

Company registration number 07165018

GB Social Housing Plc

Report and financial statements

For the year ended 31 December 2013

Contents	Page:
Officers and professional advisers	1
Strategic Report	2
Directors' report	4
Statement of directors' responsibilities	6
Independent auditors' report	7
Profit and loss account	9
Balance sheet	10
Cash flow statement	11
Notes forming part of the financial statements	12

GB Social Housing plc

Officers and professional advisers

Directors

Andrew Dixon
Christopher Weeks (appointed 14/03/2013 and resigned 12/12/2013)
Duncan Michael
Gerhard Oberholzer (resigned 14/03/2013 and re-appointed 04/12/2013)
John Pilkington
Michael Jones

Company secretary

SFM Corporate Services Limited

Registered office

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 auditors

Price Bailey LLP
Chartered Accountants and Statutory Auditors
24 Old Bond Street
London
W1S 4AP

Strategic report for the year ended 31 December 2013

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 2013.

Incorporation, principal activities and future developments

The Company was established for the principal purpose of issuing debt securities and lending the proceeds thereof to registered providers of social housing, registered social landlords or registered housing associations in the UK.

The Company issued a tranche of secured fixed rate notes due 2038 (the "Notes") totalling £89,000,000 (the "Initial Series"), listed on the Official List of Channel Islands Stock Exchange. The proceeds of the issue of the Initial Series were on-lent to the following registered providers of social housing (the "Borrowers"):

- North Hertfordshire Homes Limited: £10,000,000;
- Paradigm Homes Charitable Housing Association Limited: £50,000,000; and
- Teign Housing: £25,000,000.

In respect of the issue of Notes, a proportion of the net proceeds was 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 and dividends

The profit and loss account is set out on page 9 and shows a profit for the financial year.

The directors do not recommend the payment of a dividend (2012: £nil).

Key performance indicators, principal risks and uncertainties

The profit for the year to 31 December 2013 of £2,445 (2012: £nil) was principally attributable to the difference between loan interest received and Note interest payable.

There were no impairment losses accounted for in the profit and loss account during the current year (2012: £nil).

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

Financial Instruments

The Company's operations are financed primarily by means of the Notes. The Company issued such financial instruments to on-lend 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.

Strategic report for the year ended 31 December 2013 (continued)

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, 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 2013 (2012: £nil).

Liquidity risk

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

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, or risk of defaults in the making of payments due from the relevant Borrowers in respect of the relevant loan agreements. In the event that any Borrower fails to make a payment 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.

If not otherwise redeemed or purchased and cancelled, the Notes will be redeemed at their principal amounts outstanding on the maturity dates falling in 2038.

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 loan and associated Note interest rates should always match, any 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 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.

On behalf of the board

Gerhard Oberholzer

Director

16 June 2014

Directors' report for the year ended 31 December 2013

The directors present their report of GB Social Housing Plc (the "Company") for the year ended 31 December 2013.

Corporate governance

The Directors have been charged with governance in accordance with the transaction and constitutional 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 transaction documents.

The transaction 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 Company's transaction obligations.

Due to the nature of the Notes which have been issued, the Company is largely exempt from the requirements of the Financial Conduct Authority (previously the Financial Services Authority) pertaining to the Disclosure and Transparency Rules ("DTR") as detailed in DTR 7.1 audit committees and DTR 7.2 corporate governance statements, (save for rule DTR 7.2.5 requiring a description of the features of the internal control and risk management systems, as described above), which would otherwise require the Company respectively, to have an audit committee in place and include a corporate governance statement in the report of the directors. The directors are therefore satisfied that there is no requirement for an audit committee or a supervisory body entrusted to carry out the functions of an audit committee or to publish a corporate governance statement.

Going concern

The Company's financial statements have been prepared on a going concern basis and the directors have considered and continue to monitor the status of the entity as a going concern.

Issue of shares

The issued share capital consists of 50,000 ordinary shares of £1 each for which no cash has been received. All shares were issued at par and are payable on demand.

The Company has also issued 250,000 non-voting preference shares at £1 each, these were fully subscribed to by Trifinium Advisors (UK) Limited, which on the 19 December 2013 have been transferred to Trifinium Holdings Ltd.

Directors and their interests

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

Andrew Dixon	
Christopher Weeks	(appointed 14/03/2013 and resigned 12/12/2013)
Duncan Michael	
Gerhard Oberholzer	(resigned 14/03/2013 and re-appointed 04/12/2013)
John Pilkington	
Michael Jones	

Directors' report for the year ended 31 December 2013 (continued)

Directors and their interests (continued)

None of the directors has any beneficial interest in the 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 directors' report and financial statements.

Secretaries

The secretaries who served the Company during the year, and subsequently, were as follows:

SFM Corporate Services Limited	(appointed 04 December 2013)
Sabrina Beatrice Biscardi	(resigned 22 August 2013)
Karen Lynch	(resigned 04 December 2013)

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 of the Companies Act 2006.

Independent auditors

The auditors, Price Bailey LLP have expressed their willingness to continue in office until the next Annual General Meeting. A resolution to reappoint Price Bailey LLP will be proposed at the forthcoming Annual General Meeting.

On behalf of the board

Gerhard Oberholzer

Director

16 June 2014

Statement of directors' responsibilities

The directors are responsible for preparing the 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

16 June 2014

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 2013, set out on pages 9 to 18. 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 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 2013 and of the company's profit 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 MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial period 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 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

The Quorum
Barnwell Road
Cambridge
CB5 8RE

Date:

GB Social Housing Plc

Profit and loss account for the year ended 31 December 2013

	Notes	Year ended 31 2013 £	Year ended 31 2012 £
Interest receivable and similar income	2	3,225,435	-
Interest payable and similar charges	3	<u>(3,305,981)</u>	<u>-</u>
Net interest income		(80,546)	-
Other income	4	942,633	-
Operating expenses		<u>(859,031)</u>	<u>-</u>
Profit on ordinary activities before taxation	5	3,056	-
Tax on profit on ordinary activities	6	<u>(611)</u>	<u>-</u>
Profit for the financial period	14	<u>2,445</u>	<u>-</u>

All amounts relate to continuing activities.

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

The accompanying notes on pages 12 to 18 are an integral part of these financial statements.

Balance sheet at 31 December 2013

	Notes	Year ended 31 2013 £	Year ended 31 2012 £
Fixed assets			
Investments	8	88,072,629	-
Current assets			
Debtors	9	1,801,814	-
Cash at bank and in hand		391,949	-
Creditors: amounts falling due within one year	10	(1,868,944)	-
Net current (liabilities)/assets		324,819	-
Total assets less current liabilities		88,397,448	-
Creditors: amounts falling due after more than one year	10	(88,095,003)	-
Net (liabilities)/assets		302,445	-
Finance by:			
Capital and reserves			
Ordinary share capital	11	50,000	-
Preference share capital	12	250,000	-
Called up share capital		300,000	-
Profit and loss account	13	2,445	-
Total shareholders' funds	14	302,445	-

The accompanying notes on pages 12 to 18 are an integral part of these financial statements.

The financial statements on pages 9 to 18 were approved and authorised for issue by the Board on 16 June 2014 and signed on its behalf by;

Gerhard Oberholzer
Director

GB Social Housing Plc

Cash flow statement for the year ended 31 December 2013

	Notes	Year ended 31 2013 £	Year ended 31 2012 £
Net cash inflow from operating activities	15	124,056	-
Return on investments and servicing of finance			
Interest received on Loans		2,207,025	-
Interest received on Gilts		145,873	-
Bank interest income received		-	-
Interest paid on Bonds		<u>(2,308,289)</u>	<u>-</u>
Net cash inflow from returns on investments and servicing of finance		44,609	-
Taxation		-	-
Capital expenditure and financial investment			
Loans to borrowers		(85,000,000)	-
Payment to acquire gilt notes		<u>(3,926,716)</u>	<u>-</u>
Cash outflow before financing		(88,926,716)	-
Financing			
Receipts from issuance of Preference Shares		250,000	-
Receipts from issuance of Notes		88,900,000	-
Redemption of Bonds		<u>-</u>	<u>-</u>
		89,150,000	-
Increase/(decrease) in cash	17	391,949	-
Cash at the beginning of the year		<u>-</u>	<u>-</u>
Cash at the end of the year		<u><u>391,949</u></u>	<u><u>-</u></u>

The accompanying notes on pages 12 to 18 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.

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 through 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 UK, so therefore the directors only report one business and one geographic segment.

Loans and Bonds

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 Bonds 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

	31st 2013 £	31st 2012 £
Interest receivable on Loan	3,125,920	-
Interest receivable on Gilt Note	99,515	-
	<u>3,225,435</u>	<u>-</u>

3 Interest payable and similar charges

	31st 2013 £	31st 2012 £
Interest payable on Bonds	3,305,981	-
	<u>3,305,981</u>	<u>-</u>

4 Other income

	31st 2013 £	31st 2012 £
Borrower fee income	942,633	-
	<u>942,633</u>	<u>-</u>

5 Profit on ordinary activities before taxation

	31st 2013 £	31st 2012 £
This has been arrived at after charging:		
Auditors' remuneration – audit services		
The audit of the Company's annual accounts	21,600	-
	<u>21,600</u>	<u>-</u>

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

6 Tax on profit on ordinary activities

	31 December 2013	31 December 2012
Analysis of the Company tax charge in the period		£
UK Corporation tax on profits of the period @ 20%	<u>611</u>	<u>-</u>

7 Directors and employees

The Company has no employees (2012: nil) and services required are contracted from third parties as disclosed in note 19.

Directors' fees of £18,100 (2012: nil) 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 2013			
Cost	-	-	-
Additions	<u>85,000,000</u>	<u>3,899,064</u>	<u>88,899,064</u>
At 31 December 2013	85,000,000	3,899,064	88,899,064
Effective Interest Rate adjustment	(805,001)	(21,434)	(826,435)
At 31 December 2013			
Net Book Value	<u>84,194,999</u>	<u>3,877,630</u>	<u>88,072,629</u>
At 31 December 2012	<u>-</u>	<u>-</u>	<u>-</u>

The principal of the loans is repayable in 2038.

The bid price for the Gilt as at 31 December 2013 is 119.005 with a yield of 3.59%

9 Debtors

	31 December 2013	31 December 2012
	£	£
Accrued interest due on Loans	1,723,895	-
Accrued interest due on Gilt	2,729	-
Prepayments	25,190	-
Called up share capital not paid	50,000	50,000
	<u>1,801,814</u>	<u>50,000</u>

10 Creditors

	31 December 2013	31 December 2012
	£	£
Amount falling due within one year:		
Accrued interest due on Notes	1,802,690	-
Accruals	24,713	-
Deferred income	40,931	-
Corporate Tax Liability	610	-
	<u>1,868,944</u>	-
Amounts falling due after one year:		
5.193% Secured notes due 2038	<u>88,095,003</u>	-

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.

The aggregate secured amount is £90,702,690 being the principal due of £88,900,000 on the Notes and accrued interest of £1,802,690.

11 Ordinary share capital

	31 Dec 2013	31 Dec 2012
	£	£
<i>Called up and issued</i>		
Ordinary shares of £1 each	<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 2013 £	31 December 2012 £
Non-voting preference shares of £1 each	250,000	-
	<u>250,000</u>	<u>-</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.

During the year the Company has issued 250,000 non-voting preference shares of £1 each for £250,000.

13 Profit and loss account

	31 December 2013 £	31 December 2012 £
Opening balance	-	-
Profit for the year	2,445	-
	<u>2,445</u>	<u>-</u>

14 Shareholders' funds

	31 December 2013 £	31 December 2012 £
Opening equity shareholders' funds	50,000	50,000
Profit for the year	2,445	-
Issue of shares		
Ordinary Shares	-	-
Preference Shares	250,000	-
	<u>302,445</u>	<u>50,000</u>

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

	31 December 2013 £	31 December 2012 £
Profit on ordinary activities before taxation	3,056	-
Less: Interest receivable on Loans	(3,125,920)	-
Interest receivable on Gilt	(99,515)	-
(Increase) in debtors	(25,190)	-
Add: Interest payable on Notes	3,305,981	-
Increase in creditors	65,644	-
Net cash inflow from operating activities	<u>124,056</u>	<u>-</u>

16 Reconciliation of net cash flow to movement in net debt

	31 December 2013 £	31 December 2012 £
Increase in cash for the year	391,949	-
Cash inflow from increase in debt financing	(89,150,000)	-
Change in net debt resulting from cash flows	(88,758,051)	-
Effective interest rate adjustment	804,997	-
Opening balance of net debt	-	-
Closing balance of net debt	<u>(87,953,054)</u>	<u>-</u>

17 Analysis of changes in net debt

	At 1 January 2013 £	Cash flow £	Other Changes £	At 31 December 2013 £
Cash at bank and in hand	-	391,949	-	391,949
Debt financing	-	(88,900,000)	804,997	(88,095,003)
Preference Shares	-	(250,000)	-	(250,000)
	<u>-</u>	<u>(88,758,051)</u>	<u>804,997</u>	<u>(87,953,054)</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 2013. 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 £263,283 (2012: £nil) were paid to Trifinium Advisor (UK) 'Trifinium' in respect of loan arrangement, management services and administration services provided to the Company. At the year end no fees were accrued (2012: £nil).

Pursuant to an Operations Management Agreement dated 13 November, 2012 (the Operations Management Agreement) between the Issuer, the Parent and Trifinium (the Operations Manager), the Operations Manager has agreed to perform various financing and ancillary services.