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Sustainable Communities for Leeds (Finance) Plc

Report and Financial Statements

Year Ended

31 March 2018

Company Number 08594721

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Sustainable Communities for Leeds (Finance) Plc

Report and financial statements
for the year ended 31 March 2018

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Directors

D A Valks
C Rossiter
P Gill, appointed 6 December 2017
E Wilson, appointed 6 December 2017
D Vermeer, appointed 23 August 2017
R Gillespie, appointed 26 July 2017

Secretary and registered office

Pario Limited, Unit 18 Riversway Business Village, Navigation Way, Ashton-on-Ribble, Preston, Lancashire, PR2 2YP

Company number

08594721

Bankers

Bank of New York Mellon, London Branch, One Canada Square, London, E14 5AL

Auditors

BDO LLP, 3 Hardman Street, Manchester, M3 3AT

Sustainable Communities for Leeds (Finance) Plc

Strategic report
for the year ended 31 March 2018

The directors present their strategic report together with the audited financial statements for the year ended 31 March 2018.

Business review and future developments

The principal activity of the company is the undertaking of an issue of bonds and on-loaning the proceeds of the bond issue to Sustainable Communities for Leeds Limited. The issue of bonds was effected on 11 July 2013 and the proceeds of the issue were loaned to Sustainable Communities for Leeds Limited on the same date.

Sustainable Communities for Leeds (Finance) Plc, acts as a fundraising company for Sustainable Communities for Leeds group of companies. The principal activity of Sustainable Communities for Leeds Limited is the refurbishment of housing stock in the Beeston, Little London and Holbeck areas of Leeds, alongside demolition of properties and construction of new-build properties. The construction period completed, short of the planned date of September 2017. During this time the company provided facilities management services, which increased as each phase of construction was certified.

The fully operational phase of the project is planned to continue until September 2033. During this time the facilities management sub-contractor will continue to provide planned and reactive maintenance as per the contracts in place. This includes management of a helpdesk available for issues and works required to be logged. Reporting continues to the Authority, Leeds City Council, and group on a monthly basis and to the Majority Creditor, guarantor of the Bond, on a quarterly basis. Monthly meetings are held to address any issues that have arisen and agree any re-charges which may be due to the Authority, as part of the monthly unitary charge invoice. Bondholder reports continue to be prepared and issued on a semi-annual basis.

Board meetings are held on a quarterly basis with one Annual General Meeting held in July to approve the accounts. In addition, a Bondholder Presentation Meeting is held around the anniversary of Financial Close which was July 2013. Bondholder documents are issued through the Bond Trustee, Bank of New York Mellon. Relationships with all Finance Parties continues to be strong and on a collaborative basis.

The performance of the business this year is in line with expectations and the future performance is anticipated not to change going forwards as the operational phase is reached.

Principal risks and uncertainties

The company has taken on the activity as detailed above and the group in which it sits is risk averse in its trading relationships with its customer, funders and sub-contractors as determined by the terms of their respective detailed PFI contracts. In extreme circumstances, the company may be unable to make repayments of the Bond. The ability to make the Bond repayments is dependent on the groups' ability to effectively manage the project and ensure receipts and expenses remain in line with the financial model.

The Bond repayments are guaranteed by the Majority Creditor, Assured Guaranty Municipal Corporation and Assured Guaranty (Europe) Limited. The amounts guaranteed are those due for payment but are unpaid by reason of non-payment by the company.

Going concern

The financial statements have been prepared on a going concern basis. The directors have prepared projected cash flow information for at least twelve months from the date of their approval of these financial statements. On the basis of this cash flow information, the directors consider that the company will continue to operate within the long term facility currently agreed. In addition, during the operational phase of the project, sufficient cash flow has been, and is, projected to continue to be generated to allow the group to meet its liabilities as they fall due for payment. The project is continuing in line with the expected business model. The company continues in line with the forecast to generate profits in future years through the maintenance phase of the project once the build phase is completed. Accordingly, despite the context of an uncertain economic climate the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and therefore adopt the going concern basis in preparing the annual report and financial statements.

Financial risk management

The company has exposures to a variety of financial risks which are managed with the purpose of minimising any potential adverse effect on the company's performance. The board has policies for managing each of these risks and they are summarised below:

Interest rate risk

The Bond and subordinated debt interest have been fixed. Details of these borrowings can be found in notes 7 and 9 to the financial statements.

Liquidity risk

The company acts as a fundraising company for the Sustainable Communities for Leeds group of companies. The funds raised from the issue of Bonds, subordinate debt and equity are passed through to Sustainable Communities for Leeds Limited. When payments are made to bond holders and finance providers these are passed from Sustainable Communities for Leeds Limited through the company. No cash is held within the company.

Credit risk

The Fixed Rate Guarantee Bonds are listed on the Irish Stock Exchange. The Bonds are guaranteed by an institution of a suitable credit quality. Each year an annual review is carried out by Moody's and Standard & Poor's to assess the performance of the company. Moody's published a review April 2018 stating the underlying rate will remain at A3. Standard & Poor's published a review in May 2018 stating the underlying rate will remain at A-.

Market risk

Whilst the Bond is listed on the Irish Stock Exchange, the repayments on the Bond are fixed and as such the Board does not consider that they are at risk from movements in the market valuation.

Key performance indicators

The company's operations are managed under the supervision of its shareholders and funders and are largely determined by the detailed terms of the PFI contract which stipulates key performance criteria on operational activities performed by Sustainable Communities for Leeds Limited. The performance of the group against the contract is progressing satisfactorily, including the schedule for completing the main capital works. As the group enters the operational phase of the contract all the KPIs noted in the Payment Mechanism will be kept under review.

The company's performance during the period and financial position at 31 March 2018 is shown on pages 9 and 10.

Approval

This strategic report was approved on behalf of the Board on 23 July 2018.

R Gillespie

Director

Sustainable Communities for Leeds (Finance) Plc

Report of the directors
for the year ended 31 March 2018

The directors present their report together with the audited financial statements for the year ended 31 March 2018.

The company's principal activity and a review of the business is included in the strategic report.

Directors

The directors of the company during the year ended 31 March 2018, and up to the date of signing the financial statements were:

D A Valks, appointed 25 January 2017, resigned 1 June 2018
C Rossiter, resigned 1 June 2018
D Joyce, resigned 6 December 2017
S L Jones, resigned 23 August 2017
J Crouch, resigned 26 July 2017
K Simpson, appointed 26 April 2017, resigned 6 December 2017
K Brown, resigned 26 April 2017

P Gill, appointed 6 December 2017
E Wilson, appointed 6 December 2017
D Vermeer, appointed 23 August 2017
R Gillespie, appointed 26 July 2017

Dividends

A dividend was not proposed in the year (2017: £Nil).

Employment policy

The company has no employees.

Payment policy

The company has no formal code or standard that deals specifically with the payment of suppliers. However the company's policy on the payment of all creditors is to ensure that the terms of payment as specified by and agreed with the supplier are not exceeded, provided all trading terms and conditions have been complied with.

Directors' responsibilities

The directors are responsible for preparing the report of the directors 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.

Auditor and disclosure of information to auditors

In the case of each of the persons who are directors at the time when the report is approved under Section 418 of the Companies Act 2006, and the following applies:

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
(b) they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information; and
(c) confirm the accounts have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Post balance sheet events
Engie Services Holding (UK) Limited sold its equity share in the group to Equitix Housing 2 Limited on 1 June 2018. This has had no impact on the performance of the service provider or shareholder.

The directors report has been approved by the Board and signed on its behalf by

R Gillespie

Director

Date 23 July 2018

Sustainable Communities for Leeds (Finance) Plc

Independent auditor's report to the members of Sustainable Communities for Leeds (Finance) Plc

Opinion

We have audited the financial statements of Sustainable Communities For Leeds (Finance) Plc (the 'company') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income and Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

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).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st March 2018 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.

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 FRC's Ethical Standard as applied to listed entities, 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

There were no key audit matters identified during the course of the audit which would require discussion within the audit report.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed.

Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality on the basis of total assets for the financial statements as a whole of £200,000 (2017: £200,000).

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Performance materiality has been set at 75% (2017: 75%) of the above materiality. This has been assessed on criteria such as historic adjustment levels, complexity and controls of the company.

We agreed with the management that we would report all individual audit differences identified during the course of our audit in excess of £10,000 (2017: £10,000). We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

We designed our audit by determining materiality and assessing the risks of material misstatements in the financial statements. In particular, we looked at where the directors make subjective judgements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The company operates solely in the UK and all audit work was undertaken by the BDO LLP audit team.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information, including the Strategic Report and Report of the Directors 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 this regard.

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 Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters in relation to which 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; or

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the directors on 1 February 2018 to audit the financial statements for the year ending 31 March 2018 and subsequent financial periods. The period of total uninterrupted engagement is 5 years, covering the period 31 March 2014 to 31 March 2018.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

Our audit opinion is consistent with the additional report to the directors.

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.

BDO LLP

Hamid Ghafoor (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
3 Hardman Street, Manchester, M3 3AT

Date: 27/07/2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Sustainable Communities for Leeds (Finance) Plc

Statement of Comprehensive Income and Income Statement
for the year ended 31 March 2018

	Note	2018 £	2017 £
Interest receivable and similar income	4	**7,842,474**	7,853,037
Interest payable and similar charges	5	**(7,833,127)**	(7,825,761)
Net interest income		**9,347**	27,276
Profit on ordinary activities before taxation		**9,347**	27,276
Taxation on profit from ordinary activities	6	**(1,776)**	-
Profit and total comprehensive income for the year		**7,571**	27,276

The company has been engaged solely in continuous activities in a single class of business within the United Kingdom.

There is no difference between the result for the financial period as shown in the statement of comprehensive income and income statement and its historical cost equivalent.

The notes on pages 12 to 18 form part of these financial statements.

Sustainable Communities for Leeds (Finance) Plc

Statement of Financial Position
at 31 March 2018

Company number 08594721	Note	2018 £	2017 £
Current assets			
Debtors:			
-amounts falling due within one year	7	**9,722,004**	6,398,746
- amounts falling due after more than one year		**107,758,250**	113,061,765
		117,480,254	119,460,511
Creditors: amounts falling due within one year	8	**(9,722,083)**	(6,392,205)
Net current assets		**107,758,171**	113,068,306
Creditors: amounts falling due after more than one year	8	**(107,673,324)**	(112,991,030)
Net assets		**84,847**	77,276
Capital and reserves			
Called up share capital	11	**50,000**	50,000
Profit and loss account		**34,847**	27,276
Shareholder funds		**84,847**	77,276

The financial statements were approved by the Board of Directors and authorised for issue on 23 July 2018.

R Gillespie
Director
The notes on pages 12 to 18 form part of these financial statements.

Sustainable Communities for Leeds (Finance) Plc

Statement of Changes in Equity
for the year ended 31 March 2018

	Share capital	Profit and loss	Total equity
	£	£	£
1 April 2016	50,000	-	50,000
Profit for the year	-	27,276	27,276
31 March 2017	50,000	27,276	77,276
1 April 2017	**50,000**	**27,276**	**77,276**
Profit for the year	**-**	**7,571**	**7,571**
31 March 2018	**50,000**	**34,847**	**84,847**

The notes on pages 12 to 18 form part of these financial statements.

1 Accounting policies

Sustainable Communities for Leeds (Finance) Plc is a company incorporated in England and Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

Cash flow statement

As permitted by FRS 102 Section 1, the company has not prepared a cash flow statement as the company is a wholly owned subsidiary of Sustainable Communities for Leeds (Holdings) Limited, which itself is incorporated and registered in England and Wales and produces group financial statements in accordance with the Companies Act 2006, which include a consolidated group cash flow statement.

Going concern

The financial statements have been prepared on a going concern basis. The directors have prepared projected cash flow information for at least twelve months from the date of their approval of these financial statements. On the basis of this cash flow information, the directors consider that the company will continue to operate within the long term facility currently agreed. In addition, during the operational phase of the project, sufficient cash flow has been, and is, projected to continue to be generated to allow the group to meet its liabilities as they fall due for payment. The project is continuing in line with the expected business model. The company continues in line with the forecast to generate profits in future years through the maintenance phase of the project once the build phase is completed. Accordingly, despite the context of an uncertain economic climate the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and therefore adopt the going concern basis in preparing the annual report and financial statements.

Finance costs

In accordance with FRS 102 Section 25 "Borrowing costs", all issue costs, which are directly attributable to the issuing of the debt, are offset against the related borrowings within creditors.

Financial instruments - Bond valuation

The Bond is valued at amortised cost using the effective interest rate.

Financial Guarantor

The Bond repayments are guaranteed by the Majority Creditor, Assured Guaranty Municipal Corporation and Assured Guaranty (Europe) Limited. The amounts guaranteed are those due for payment but are unpaid by reason of non-payment by the company. They do not guarantee prepayments or accelerated payments.

2 Judgement in applying accounting plans and key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. Management are also required to exercise judgment in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

2 Judgement in applying accounting plans and key sources of estimation uncertainty (continued)

Certain critical accounting judgements in applying the subsidiary company's accounting policies are described below:

- The effective interest rate on the Bond instrument was calculated and is not deemed to be materially different to the interest rate applied in the financial statements and as such no adjustment has been made to the interest charge in the financial statements. This will continue to be monitored.

3 Operating profit

The company had no employees during the period other than the directors. No remuneration was paid directly by the company to the directors in respect of their services to the company, nor recharged by other companies.

The amounts paid by the company relating to the services of C Rossiter, D A Valks, S L Jones, J Crouch, K Brown, R Gillespie, D Vermeer, K Simpson, P Gill, E Wilson and D Joyce totalled £42,908 (2017 - £45,000) and reflect the secondment costs recharged to the company by each shareholder. None of the directors received any defined benefit or defined contribution pension scheme contributions from the company.

The auditor's remuneration, paid by other group companies but not recharged, in respect of the audit of the company's financial statements was £1,800 (2017 - £1,600).
The remuneration paid to the company's auditors in respect of tax compliance services during the year was £Nil (2017 - £750).

4 Interest receivable and similar income

	2018 £	2017 £
Interest receivable on bond from group company	**5,149,484**	5,171,508
Interest receivable on Issuer Loan Notes from group company	**2,243,094**	2,172,427
Amortisation of issue costs	**144,397**	203,603
Finance guarantor ongoing fee	**305,499**	305,499
	7,842,474	7,853,037

5 Interest payable and similar charges

	2018 £	2017 £
Interest payable on bond	**5,149,484**	5,171,508
Interest payable on Advance Loan to group company	**2,233,747**	2,145,151
Amortisation of issue costs	**144,397**	203,603
Finance guarantor ongoing fee	**305,499**	305,499
	7,833,127	7,825,761

6 Taxation on profit from ordinary activities

a) Analysis of tax charge for the year

	2018 £	2017 £
Current tax:		
UK corporation tax on the profits for the year	**1,776**	-
Tax on profit on ordinary activities	**1,776**	-

b) Factors affecting current tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	**9,347**	27,276
Profit on ordinary activities multiplied by effective rate of corporation tax in the UK of 19%. (2017 - 20%)	**1,776**	5,455
Effect of:		
Group relief claimed	**-**	(5,455)
Tax for the year (note 6(a))	**1,776**	-

7 Debtors: amounts falling due within one year

	2018	2017
Amounts owed by fellow group companies:		
Bond	**6,777,874**	4,627,859
SC4L Intercompany debtor	**2,512,076**	-
Advance loan	**432,054**	1,770,887
	9,722,004	6,398,746

Debtors: amounts falling due after more than one year

	2018 £	2017 £
Amounts owed by fellow group companies:		
Bond	**90,270,716**	95,158,065
Advance loan	**17,487,534**	17,903,700
	107,758,250	113,061,765

Interest accrues on the Advance loan made from Sustainable Communities (Finance) Plc to Sustainable Communities for Leeds Limited at a fixed rate of 11.75% per annum. The loan earns interest in semi-annual periods to 31 March and 30 September.

The Bond loan made from Sustainable Communities (Finance) Plc to Sustainable Communities for Leeds Limited is repayable from September 2017. Interest on the Bond is received on a semi-annual basis on 31 March and 30 September.

8 Creditors: amounts due within one year

	2018 £	2017 £
Bond (note 9)	**6,718,667**	4,627,859
Accruals and deferred income	**2,571,283**	-
Amounts owed to group undertakings (note 9)	**430,357**	1,764,346
Corporation tax	**1,776**	-
	9,722,083	6,392,205

Creditors: amounts falling due after more than one year

	2018 £	2017 £
Bond (note 9)	**90,270,716**	95,158,065
Amounts owed to group undertakings (note 9)	**17,402,608**	17,832,965
	107,673,324	112,991,030

Terms of the bond and subordinated loan can be found in notes 7 and 9.

9 Loans and borrowings

	2018 £	2017 £
Bond	**101,463,345**	101,833,000
Amounts owed to group undertakings	**17,832,965**	19,597,311
	119,296,310	121,430,311
Less: amortised issue costs	**(1,902,679)**	(2,047,076)
	117,393,631	119,383,235
Maturity of debt:		
Within one year	**10,055,612**	6,392,205
Between one and two years	**6,469,530**	5,797,444
Between two and five years	**21,091,621**	20,373,548
In more than five years	**81,679,547**	88,867,114
	119,296,310	121,430,311
Less: amortised debt issue costs	**(1,902,679)**	(2,047,076)
	117,393,631	119,383,235

Fixed Rate Guarantee Bonds to the value of £101,833,000 were issued on 11 July 2013 with an interest rate of 5.069%. The Bonds are due for repayment by September 2032. The Company is to repay the Bonds in 39 instalments.

There is an intercompany loan made from Sustainable Communities for Leeds (Holdings) Limited to Sustainable Communities for Leeds (Finance) Plc of £12,680,000 (2017 - £12,680,000) excluding issue costs. This is repayable over the remaining life of the project. Interest is payable at a rate of 11.75%, and the loan is unsecured.

10 Financial Instruments

	2018 £	2017 £
Financial Assets		
Financial assets that are measured at amortised cost	**117,480,254**	119,460,511
Financial Liabilities		
Financial liabilities that are measured at amortised cost	**(117,395,407)**	(119,410,511)
Interest receivable on financial assets measured at amortised cost	**7,842,474**	7,853,037
Interest payable on financial liabilities measured at amortised cost	**7,833,127**	7,825,761

Financial assets measured at amortised cost comprise amounts owed by group companies.
Financial liabilities measured at amortised cost comprise intra group loans and the Bond.
Information regarding the group's exposure to and management of credit risk, liquidity risk, market risk, and interest rate risk is included in the Strategic Report.

11 Share capital

	Allotted, called up and fully paid			
	2018 Number	2017 Number	2018 £	2017 £
Ordinary shares of £1 each	**50,000**	50,000	**50,000**	50,000

12 Commitments

On 11 July 2013 the company entered into a Bond Subscription agreement which allowed the issue of £101,833,000 worth of Bonds. Further to this the company entered into an Equity Proceeds On-Loan Agreement which results in a commitment to forward proceeds from the subscription of the Bonds, and Issuer Loan Notes to Sustainable Communities for Leeds Limited to finance the company.

13 Related party disclosure

The company has taken advantage of the exemption in FRS 102 Section 33 from disclosure of intra group transactions.

14 Ultimate parent company and controlling party

The Company is a wholly owned subsidiary of Sustainable Communities for Leeds (Holdings) Limited who prepare consolidated financial statements that are the smallest and largest group accounts in which this company is included. The consolidated financial statements of Sustainable Communities for Leeds (Holdings) Limited can be obtained from Unit 18, Riversway Business Village, Navigation Road, Ashton-on-Ribble, Preston, Lancashire, PR2 2YP.

15 Post balance sheet events

Engie Services Holding (UK) Limited sold its equity share in the group to Equitix Housing 2 Limited on 1 June 2018. This has had no impact on the performance of the service provider or shareholder.