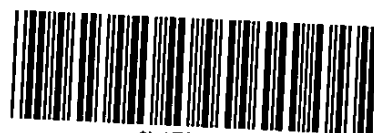


UK RENTS (NO.1) PLC
Company Number: 2974635
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 6 APRIL 2012

THURSDAY



L1FFLL62
LD3 16/08/2012 #46
COMPANIES HOUSE

The Directors present their report together with the audited financial statements for the year ended 6 April 2012

Principal Activities

UK Rents (No 1) PLC ("UKR1") is a wholly owned subsidiary of the ultimate holding company The Housing Finance Corporation Limited ("THFC") and is a special purpose vehicle established for the purpose of purchasing rent receivables from housing associations by means of the issue of Eurobonds

UKR1 has issued a Financial Instrument, in the form of Eurobonds financing the rental securitisation (see Note 10 for details) The Eurobonds are rated AAA by Fitch Ratings and Aaa by Moody's Investor Services The Eurobonds have a fixed rate of interest, and rents remitted by the housing associations are structured to cover interest payments and capital repayments when due, thus minimising interest and liquidity risks

UKR1 expects to continue its principal activity for the life of the Eurobonds

Results for the Year

The surplus after taxation for the year to 6 April 2012 was £6,000 (2011 - £5,000) The Directors do not propose the payment of a dividend (2011 £NIL)

Directors

Directors who served during the year and up to the date of signing the financial statements are set out below

Charlie Arbuthnot
Fenella Edge
Keith Exford
Roger Mountford
David Orr
John Parker
Gill Rowley (resigned 29 February 2012)
Deborah Shackleton
Jonathan Walters (appointed 1 March 2012)
Piers Williamson

The directors receive no remuneration from the company

Creditor Payment Policy

The company's principal creditors are the holders of the Eurobonds Payments to the holders of the Eurobonds are made in accordance with the underlying issue documents As at the financial year end, no amounts due for payment to the holders of the Eurobonds were outstanding

All other creditors are paid within 60 days of receipt of invoice

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial

position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each director in office at the date the directors' report is approved, that

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) he/she has taken all the reasonable 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 auditors are aware of that information.

Financial Risk Management

The key financial risks of the company and how they are minimised are explained in note 2.

Operational Risk Management

Operational risks are referred to in note 2.

Given the straightforward nature of the business, the directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance and position of the business.

By order of the Board



Colin Burke
Company Secretary
19 July 2012

	Independent Auditors' report to the Members of UK Rents (No.1) PLC
--	---

We have audited the financial statements of UK Rents (No 1) PLC for the year ended 6 April 2012 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 2 to 3, 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 and Financial Statements 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 6 April 2012 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

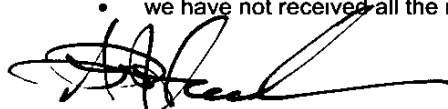
Opinion on other matter prescribed by the Companies Act 2006

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



Andrew Hawkins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

19 July 2012

UK Rents (No.1) PLC	Accounts
----------------------------	-----------------

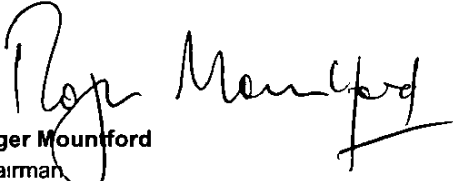
Statement of Comprehensive Income	2012	2011	
For the year ended 6 April 2012	£000	£000	Notes
Operating Income			
Income from securitised assets	2,920	3,003	
Interest receivable	1	1	
Fees receivable	47	77	
	<u>2,968</u>	<u>3,081</u>	
 Operating Expenditure			
Interest on bonds	2,920	3,003	3
Administration expenses	40	71	4
	<u>2,960</u>	<u>3,074</u>	
 Profit before taxation	8	7	
 Taxation	(2)	(2)	5
 Total surplus and comprehensive income for the year	<u>6</u>	<u>5</u>	12

UK Rents (No.1) PLC	Accounts
----------------------------	-----------------

Statement of Financial Position at 6 April 2012	2012 £000	2011 £000	Notes
Assets			
Non-Current Assets			
Securitised assets	30,192	31,329	6
Current Assets			
Securitised assets	1,137	1,004	6
Cash and cash equivalents	874	868	
Total Assets	32,203	33,201	
Liabilities			
Non-Current Liabilities			
Eurobonds and subordinated loan	30,915	32,052	8
Current Liabilities			
Eurobonds	1,137	1,004	7
Current tax liabilities	2	2	
Total Liabilities	32,054	33,058	
Equity			
Called up share capital	13	13	9
Retained earnings	136	130	12
Total equity	149	143	
Total equity and liabilities	32,203	33,201	

The accompanying notes on pages 9-16 are an integral part of these financial statements

These financial statements were approved by the board on 19 July 2012 and signed on its behalf by


Roger Mountford
 Chairman

Registered Number 2974635

UK Rents (No.1) PLC	Accounts
----------------------------	-----------------

Statement of Changes in Equity
For the year ended 6 April 2012

	Called Up Share Capital £000	Retained earnings £000	Total Equity £000
Balance as at 7 April 2011	13	130	143
Shares issued in year	-	-	-
Shares redeemed in year	-	-	-
Surplus for year	-	6	6
Other comprehensive income	-	-	-
Balance as at 6 April 2012	13	136	149
Balance as at 7 April 2010	13	125	138
Shares issued in year	-	-	-
Shares redeemed during the year	-	-	-
Surplus for the year	-	5	5
Other comprehensive income	-	-	-
Balance as at 6 April 2011	13	130	143

UK Rents (No.1) PLC	Accounts
----------------------------	-----------------

Statement of Cash Flows	2012	2011	
For the year ended 6 April 2012	£000	£000	Notes
Cash flows from operating activities			
Cash generated from operations	2,927	3,009	15
Interest received	1	1	
Interest paid	(2,920)	(3,003)	
Sale of securitised assets	1,004	882	
Repayment of amounts borrowed	(1,004)	(882)	
Tax paid	(2)	(1)	
Net cash flow generated from operating activities	6	6	
Net increase in cash and cash equivalents	6	6	
Cash and cash equivalents at beginning of the year	868	862	
Cash and cash equivalents at end of the year	874	868	

UK Rents (No.1) PLC	Notes
---------------------	-------

Notes to the Accounts

General Information

UK Rents (No 1) Plc ("UKR1") provides funding to Housing Associations through the securitisation of rental income which is financed through the issue of secured bonds. UKR1 is a public limited company registered and domiciled in the United Kingdom.

1 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements of UKR1 are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on the going concern basis and under the historical cost convention. A summary of the more important Company accounting policies is set out below.

(i) New and amended standards adopted by UKR1

The amendment to IAS 24, 'Related party disclosures' (EU-endorsed 19 July 2010), clarifies the definitions of a related party. The new definition clarifies in which circumstances persons and key management personnel affect related party relationships of an entity. The amendment also introduces an exemption from the general related-party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of UKR1.

IFRS 7 (amendment) 'Financial instruments: Disclosures' (EU-endorsed 18 February 2011). This amendment was part of the IASB's annual improvement project published in May 2010. The amendment emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. This amendment requires additional disclosures about collateral held over all financial assets for accounting periods beginning on or after 1 January 2011. Adoption of this amendment did not have any other significant impact on UKR1's financial statements.

There are no other standards, interpretations or amendments to existing standards that are effective that would be expected to have a significant impact on UKR1.

'Improvements to IFRS' were issued in May 2010 and contain several other amendments to IFRS, which the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes for presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual standards. Most of the amendments are effective for annual periods beginning on or after 1 January 2011 and were EU-endorsed on 18 February 2011. No material changes to accounting policies arose as a result of these amendments.

(ii) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 6 April 2011 but not currently relevant to UKR1 (although they may affect the accounting for future transactions and events)

Amendment to IAS 32, 'Financial instruments: Presentation – Classification of rights issues' (effective 1 February 2010 and were EU-endorsed 23 December 2009).

IFRIC 19, 'Extinguishing financial liabilities with equity instruments' (effective 1 July 2010 and were EU-endorsed 23 January 2010).

Amendment to IFRS 1, 'First-time adoption of IFRS – Limited exemption from comparative IFRS 7 disclosures for first-time adopters' (effective 1 July 2010 and were EU-endorsed 30 June 2010).

UK Rents (No.1) PLC	Notes
---------------------	-------

Amendment to IFRIC 14, 'IAS 19 – The limit on defined benefit assets, minimum funding requirements and their interaction' (effective 1 January 2011 and were EU-endorsed 19 July 2010)

- (iii) New standards, amendments and interpretations issued but not yet endorsed by the EU and not effective for the financial year beginning 6 April 2011 and not early adopted
- Amendments to IFRS 7, 'Financial instruments Disclosures' on derecognition (effective 1 July 2011)
 - Amendment to IFRS 1, 'First time adoption', on fixed dates and hyperinflation (effective 1 July 2011)
 - Amendment to IAS 12, 'Income taxes' on deferred tax (effective 1 January 2012)
 - Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income (effective 1 July 2012)
 - Amendment to IAS 19, 'Employee benefits' (effective 1 January 2013)
 - IFRS 9, 'Financial instruments' (effective 1 January 2013) addresses the classification, measurement and recognition of financial assets and financial liabilities IFRS 9 was issued in November 2009 and October 2010 It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments IFRS 9 requires financial assets to be classified into two measurement categories those measured as at fair value and those measured at amortised cost The determination is made at initial recognition The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument For financial liabilities, the standard retains most of the IAS 39 requirements The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch UKR1 is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015, subject to endorsement by the EU
 - IFRS 10, 'Consolidated financial statements' (effective 1 January 2013) builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent Company The standard provides additional guidance to assist in the determination of control where this is difficult to assess UKR1 is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2013, subject to endorsement by the EU
 - IFRS 11, 'Joint arrangements' (effective 1 January 2013)
 - IFRS 12, 'Disclosures of interests in other entities' (effective 1 January 2013)
 - IFRS 13, 'Fair value measurement' (effective 1 January 2013)
 - IAS 27 (revised 2011), 'Separate financial statements' (effective 1 January 2013)
 - IAS 28 (revised 2011), 'Associates and joint ventures' (effective 1 January 2013)

Except for where noted, there are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on UKR1

Critical accounting judgements

The preparation of financial statements in accordance with IFRSs requires the use of certain critical accounting judgements, these require management's judgement in applying the accounting policies. The main critical accounting judgements in preparing these financial statements is the evaluation as to whether the securitised assets are impaired. The directors have concluded there is no such impairment in the current period.

b) Securitised assets and related income

Securitised assets are recorded in the accounts at amortised cost. Income arising from the assets is accounted for using the effective interest rate. Premiums on issue are added to the original asset value and charged to the statement of comprehensive income over the expected life of the asset so that the income from securitised assets, as adjusted for the amortisation of premiums, gives a constant yield to maturity.

UK Rents Trustee Limited receives the rental flow and holds it on trust for the company and thereafter the housing associations so that rent is firstly used to meet the interest and administrative expenses of the company with any surpluses (after meeting the obligations of the company) returned to the housing associations. The income from securitised assets in the year amounted to £2,920,000 (2011: £3,003,000). This income supports payment of the interest on the bonds to the same value. THFC (Services) Limited provides all management and administrative services to the company and monitors the performance of the housing associations in meeting their obligations under the terms of the various agreements.

The Company assesses at each financial year end whether there is evidence that the securitised assets and receivables are impaired either individually or collectively for a particular borrower. Impairment losses are incurred if, and only if, there is evidence of impairment as a result of an event that has occurred after the initial recognition of the asset and prior to the balance sheet date and that the event or events has an impact on the estimated future cash flows of the financial asset and that the impact can be reliably estimated.

The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

c) Eurobond

The secured eurobond is held at amortised cost. Interest payable on the eurobond is accounted for using the effective interest rate. Premiums on issue are added to the original bond value and charged to the statement of comprehensive income over the expected life of the bond so that the interest payable, as adjusted for the amortisation of premiums, gives a constant yield to maturity.

d) Cash and cash equivalents and short-term deposits

Cash and cash equivalents consist of term deposits (being deposits whose maturity date is three months or less from the investment date), demand deposits, current account balances and cash in hand. Short-term deposits consist of term deposits whose maturity dates are greater than three months, but not more than 12 months from the investment date.

e) Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities using the tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date.

f) Segmental Analysis

All operating income and expenditure is derived from activities undertaken in the United Kingdom. The company's only activity is to provide finance to housing associations.

2 Financial risk management

UKR1's operations and significant debt financing expose it to a variety of potential financial risks including interest rate risk, credit risk, liquidity risk, fair value and market price risk and currency risk.

Interest rate risk

UKR1 issues debt and securitised assets on a substantially identical maturity, interest and repayment profile thus ensuring that no material mis-match risk is taken in interest rate movements. The form of all contractual agreements is approved by the Board.

The company is subject to interest rate risk on its investment income. Investment income in the year was £1,126 (2011 £764).

Liquidity and Credit risk

UK Rents Trustee Limited (UKRT), a subsidiary of UKR1, is the Receivables Trustee under the asset securitisation and holds the beneficial interest in all rents transferred to it under the Rent Sale agreement by the participating housing associations. These funds are held on trust for the issuer and each of the housing associations and are first applied to discharge issuer obligations and costs with any surplus being returned to the participating housing associations. Additionally, each housing association has deposited funds with the issuer by way of subordinated loan which is available to be applied to cover debt service payments if the rents received fall short of the amount required. As a AAA rated transaction these arrangements have, and continue to be, subject to periodic review by Moody's Investor Services and Fitch Ratings.

Credit monitoring includes estimates of the probability of loss and of the loss, given default. There are no financial assets that are past due or otherwise impaired at 6 April 2012 (2011: None).

The book value of the securitised assets represents the maximum credit exposure.

Deposit counterparties are subject to pre-approval by the Board and such approval is limited to financial institutions with a suitable minimum long term rating in accordance with THFC treasury policy. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the Board.

A table of the Company's contractual cash flows payable until maturity of the subordinated loans and bonds issued is given in note 16.

Fair value risk and market price risk

There is a fair value risk on the assets and Secured Bonds but there is no net risk. Market price risk is not expected to impact on the company because (i) the Secured Bonds and the assets are held at amortised cost in the financial statements and (ii) the company expects to hold them until maturity.

Currency risk

All financial assets and liabilities are denominated in sterling and hence there is no currency risk.

Operational Risk

Arises from the potential for key systems failures, breaches in internal controls or from external events resulting in financial loss or reputational damage. Key operational risks include outsourced contracts, payments systems, information systems and over-dependence on key personnel. Operational risk is controlled and mitigated through comprehensive, ongoing risk management practices which include formal internal control procedures, training, segregation of duties, delegated authorities, contingency planning and documentation of procedures.

3	Interest payable	2012	2011
		£000	£000
	On Eurobond repayable wholly or partly in more than five years	2,920	3,003

4 Administration Expenses	2012	2011
	£000	£000
Management fee payable	40	70
Other expenses	-	1
	<u>40</u>	<u>71</u>

The audit fee included in the management fee amounted to £2,100 (2011 £2,000)

UKR1 employed no staff during the year. All administrative services, including audit and Directors' services, are provided under a management agreement with T H F C (Services) Limited

5 Tax on operating profit	2012	2011
	£000	£000
UK Corporation tax at 20% (2011 21%)	<u>2</u>	<u>2</u>

6 Securitised assets	2012	2011
	£000	£000
At beginning of year	32,333	33,215
Disposed of in the year	(1,004)	(882)
At end of year	<u>31,329</u>	<u>32,333</u>
Less repayable within one year	<u>(1,137)</u>	<u>(1,004)</u>
Due after more than one year	<u>30,192</u>	<u>31,329</u>
The amounts are repayable as follows		
Between one and two years	1,284	1,137
Between two and five years	4,876	4,348
In five years or more	24,032	25,844
	<u>30,192</u>	<u>31,329</u>

For details of the securitised assets see Note 10

7 Other payables	2012	2011
	£000	£000
Eurobond repayment (current)	<u>1,137</u>	<u>1,004</u>

8 Financial Liabilities – secured eurobond and subordinated loan	2012	2011
	£000	£000
9 10% Eurobond due 2025 (Note 10)		
At beginning of year	32,333	33,215
Repaid in year	(1,004)	(882)
At end of year	<u>31,329</u>	<u>32,333</u>
Subordinated loans from housing associations	723	723
	<u>32,052</u>	<u>33,056</u>
Less repayable within 1 year	<u>(1,137)</u>	<u>(1,004)</u>
	<u>30,915</u>	<u>32,052</u>

UK Rents (No.1) PLC	Notes
---------------------	-------

The Eurobond is secured by a first ranking fixed security interest over UKR1's beneficial interest in UK Rents Trustee Limited together with further security over all of UKR1's other assets, and the above amounts are repayable as follows

Between one and two years	1,284	1,137
Between two and five years	4,876	4,348
In five years or more	24,755	26,567
	<u>30,915</u>	<u>32,052</u>

9	Called up share capital	2012	2011
		£	£
	Allotted, called up and fully paid	2	2
	2 ordinary shares of £1 each		
	Allotted, called up and one quarter paid	12,500	12,500
	50,000 ordinary shares of £1 each		
	Total	<u>12,502</u>	<u>12,502</u>

Management of capital

UKR1's capital comprises only its share capital and reserves which the directors consider adequate for the nature and scale of UKR1's operations and the risks to which it is subject as set out in note 2 UKR1 is not subject to externally imposed capital requirements

10 Securitisation transaction

UKR1 owns a pool of rent receivables of six housing associations which it bought in January 1995. The cost of the rental pool was £36.143 million. To finance the purchase of the rent receivables UKR1 issued £36.143 million of Eurobonds. The housing associations are obliged to repurchase part of the rental stream, starting in 2005 and concluding in 2025.

Each housing association which sold rent receivables has provided UKR1 with a subordinated loan to act as a reserve for its obligations. The total of such loans outstanding at 6 April 2012 was £723,000 (2011: £723,000).

Under the terms of the transaction each housing association undertakes to collect rent from and to manage and maintain the portfolio of rent receivables sold to UKR1. As security for these performance obligations and the repurchase obligations each housing association has given a first fixed charge over the underlying property.

A separate company (UK Rents Trustee Limited) receives the gross rental flow and holds it on trust for UKR1 and thereafter the housing associations so that the rent is firstly used to meet the interest and administrative expenses of UKR1 with surpluses (after meeting the obligations of UKR1) returned to the housing associations.

T H F C (Services) Limited (a wholly owned subsidiary of the ultimate holding company) provides all management and administrative services to UKR1 and monitors the performance of the housing associations in meeting their obligations under the terms of the various agreements.

UK Rents (No.1) PLC	Notes
---------------------	-------

11 Financial Instruments

The fair value of the 9 1% Eurobond due 2025 and associated secured asset is £43,584,482 (2011 £43,583,374)

Financial assets and liabilities all carry fixed and matching rates of interest The weighted average interest rate is 9 32% and the weighted average period for which interest rates are fixed is 8 21 years

There is no difference between the fair value and book value of all other financial assets and liabilities

The financial liability of £723,000 represents the subordinated loan disclosed within Note 10 The liability is matched by an equivalent level of short term deposit with the interest thereon being returned to the housing associations

UK Rents (No.1) PLC	Notes	
---------------------	-------	--

	2012 £000	2011 £000
12 Reserves		
Opening reserves	130	125
Surplus for the year	6	5
Closing reserves	<u>136</u>	<u>130</u>

13 Ultimate parent undertaking and incorporation

UKR1's immediate parent undertaking is UK Rents (Holdings) Limited ("UKRH"), which is incorporated in the United Kingdom and registered in England and Wales. The ultimate parent undertaking is The Housing Finance Corporation Limited ("THFC") which is incorporated in Great Britain and registered in England and Wales and THFC is the only company to prepare consolidated financial statements which include UKR1. The consolidated accounts of THFC may be obtained from the Company Secretary, The Housing Finance Corporation Limited, 107 Cannon Street, London, EC4N 5AF, the company's registered office.

UK Rents (No 1) PLC is incorporated in the United Kingdom

14 Related Party Transactions

All administrative services are provided under a management agreement by T H F C (Services) Limited, a fellow subsidiary. Management fees payable to T H F C (Services) Limited during the year amounted to £40,056 (2011: £70,491). The amount outstanding at 6 April 2012 was nil.

The directors of T H F C (Services) Limited are also directors of the company.

15 Reconciliation of surplus to net cash inflow from operating activities

	2012 £000	2011 £000
Surplus before taxation	8	7
Interest receivable	(1)	(1)
Interest payable	2,920	3,003
Increase in payables	-	-
Net cash inflow from operating activities	<u>2,927</u>	<u>3,009</u>

16 Contractual cash flows

The table below summarises the cash flows payable by the Company from 6 April 2012 until contractual maturity of its bond liabilities as at the same date.

2012	Within 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000	Total £000
Contractual interest cash flows	2,826	2,719	7,374	10,481	23,400
Contractual principal cash flows	1,137	1,284	4,876	24,755	32,052
Total Contractual cash flows	<u>3,963</u>	<u>4,003</u>	<u>12,250</u>	<u>35,236</u>	<u>55,452</u>
 2011	 Within 1 year £000	 Between 1 and 2 years £000	 Between 2 and 5 years £000	 Over 5 years £000	 Total £000
Contractual interest cash flows	2,920	2,826	7,781	12,792	26,319
Contractual principal cash flows	1,004	1,137	4,348	26,567	33,056
Total contractual cash flows	<u>3,924</u>	<u>3,963</u>	<u>12,129</u>	<u>39,359</u>	<u>59,375</u>

All the above cash flows are substantially matched by cash flows receivable on the company's loan assets.