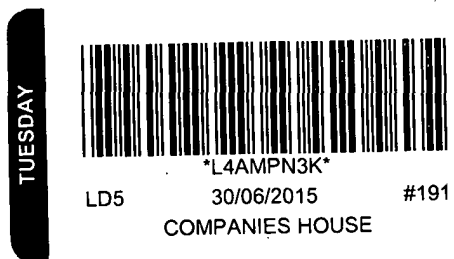


**Company Registration No. 3302753**

**ORCHARDBROOK LIMITED**

**Annual Report and Financial Statements**

**For the year ended 31 December 2014**



**ORCHARDBROOK LIMITED**  
**Annual Report and Financial Statements for the year ended 31 December 2014**

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# **ORCHARDBROOK LIMITED**

Annual Report and Financial Statements for the year ended 31 December 2014

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

Capita Trust Corporate Services Limited  
Capita Trust Corporate Limited  
Susan Lawrence

### **SECRETARY**

Capita Trust Corporate Limited  
34 Beckenham Road  
Beckenham, Kent  
BR3 4TU

### **REGISTERED OFFICE**

4<sup>th</sup> Floor  
40 Dukes Place  
London  
EC3A 7NH

### **BANKERS**

The Royal Bank of Scotland plc  
135 Bishopsgate  
London  
EC2M 3UR

### **SOLICITORS**

Clifford Chance  
10 Upper Bank Street  
London  
E14 5JJ

### **AUDITOR**

Deloitte LLP  
London

# **ORCHARDBROOK LIMITED**

Annual Report and Financial Statements for the year ended 31 December 2014

## **STRATEGIC REPORT**

### **ACTIVITIES**

The principal activity of the Company is investment in asset backed loan notes issued by Finance for Residential Social Housing PLC.

### **BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS**

During the period the Company maintained its investment in asset backed notes. The directors expect the level of activity to remain at the same level in the forthcoming financial year.

The existing loan agreement with The Royal Bank of Scotland plc provides a cash margin to cover its ongoing expenses and to provide a profit. The average margin for the year is 0.13% (2013: 0.12%) which is calculated by dividing net interest income with loan asset.

Profit during the year £6,000 (2013: £7,000). Net asset position as at end of 2014 £29,000 (2013: £23,000)

### **RISK MANAGEMENT POLICIES AND PROCEDURES**

The principal risks facing the Company are interest rate risk and credit risk. These risks have been monitored on an ongoing basis during the year and the Company has policies in place to mitigate these risks, as summarised below.

#### **Interest rate risk**

The Company financed the investment in Finance for Residential Social Housing plc Series 3 loan notes by borrowing funds denominated in Sterling from The Royal Bank of Scotland plc. This funding carries a fixed interest rate and the investment in Finance for Residential Social Housing plc also yields a fixed interest rate. The interest rate risk is therefore mitigated by matching a fixed rate asset to a fixed rate liability.

#### **Credit risk**

The Company regularly monitors its investment in Finance for Residential Social Housing Plc to ensure that it is recoverable.

### **GOING CONCERN RISK**

The Company is financed by a loan which is repayable on the maturity date of October 2058 or on the settlement date of Series 3 notes, whichever is earlier. The Company earns a margin between the interest income from its investment in asset backed notes over the interest expense on the loan funding sufficient to cover its administrative expenses.

After making enquiries, and considering the uncertainties described above, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts.

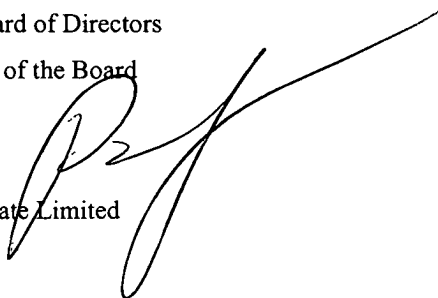
Approved by the Board of Directors

and signed on behalf of the Board

Paula Corrigan

Capital Trust Corporate Limited

26 June 2015



# **ORCHARDBROOK LIMITED**

**Annual Report and Financial Statements for the year ended 31 December 2014**

## **DIRECTORS' REPORT**

The directors present their report on the affairs of Orchardbrook Limited ("the Company") together with the financial statements and auditor's report for the year ended 31 December 2014.

### **RESULTS AND DIVIDENDS**

The results for the year and the state of the Company's affairs are set out in the accompanying financial statements. No dividends were declared or paid by the Company during the year (2013: £nil) and the directors do not propose a final dividend (2013: £nil).

### **DIRECTORS**

The directors who served throughout the year, except as noted, are as follows:

Capita Trust Corporate Limited  
Capita Trust Corporate Services Limited  
Susan Lawrence

### **AUDITOR**

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR**

The directors confirm that:

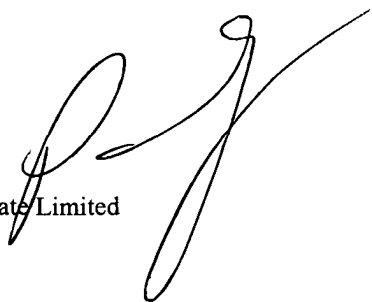
- a) so far as each of the directors are aware, there is no relevant information of which the Company's auditor is unaware; and
- b) each director has taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Approved by the Board of Directors  
and signed on behalf of the Board

Paula Corrigan  
Capita Trust Corporate Limited

26 June 2015



## **ORCHARDBROOK LIMITED**

**Annual Report and Financial Statements for the year ended 31 December 2014**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORCHARDBROOK LIMITED**

We have audited the financial statements of Orchardbrook Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 18. 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 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 annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
ORCHARDBROOK LIMITED (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.



James Polson (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

26 June 2015



**ORCHARDBROOK LIMITED**

Annual Report and Financial Statements for the year ended 31 December 2014

**PROFIT AND LOSS ACCOUNT**

	Notes	2014 £'000	2013 £'000
Interest receivable	3	632	632
Interest payable	4	(619)	(620)
Administrative expenses	5	(7)	(5)
		<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		6	7
Tax on ordinary activities	6	-	-
		<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES FOR THE FINANCIAL YEAR</b>	12	<u>6</u>	<u>7</u>

The accompanying notes are an integral part of this Profit and Loss Account.

The results above arose wholly from continuing operations.

There have been no recognised gains or losses attributable to the shareholders other than the profit for the current and prior year and accordingly no Statement of Total Recognised Gains and Losses is shown.

**ORCHARDBROOK LIMITED**

Annual Report and Financial Statements for the year ended 31 December 2014

**BALANCE SHEET**

	Note	2014 £'000	2013 £'000
<b>FIXED ASSETS</b>			
Investments	7	9,717	9,717
<b>CURRENT ASSETS</b>			
Debtors	8	160	161
Cash at bank		40	28
		200	189
<b>CREDITORS: amounts falling due within one year</b>	9	(171)	(166)
<b>NET CURRENT ASSETS</b>		29	23
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		9,746	9,740
<b>CREDITORS: amounts falling due after more than one year</b>	10	(9,717)	(9,717)
<b>NET ASSETS</b>		29	23
<b>Capital and reserves</b>			
Called-up share capital	11	-	-
Profit and loss account	12	29	23
<b>SHAREHOLDERS' FUNDS</b>		29	23

The accompanying notes are an integral part of this Balance Sheet.

These financial statements of Orchardbrook Limited, registration number 3302753, were approved and authorised for issue by the Board of Directors on 26 June 2015.

Signed on behalf of the Board of Directors

Paula Corrigan

Capita Trust Corporate Limited



**ORCHARDBROOK LIMITED**

Annual Report and Financial Statements for the year ended 31 December 2014

**CASH FLOW STATEMENT**

	Notes	2014 £'000	2013 £'000
Cash flow generated from/ (used in) operating activities	14	<u>12</u>	<u>(305)</u>
Net cash flow generated from / (used in) operating activities		<u>12</u>	<u>(305)</u>
(Increase)/ decrease in cash	15	<u><u>12</u></u>	<u><u>(305)</u></u>

The accompanying notes are an integral part of these statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. ACCOUNTING POLICIES**

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below:

#### **Basis of accounting**

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) and under the historical cost convention. The financial statements have been prepared on a going concern basis as explained in the Directors' and Strategic report.

Due to the fact that the nature of the business is to provide loan finance, the directors are of the opinion that it is more appropriate to use interest receivable and interest payable rather than turnover and cost of sales in preparing the Profit and Loss Account.

#### **Basis of accounting – going concern**

The Company is financed by a loan which is repayable on the maturity date of October 058 or on the settlement date of Series 3 notes, whichever is earlier. The Company earns a margin between the interest income from its investment in asset backed notes over the interest expense on the loan funding sufficient to cover its administrative expenses.

After making enquiries, and considering the uncertainties described above, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts.

#### **Interest receivable**

Investment income is accounted for on an accruals basis to give a constant rate of return. Investment income includes interest receivable on the Series 3 loan notes acquired from Finance for Residential Social Housing Plc.

#### **Interest payable**

Interest expense paid on The Royal Bank of Scotland loan is accounted for on an accruals basis to give a constant rate of return.

#### **Taxation**

Provision is made for taxation at current enacted rates on taxable profits, arising in income or in equity, taking into account relief for overseas taxation where appropriate.

Deferred taxation is accounted for in full for all temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered.

#### **Investments**

Investments held are shown at cost less any provision for impairment.

### **2. DIRECTORS AND EMPLOYEES**

None of the directors received any emoluments for their services to the Company during the year (2013: £nil).

None of the directors had any material interest in any contract of significance in relation to the business of the Company (2013: £nil).

The Company does not have any employees (2013: none).

**ORCHARDBROOK LIMITED**

Annual Report and Financial Statements for the year ended 31 December 2014

**NOTES TO THE FINANCIAL STATEMENTS****3. INTEREST RECEIVABLE**

	2014 £'000	2013 £'000
Interest income on loan notes	632	632

**4. INTEREST PAYABLE**

	2014 £'000	2013 £'000
Interest on loan	619	620

**5. ADMINISTRATIVE EXPENSES**

	2014 £'000	2013 £'000
Auditor's fees – audit of the Company's annual accounts	5	5
Other Expenses	3	-
	<u>8</u>	<u>5</u>

Audit fees of £5,000 (2013: £5,000) charged by the auditor in relation to auditing the company's financial statements were paid by Finance for Residential Social Housing Plc to be reimbursed by Orchardbrook Limited.

**6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES**

	2014 £'000	2014 £'000
Profit on ordinary activities before tax	5	7

The actual tax charge differs from the expected tax charge computed by applying the blended rate of UK corporation tax of 21.49% (2013 – 23.25%) as follows:

Expected tax charge/(credit)	1	1
Unutilised losses brought forward and carried forward	(1)	(1)
	<u>-</u>	<u>-</u>
Actual tax credit	<u>-</u>	<u>-</u>

**ORCHARDBROOK LIMITED**

Annual Report and Financial Statements for the year ended 31 December 2014

**NOTES TO THE FINANCIAL STATEMENTS****7. INVESTMENTS**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Series 3 loan notes issued by Finance for Residential Social Housing Plc	9,717	9,717

The legal maturity of the loan notes is October 2058. The directors consider there has been no impairment in value, as they believe the cost of the notes will be realised in full. The loan carries a fixed rate of interest of 6.50% minus an adjustment rate (which is calculated to provide the Company with an increasing cash margin over the life of the loan).

**8. DEBTORS**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Accrued interest income on loan note	160	160
Other receivable	-	1
	<u>160</u>	<u>161</u>

**9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Amounts due to Finance For Residence Housing	15	5
Accruals and deferred income	156	161
	<u>171</u>	<u>166</u>

**10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2014</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Loan	9,717	9,717

The annual effective interest rate applicable to these notes at period end was 6.36% (2013: 6.37%) and the legal maturity is at 2058.

**11. CALLED-UP SHARE CAPITAL**

	<b>2014</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Allotted, called-up and fully paid 1 ordinary share of £1	<u>1</u>	<u>1</u>

**ORCHARDBROOK LIMITED**

Annual Report and Financial Statements for the year ended 31 December 2014

**NOTES TO THE FINANCIAL STATEMENTS****12. PROFIT AND LOSS ACCOUNT**

	2014 £'000	2013 £'000
Opening retained profit	23	16
Profit for the year	6	6
	<u>29</u>	<u>23</u>
Closing retained profit	<u>29</u>	<u>23</u>

**13. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS**

	2014 £'000	2013 £'000
Opening equity shareholders' funds	23	16
Profit for the financial year	6	7
	<u>29</u>	<u>23</u>
Closing equity shareholders' funds	<u>29</u>	<u>23</u>

**14. RECONCILIATION OF PROFIT BEFORE TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	2014 £'000	2013 £'000
Profit before tax	6	7
Interest paid to / from FRESH	-	(315)
Increase/(Decrease) in debtors	1	(2)
Increase in creditors	5	5
	<u>12</u>	<u>(305)</u>
Net cash (outflow)/inflow from operating activities	<u>12</u>	<u>(305)</u>

**15. ANALYSIS OF CHANGES IN NET DEBT**

	As at 31 December 2013 £'000	Cash flows £'000	As at 31 December 2014 £'000
Cash at bank	28	12	40
Debt due after one year	(9,717)	-	(9,717)
	<u>(9,689)</u>	<u>12</u>	<u>(9,677)</u>
Reconciliation of net cash flow to movement in net debt			
Increase/(Decrease) in cash			12
Net debt as at 31 December 2013			<u>(9,689)</u>
Net debt as at 31 December 2014			<u>(9,677)</u>

# ORCHARDBROOK LIMITED

Annual Report and Financial Statements for the year ended 31 December 2014

## NOTES TO THE FINANCIAL STATEMENTS

### 16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ordinary shares of the Company are held by Royal Exchange Trust Company Limited under a trust deed for charity beneficiaries. The Company does not have a controlling party.

### 17. RELATED PARTY TRANSACTIONS

Royal Exchange Trust Company Limited owns 100% of the FRESH Holding Co and Orchardbrook. FRESH Holding Company holds the shares in FRESH Plc. Transactions between the FRESH Plc and Orchardbrook are deemed related party transactions. The table below summarises the transactions with FRESH plc which wholly relate to the Company's investment in loan notes issued by FRESH Plc:

	Balance Sheet		Profit and Loss Account	
	asset		Income	
	£'000		£'000	
	2014	2013	2014	2013
Interest on loan notes	-	-	632	632
Interest accrued	160	160	-	-
Series 3 loan notes	9,717	9,717	-	-

### 18. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There has been no subsequent event after balance sheet date.