305,981)
Net interest income		(76,518)	(80,546)
Other income	4	749,528	942,633
Operating expenses		(663,795)	(859,031)
Profit on ordinary activities before taxation	5	9,215	3,056
Taxation on profit on ordinary activities	6	(1,981)	(611)
Tax adjustment		(92)	-
Profit for the financial year	14	<u>7,142</u>	<u>2,445</u>

All amounts relate to continuing activities.

There are no recognised gains or losses other than the profit for the financial year as presented above. Accordingly a statement of total recognised gains and losses is not presented.

The accompanying notes on pages 13 to 20 are an integral part of these financial statements.

Balance sheet at 31 December 2014

	Notes	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Fixed assets			
Investments	8	138,450,051	88,072,629
Current assets			
Debtors	9	2,777,983	1,801,814
Cash at bank and in hand		457,998	391,949
Creditors: amounts falling due within one year	10	(2,879,969)	(1,868,944)
Net current assets		356,012	324,819
Total assets less current liabilities		138,806,063	88,397,448
Creditors: amounts falling due after more than one year	10	(138,496,476)	(88,095,003)
Net assets		309,587	302,445
Finance by:			
Capital and reserves			
Ordinary share capital	11	50,000	50,000
Preference share capital	12	250,000	250,000
Called up share capital		300,000	300,000
Profit and loss account	13	9,587	2,445
Total shareholders' funds	14	309,587	302,445

The accompanying notes on pages 13 to 20 are an integral part of these financial statements.

The financial statements on pages 10 to 20 were approved and authorised for issue by the Board on Date O/S and signed on its behalf by;

Gerhard Oberholzer
Director

Cash flow statement for the year ended 31 December 2014

	Notes	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Net cash inflow from operating activities	15	116,710	124,056
Return on investments and servicing of finance			
Interest received on Loans		5,218,661	2,207,025
Interest received on Gilts		165,063	145,873
Bank interest income received		2,538	-
Interest paid on Bonds		(5,868,090)	(2,308,289)
Net cash outflow / inflow from returns on investments and servicing of finance		(481,828)	44,609
Taxation		(702)	-
Capital expenditure and financial investment			
Loans to borrowers		(50,195,314)	(85,000,000)
Payment to acquire gilt notes		(507,018)	(3,926,716)
Cash outflow before financing		(50,702,332)	(88,926,716)
Financing			
Receipts from issuance of Preference Shares		-	250,000
Receipts from issuance of Notes		51,134,201	88,900,000
Redemption of Bonds		-	-
		51,134,201	89,150,000
Increase/(decrease) in cash	17	66,049	391,949
Cash at the beginning of the year		391,949	-
Cash at the end of the year		457,998	391,949

The accompanying notes on pages 13 to 20 are an integral part of these financial statements.

1 Accounting policies

The financial statements are prepared on a going concern basis under the historical cost convention as modified by revaluation of certain financial instruments and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The accounting policies which have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements are set out below. The directors have adjusted the format of the profit and loss account as allowed under Companies Act 2006 (SI 2008/410, Schedule 1, part 1, paragraph 4(1)). In the opinion of the directors net interest income is a more appropriate measurement of the Company's performance than turnover and cost of sales.

Basis of preparation - Going concern

The Company has net assets and net current assets.

The Company may be subject to the risk of delays in the receipt of repayments, or risk of defaults in the making of payments due from the relevant Borrowers. However in the event that any Borrower fails to make a repayment of interest, available cash reserves will be applied and/or some or all of the UK Gilts will be realised in order to fund such shortfall.

The directors consider that the Company is able to meet its liabilities as they fall due, and accordingly, the financial statements have been prepared on a going concern basis.

Impairment

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

If there is objective evidence that an impairment loss on a financial asset classified as loans and receivables has been incurred, the Company measures the amount of the loss as the difference between the carrying amount of the asset and the present value of estimated future cash flows from the asset discounted at the effective interest rate of the instrument at initial recognition.

Impairment losses are recognised in profit or loss and the carrying amount of the financial asset reduced by establishing an allowance for impairment losses. If in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance. Once an impairment loss has been recognised on a financial asset, interest income is recognised on the carrying amount using the rate of interest at which estimated future cash flows were discounted on measuring impairment.

1 Accounting policies *(continued)*

Interest receivable and similar income and interest payable and similar charges

The Company accounts for interest income and expense on an accruals basis. Interest income on financial assets that are classified as loans and receivables and interest expense on financial liabilities other than those at fair value though profit and loss is determined using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liabilities and of allocating the interest income or interest expense over the expected life of the asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash flows to the instrument's initial carrying amount.

Segmental analysis

The whole Company's operations are carried out in the United Kingdom and the results and net assets are derived from notes issued in the United Kingdom, so therefore the directors only report one business and one geographic segment.

Loans and Notes

The Loan is a non-derivative financial asset with fixed or determinable repayments and is not quoted in an active market. It is classified as loans and receivables. In accordance with FRS 26 'Financial Instruments: Recognition and Measurement' the Loan is measured at initial recognition at cost, and is subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit and loss account when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The Notes issued by the Company are initially recognised at cost on the date of their issuance and are subsequently measured at amortised cost using the effective interest rate method.

Gilt

The Gilt investment made by the Company is initially recognised at cost on the date of investment and is subsequently measured at amortised cost using the effective interest rate method.

Taxation

The Company has applied United Kingdom generally accepted accounting principles in effect for periods of account ended on or after 31 December 2013 for the purposes of calculating profits chargeable to corporation tax.

2 Interest receivable and similar income

	31 December 2014	31 December 2013
	£	£
Interest receivable on Loan	5,869,672	3,125,920
Interest receivable on Gilt Note	140,309	99,515
Bank interest receivable	2,538	-
	<u>6,012,519</u>	<u>3,225,435</u>

3 Interest payable and similar charges

	31 December 2014	31 December 2013
	£	£
Interest payable on Bonds	<u>6,089,037</u>	<u>3,305,981</u>
	<u>6,089,037</u>	<u>3,305,981</u>

4 Other income

	31 December 2014	31 December 2013
	£	£
Borrower fee income	<u>749,528</u>	<u>942,633</u>
	<u>749,528</u>	<u>942,633</u>

5 Profit on ordinary activities before taxation

	31 December 2014	31 December 2013
	£	£
This has been arrived at after charging:		
Auditors' remuneration – audit services		
The audit of the Company's annual accounts	<u>16,800</u>	<u>21,600</u>
	<u>16,800</u>	<u>21,600</u>

The Company pays the audit fees of the parent company GB Social Housing (Holdings) Limited.

6 Tax on profit on ordinary activities

	31 December 2014	31 December 2013
Analysis of the Company tax charge in the year	£	£
UK corporation tax on profits for the year @ 21.5% (2013: 20%)	1,981	611

7 Directors and employees

The Company has no employees (2013: nil) and services required are contracted from third parties as disclosed in note 19.

Directors' fees of £29,125 (2013: £18,100) in aggregate were paid during the year in respect of qualifying services rendered during the year.

8 Investments

The Loan bears interest at a fixed rate of 5.193 percent, in accordance with the provisions set out in the pricing supplement of the Notes dated 8 February 2013.

	Loans	Gilt Notes	Total
At 1 January 2014			
Cost	84,194,999	3,877,630	88,072,629
Additions	50,195,314	500,112	50,695,426
At 31 December 2014	134,390,313	4,377,742	138,768,055
Effective Interest Rate adjustment	(293,287)	(24,717)	(318,004)
At 31 December 2014			
Net Book Value	134,097,026	4,353,025	138,450,051
At 31 December 2013	84,194,999	3,877,630	88,072,629

The principal of the loans is repayable in 2038.

The bid price for the Gilt as at 31 December 2014 is 142.640 with a yield of 2.40%.

9 Debtors

	31 December 2014	31 December 2013
	£	£
Accrued interest due on Loans	2,668,192	1,723,895
Accrued interest due on Gilt	9,598	2,729
Prepayments	50,193	25,190
Called up share capital not paid	50,000	50,000
	<u>2,777,983</u>	<u>1,801,814</u>

10 Creditors

	31 December 2014	31 December 2013
	£	£
Amount falling due within one year:		
Accrued interest due on Notes	2,756,364	1,802,690
Accruals	55,524	24,713
Deferred income	66,100	40,931
Corporate Tax Liability	1,981	610
	<u>2,879,969</u>	<u>1,868,944</u>
Amounts falling due after one year:		
5.193% Secured notes due 2038	<u>138,496,476</u>	<u>88,095,003</u>

The aggregate secured amount is £142,790,565 (2013: £90,702,690) being principal due of £140,034,201 on the Notes and accrued interest of £ 2,756,364.

The Company has given, with full title guarantee and as continuing security for all the monies and other liabilities payable or owing to the Noteholders, in relation to all Notes (the "Secured Obligations"), charged by way of floating charge the whole of the assets and undertaking of the Company both present and future.

11 Ordinary share capital

	31 December 2014	31 December 2013
	£	£
<i>Called up and issued</i>		
<i>50,000 ordinary shares of £1</i>	<u>50,000</u>	<u>50,000</u>
	<u>50,000</u>	<u>50,000</u>

No cash has been received in respect of the 50,000 ordinary shares of £1 each, however these are payable on demand.

12 Preference shares

	31 December 2014	31 December 2013
	£	£
250,000 non-voting preference shares of £1 each	250,000	250,000
	<u>250,000</u>	<u>250,000</u>

The Preference Shares do not carry any right to vote but do carry a right to receive a variable non-cumulative dividend, capped at a rate, of 10 percent per annum on the capital paid up on that Preference Share (subject to the Issuer having profits available for distribution and having resolved to be distributed). The Preference Shares may be redeemed at the option of the Issuer at any time.

13 Profit and loss account

	31 December 2014	31 December 2013
	£	£
Opening balance	2,445	-
Profit for the year	7,142	2,445
	<u>9,587</u>	<u>2,445</u>

14 Shareholders' funds

	31 December 2014	31 December 2013
	£	£
Opening equity shareholders' funds	302,445	50,000
Profit for the year	7,142	2,445
Issue of shares		
Ordinary Shares	-	-
Preference Shares	-	250,000
	<u>309,587</u>	<u>302,445</u>

15 Reconciliation of profit on ordinary activities before taxation to net inflow from operating activities

	31 December 2014	31 December 2013
	£	£
Profit on ordinary activities before taxation	9,215	3,056
Less: Interest receivable on Loans	(5,869,672)	(3,125,920)
Interest receivable on Gilt	(140,309)	(99,515)
Bank interest receivable	(2,538)	-
(Increase) in debtors	(25,003)	(25,190)
Add: Interest payable on Notes	6,089,037	3,305,981
Increase in creditors	55,980	65,644
	<u>116,710</u>	<u>124,056</u>
Net cash inflow from operating activities	<u><u>116,710</u></u>	<u><u>124,056</u></u>

16 Reconciliation of net cash flow to movement in net debt

	31 December 2014	31 December 2013
	£	£
Increase in cash for the year	66,049	391,949
Cash inflow from increase in debt financing	(51,134,201)	(89,150,000)
Change in net debt resulting from cash flows	(51,068,152)	(88,758,051)
Effective interest rate adjustment	293,841	804,997
Opening balance of net debt	(87,953,054)	-
Closing balance of net debt	<u>(138,727,365)</u>	<u>(87,953,054)</u>

17 Analysis of changes in net debt

	At 1 January 2014	Cash flow	Other Changes	At 31 December 2014
	£	£	£	£
Cash at bank and in hand	391,949	66,049	-	457,998
Debt financing	(88,095,003)	(51,134,201)	293,841	(138,935,363)
Preference Shares	(250,000)	-	-	(250,000)
	<u>(87,953,054)</u>	<u>(51,068,152)</u>	<u>293,841</u>	<u>(138,727,366)</u>

18 Controlling party

The Company's immediate parent company is GB Social Housing (Holdings) Limited, a company incorporated in the United Kingdom and registered in England and Wales. It is the only parent undertaking to consolidate these financial statements at 31 December 2014. The entire share capital of GB Social Housing (Holdings) Limited is held on a discretionary trust basis for the benefit of certain charities by the legal holder, SFM Corporate Services Limited, a company incorporated in Great Britain.

Copies of the financial statements of GB Social Housing (Holdings) Limited are available from 35 Great St. Helen's, London, EC3A 6AP.

19 Related party transactions

During the year fees of £146,161 were paid to AgFe LLP (2013: £nil) and £10,967 (2013: £263,283) were paid to Trifinium Advisors (UK) Ltd, in respect of loan arrangement, management services and administration services provided to the Company. At the year end fees of £21,840 (2013: £nil) were accrued. Gerhard Oberholzer is a member of AgFe LLP. Trifinium Advisors (UK) Ltd is a former member of the same group as the holder of the 250,000 Preference Shares, Trifinium Holdings Ltd.

Pursuant to the terms of a Novation Deed in relation to an agreement for the provision of operations management services dated 4 December 2013 between the Company, GB Social Housing (Holdings) Limited, Trifinium Advisors (UK) Limited and AgFe LLP, AgFe LLP had agreed to perform various financing and ancillary services in its role as the Company's Operations Manager.