

Interbay Holdings Ltd

Directors' Report and Financial Statements
For the Year Ended 31 December 2019
Company Number: 05878379



Interbay Holdings Ltd

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Interbay Holdings Ltd

Company Information

DIRECTORS

John Eastgate (Resigned on 31 January 2019)
Clive Kornitzer
Andrew Parkes (Resigned 18 July 2019)
Mark Parrett
Richard Wilson (Appointed on 31 January 2019)

SECRETARY

Nickesha Graham-Burrell

REGISTERED OFFICE

Reliance House
Sun Pier
Chatham
Kent
ME4 4ET

REGISTERED NUMBER

05878379 (England and Wales)

AUDITOR

Deloitte LLP,
Statutory Auditor
1 New Street Square
London
EC4A 3HQ
United Kingdom

Interbay Holdings Ltd

Directors' Report

For the Year Ended 31 December 2019

The Directors present their Report and the audited Financial Statements of Interbay Holdings Ltd ('the Company') for the year ended 31 December 2019.

Principal activity

The Company was incorporated on 17 July 2006. The principal activity of the Company is as a holding company.

Business review

The net interest income for the year increased to £112 (2018: £16). The result for the year after taxation including dividends of £58,263k (2018: £10k) received from Inter Bay Financials II Limited amounted to a profit of £58,263k (2018: £10k). Following dividend payment of £58,269k (2018: nil) during the year to its parent company OneSavings Bank plc ('OSB'), the total equity shareholders' funds at 31 December 2019 decreased to £1,091 (2018: £6,547).

Future developments

The Company will continue as a holding company.

Going concern

The Directors have undertaken a going concern assessment to satisfy themselves that the Company has sufficient resources to continue in operational existence for a period in excess of 12 months from the date of this report and have prepared the Financial Statements on that basis.

In assessing whether the going concern basis is appropriate, the Directors considered the information contained in the Financial Statement and the latest business plans for the Company. The assessment also considered the wider OneSavings Bank plc group ('OSB Group'), in which the Company is a subsidiary undertaking. The OSB Group forecasts have been subject to sensitivity tests, including stress scenarios, which have been compared to the latest Brexit and COVID-19 pandemic economic scenarios provided by the OSB Group's external economic advisors, as well as reverse stress tests. The COVID-19 assessment focussed on capital, liquidity and operational resilience at the OSB Group level.

Having reviewed these assessments, the Directors are satisfied that the Company has adequate resources to continue in operational existence for a period in excess of 12 months from the date of this report.

Further information on COVID-19 is included in note 12 to the Financial Statements, Events after the reporting date.

Directors and their interests

The Directors who served throughout the year and to the date of this Directors' Report were as follows:

John Eastgate (Resigned on 31 January 2019)

Clive Kornitzer

Andrew Parkes (Resigned on 18 July 2019)

Mark Parrett

Richard Wilson (Appointed on 31 January 2019)

No Director had any beneficial interest either in the share capital of the Company, or in any material contract or arrangement with the Company at any time during the year under review.

Interbay Holdings Ltd

Directors' Report (continued)

For the Year Ended 31 December 2019

Third parties indemnities

Qualifying third party indemnity provisions for the benefit of the Directors were in force during the year under review and remain in force as at the date of approval of the Directors' Report and Financial Statements.

Dividends

During the year the Company paid a dividend of £58.3m (2018: nil) relating to 2018 results. The Directors do not propose payment of a dividend for 2019.

Events after the reporting date

There have been no significant events between 31 December 2019 and the date of approval of the Financial Statements which would require change to the Financial Statements. Note 12 provides information in respect of the COVID-19 outbreak, which will impact the Company's results for 2020.

Auditor

Deloitte LLP have been appointed as auditor of the Company for the year commencing 1 January 2019 and expressed its willingness to continue in office. Pursuant to section 487 of the Companies Act 2006, the Auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

Each of the persons who is a director at the date of approval of this Directors' Report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself 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.

The Company has applied the Small Companies exemption of the Companies Act 2006.

This report was approved by the Board on 24 June 2020 and signed on its behalf by:



Clive Kornitzer
Director
26 June 2020

Interbay Holdings Ltd

Statement of Directors' Responsibilities in respect of The Directors' Report and The Financial Statements

For the Year Ended 31 December 2019

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The Financial Statements are required by law to 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 judgments and 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 proper accounting records that 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.

Approved by the Board and signed on its behalf by:



Clive Kornitzer
Director
26 June 2020

Independent Auditor's Report to Interbay Holdings Ltd

Report on the audit of the Financial Statements

Opinion

In our opinion the Financial Statements of Interbay Holdings Ltd (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements which comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity; and
- the related notes 1 to 12.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the Financial Statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' Report, other than the Financial Statements and our auditor's report thereon. Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Auditor's Report to Interbay Holdings Ltd (continued)

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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, and for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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
- the Directors were not entitled to prepare the Financial Statements in accordance with the small scheme's regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Independent Auditor's Report to Interbay Holdings Ltd (continued)

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Giles Lang, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
26 June 2020

Interbay Holdings Ltd

Statement of Comprehensive Income

For the Year Ended 31 December 2019

	Note	2019 £	2018 £
Interest receivable and similar income	2	188	111
Interest payable and similar charges	3	(76)	(95)
Net interest income		112	16
Administrative expenses		-	(33)
Dividends received		58,263,014	10,000
Profit before tax		58,263,126	9,983
Taxation	6	(21)	3
Total comprehensive income		58,263,105	9,986

There were no recognised gains or losses for 2019 or 2018 other than those included in the Statement of Comprehensive Income.

There was no other comprehensive income for 2019 (2018: nil).

The profit for the year was derived from continuing operations.

The notes on pages 12 to 16 form part of these Financial Statements.

Interbay Holdings Ltd

Statement of Financial Position

As at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Investments in subsidiaries	7	100	100
Current assets			
Debtors	8	1,827	12,172
Creditors: Amounts falling due within one year	9	(836)	(5,725)
Net current assets		<u>991</u>	<u>6,447</u>
Total assets less current liabilities		<u>1,091</u>	<u>6,547</u>
Net assets		<u>1,091</u>	<u>6,547</u>
Capital and reserves			
Called up share capital	10	1,000	1,000
Profit and loss account		91	5,547
Equity shareholders' funds		<u>1,091</u>	<u>6,547</u>

The notes on pages 12 to 16 form part of these Financial Statements.

The Financial Statements were approved by the Board of Directors on 24 June 2020 and were signed on its behalf by:



Clive Kornitzer
Director
26 June 2020

Company registered number: 05878379

Interbay Holdings Ltd
Statement of Changes in Equity

For the Year Ended 31 December 2019

	Called up share capital £	Profit and loss account £	Total shareholders' funds £
At 1 January 2018	1,000	(4,439)	(3,439)
Total comprehensive income	-	9,986	9,986
At 31 December 2018	1,000	5,547	6,547
Total comprehensive income	-	58,263,105	58,263,105
Dividends paid	-	(58,268,561)	(58,268,561)
At 31 December 2019	1,000	91	1,091

Interbay Holdings Ltd

Notes to the Financial Statements

For the Year Ended 31 December 2019

1. Accounting policies

a) Company information

Interbay Holdings Ltd is a company private limited by shares registered in England and Wales. The address of the Company's registered office is shown on page 2.

b) Basis of preparation

These Financial Statements have been prepared in accordance with applicable UK accounting standards, including Financial Reporting Standard 102: The Financial Reporting Standard Applicable in the United Kingdom and Republic of Ireland ('FRS102'), and with the Companies Act 2006. The Financial Statements have been prepared on the historical cost basis. The presentation currency of these Financial Statements is Pounds Sterling. These Financial Statements are the Company's separate financial statements.

The Company's ultimate parent undertaking, OSB, includes the Company in its consolidated financial statements. The consolidated financial statements of OSB are prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU and are available to the public and may be obtained from OSB's registered office: Reliance House, Sun Pier, Chatham, Kent, ME4 4ET. In these Financial Statements, the Company is considered to be a qualifying entity for the purposes of FRS 102 and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- The requirements of Section 3 Financial Statements Presentation paragraph 3.17(d).
- The requirements of Section 7 Statement of Cash Flows.
- The requirements of Section 11 and 12 Financial Instruments.

As the consolidated financial statements of OSB include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- The requirements of Section 33 Related Party Disclosures paragraph 33.7.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these Financial Statements.

There were no significant judgements made by the Directors, in the application of these accounting policies that have significant effect on the Financial Statements and there were no estimates with a significant risk of material adjustment in the current or subsequent year.

c) Going concern

The Directors have undertaken a going concern assessment to satisfy themselves that the Company has sufficient resources to continue in operational existence for a period in excess of 12 months from the date of this report and have prepared the Financial Statements on that basis.

In assessing whether the going concern basis is appropriate, the Directors considered the information contained in the Financial Statement and the latest business plans for the Company. The assessment also considered the wider OSB Group, in which the Company is a subsidiary undertaking. The OSB Group forecasts have been subject to sensitivity tests, including stress scenarios, which have been compared to the latest Brexit and COVID-19 pandemic economic scenarios provided by the OSB Group's external economic advisors, as well as reverse stress tests. The COVID-19 assessment focussed on capital, liquidity and operational resilience at the OSB Group level.

Interbay Holdings Ltd

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2019

1. Accounting policies (continued)

Having reviewed these assessments, the Directors are satisfied that the Company has adequate resources to continue in operational existence for a period in excess of 12 months from the date of this report.

d) Interest income and expense

Interest income and interest expense represent interests on intercompany balances with OSB Group companies. Interest is calculated in line with the OSB Group transfer pricing policy and is accounted for on an accruals basis. All the interest receivable and similar income are earned from the United Kingdom.

Interest receivable on loans to other OSB Group companies is recognised in profit or loss calculated using the effective interest rate ('EIR') method. The EIR is the rate which exactly discounts the expected future cash flows, over the expected life of the financial instrument, to the net carrying value of the financial asset.

e) Dividends

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

f) Taxation

Tax is recognised in profit or loss, consistently with the recognition of items it relates to.

The tax charge is the expected tax or credit on the taxable income or loss for the year and any adjustments in respect of previous years.

g) Investments in subsidiary undertakings

The Company performs an annual impairment assessment of its investment in subsidiary undertakings, assessing the cost of investment against the subsidiaries' net asset values at the reporting date for indication of impairment. Where there is indication of impairment, the Company estimates the subsidiaries value in use by estimating future profitability and the impact on the net assets of the subsidiary. The Company recognises an impairment directly in profit or loss when the value in use is less than the cost of investment. Impairments are subsequently reversed if future annual impairment assessments show the value in use of the subsidiary has increased.

h) Basic financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like amounts owed by and to OSB Group undertakings which are recognised at transaction price. Amounts owed by OSB Group undertakings are assessed for expected credit loss ('ECL') based on an assessment of the probability of default ('PD').

2. Interest receivable and similar income

	2019 £	2018 £
On loans to OSB Group undertakings	188	111

Interbay Holdings Ltd

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2019

3. Interest payable and similar charges

	2019 £	2018 £
On loans from OSB Group undertakings	76	95

4. Auditor's remuneration

The audit fee for the year of £5,400 (2018: £5,000) payable to the Company's auditor for the audit of the Company's Financial Statements, was borne and paid by its subsidiary company Interbay Funding, Ltd.

5. Information regarding Directors and employees

OSB, the ultimate parent company of Interbay Holdings Ltd, provides the Company with employee services. The Company will continue to have no employees.

The Directors were employed and remunerated as Directors or executives of the OSB Group in respect of their services to the OSB Group as a whole, and it is considered that there is no appropriate basis on which they can apportion part of their remuneration for their services to the Company.

6. Taxation

	2019 £	2018 £
Corporation tax charge/(benefit)	21	(3)
	21	(3)

Factors affecting tax charge for the year

Tax is charged at the weighted average rate of corporation tax for the year of 19% (2018: 19%). The tax reconciliation is presented below:

	2019 £	2018 £
Profit on ordinary activities before tax	58,263,126	9,983
Profit multiplied by the weighted average rate of corporation taxation in the UK	11,069,994	1,897
Income not taxable in determining taxable profit	(11,069,973)	(1,900)
	21	(3)

Interbay Holdings Ltd

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2019

6. Taxation (continued)

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 18% (effective from 1 April 2020) was enacted on 26 October 2015. A further reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. The Government cancelled these rate reductions on 19 March 2020, with UK corporation tax rate remaining at 19% from 1 April 2020.

7. Investments in subsidiaries

The Company's cost and net book value of investments in subsidiary undertakings as at 31 December 2019 was £100 (2018: £100).

The Company had the following investments in subsidiary undertakings as at 31 December 2019:

Name	Class of shares	Holding	Principal activity	Aggregate of share capital and reserves £'000	Profit / (loss) £'000
Direct subsidiaries					
Inter Bay Financial I Limited	Ordinary	100%	Holding company	(17,575)	(264)
Inter Bay Financial II Limited	Ordinary	100%	Holding company	6,369	7,478
Indirect subsidiaries					
5D Finance Limited	Ordinary	100%	Origination and servicing of mortgage loans	1,465	20
InterBay Asset Finance Limited	Ordinary	100%	Secured lending	(1,582)	(878)
Interbay Funding, Ltd	Ordinary	100%	Origination and servicing of mortgage loans	34,823	6,266
Interbay ML, Ltd	Ordinary	100%	Lending on mortgage loans	77,896	42,339
				101,395	54,962

All subsidiaries have a registered office of Reliance House, Sun Pier, Chatham, Kent, ME4 4ET.

8. Debtors

	2019 £	2018 £
Due within one year		
Amounts owed by OSB Group undertakings	1,827	12,169
Corporation tax receivable	-	3
	1,827	12,172

The Company assesses amounts owed by OSB Group undertakings for impairment.

Interbay Holdings Ltd

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2019

9. Creditors: Amounts falling due within one year

	2019 £	2018 £
Amounts owed to OSB Group undertakings	826	5,725
Corporation tax payable	10	-
	<u>836</u>	<u>5,725</u>

10. Called up share capital

	2019 £	2018 £
Allotted, called-up and fully paid		
100,000 ordinary share of £0.01 each	<u>1,000</u>	<u>1,000</u>

11. Ultimate parent undertaking

At the Statement of Financial Position date, Interbay Holdings Ltd was a wholly-owned subsidiary of Interbay Group Holdings Limited, whose ultimate parent company is OneSavings Bank plc, which has included the Company in its Group accounts. OneSavings Bank plc is also the ultimate controlling party. This is the smallest and largest Group in which the Company's accounts are consolidated. Copies of these accounts are available from OSB's registered office: Reliance House, Sun Pier, Chatham, Kent, ME4 4ET.

12. Events after the reporting date

The outbreak of COVID-19 and its impact on the global and UK economies is considered to be a non-adjusting event as at the balance sheet date, the scale of the outbreak remained limited and recognition of the pandemic only arose in 2020.

The full impact of the outbreak is currently uncertain. The stress tests performed at the OSB Group level support the Company accounts being prepared on a going concern basis.