

Company Registration No. 04851135 (England and Wales)

**AFFINITY (READING) HOLDINGS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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# AFFINITY (READING) HOLDINGS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Ms S Coleman Ms A L Holgate Mr M A Spridgeon Ms S Sargent
<b>Secretary</b>	HCP Management Services Limited
<b>Company number</b>	04851135
<b>Registered office</b>	8 White Oak Square London Road Swanley Kent BR8 7AG
<b>Auditor</b>	KPMG LLP 66 Queen Square Bristol BS1 4BE

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# **AFFINITY (READING) HOLDINGS LIMITED**

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# AFFINITY (READING) HOLDINGS LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 MARCH 2020**

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The directors present their annual report and financial statements for the year ended 31 March 2020.

### Principal activities

The Company is, and will continue to be, a holding Company with a single subsidiary, Affinity (Reading) Limited. The subsidiary was incorporated on 30 July 2003 and commenced trading on 10 May 2004. It signed a 30 year contract ("the Project Agreement") with Reading Borough Council on 31 March 2004 for the refurbishment of council homes in Reading, along with the provision of reactive, cyclical and planned maintenance and housing management services under a private finance initiative ("PFI") with Reading Borough Council on the Whitley Estate, Reading.

The Directors do not foresee any change in the activities of the Company.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Ms S Coleman	
Mr M Lambert	(Resigned 12 July 2019)
Ms J Roberts	(Resigned 31 January 2020)
Mr C Neil	(Resigned 31 January 2020)
Mr B Ogbe	(Appointed 15 July 2019 and resigned 11 March 2020)
Ms A L Holgate	(Appointed 11 March 2020)
Mr M S Rule	(Appointed 31 January 2020 and resigned 29 May 2020)
Mr M A Spridgeon	(Appointed 31 January 2020)
Ms S Sargent	(Appointed 29 May 2020)

### Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend (2019: £nil).

### Financial reporting

The Company has outsourced the financial reporting function to HCP Management Services Limited ("HCP"). Authorities remain vested in the Board members of the company. HCP reports regularly to the Board of the Company. The Board receives monthly reports from HCP which specifically summarise and address the financial, contractual and commercial risks that the Company is exposed to, and are pertinent to the industry in which the Company operates. The Board also receives monthly management accounts with explanations of variances from annual budgets and forecasts, which are in turn compared to the Financial Model, which represents the long term business plan of the Company and outlines its ability to comply with its debt obligations and covenants. Material deviations from the business plan are investigated and reported on. Supporting this process, HCP evaluates its performance under the framework of an Internal Audit and Assessment programme which sits within its own Corporate Governance framework. This process ensures that the project remains robust and viable throughout the life of the contract.

# **AFFINITY (READING) HOLDINGS LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2020**

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### **Risks and uncertainties**

The Directors have considered whether the Company is affected by the United Kingdom's exit from the European Union. Whilst the Company itself is not considered to be significantly exposed to this risk, UK-based subcontractors with which it engages are considered to be exposed to some degree, in relation to supply and cost of materials for maintenance. The impact of this risk on the sub-contractor's performance is borne by them with any deductions or penalties passed on under the Project Agreement and related contracts. Both the senior debt and subordinated loan are subject to fixed interest rates so the Company is sheltered from any potential adverse interest rate movements as a result of the EU exit. The Company is slightly exposed to any sharp increases in inflation with an element of income being fixed, and not subject to indexation, while costs increase in line with inflation. Due to the evolving nature of the risk, the Directors will continue to monitor developments.

### **Going Concern**

The Directors have prepared cash flow forecasts covering a period of 18 months from the date of approval of these financial statements, through to 31 March 2022 which indicate that, taking account of severe but plausible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period. In order to continue in its principal activity as a holding company the Company is dependent on Affinity (Reading) Limited, a 100% controlled subsidiary with common Directors, generating sufficient cashflows for the subsidiary company to continue as a going concern. Those forecasts are dependent on Affinity (Reading) Limited's underlying customer continuing to meet its obligations under the Project Agreement.

Affinity (Reading) Limited continues to provide the asset in accordance with the contract and it is available to be used. Further, the council has agreed to suspend the contract monitoring regime during the crisis. In any event, the cost of any deductions is borne by the service providers, so has no financial impact on the company. As a result, the Company does not believe there is any likelihood of a material impact to the unitary payment.

The Directors have assessed the viability of Affinity (Reading) Limited's main sub-contractors and are satisfied in their ability to provide the services in line with the contract. To date, there has been no adverse impact on the services provided by Affinity (Reading) Limited or its sub-contractors arising from COVID-19. However, in the unlikely event of a subcontractor failure, the Company has its own business continuity plans to ensure that service provision will continue.

The Directors believe the Company has sufficient funding in place and expect the Company to be in compliance with its debt covenants even in severe but plausible downside scenarios.

In making this assessment the Directors have considered the potential impact of the emergence and spread of COVID-19.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

### **Auditor**

The auditor, KPMG LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

# **AFFINITY (READING) HOLDINGS LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 MARCH 2020***

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### **Statement of disclosure to the auditor**

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the Directors individually have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. Accordingly, no strategic report has been prepared.

On behalf of the board



Mr M A Spridgeon  
Director

28 September 2020

# **AFFINITY (READING) HOLDINGS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

**FOR THE YEAR ENDED 31 MARCH 2020**

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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 they have elected to prepare the financial statements in accordance with applicable law and section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (UK Generally Accepted Accounting Practice applicable to smaller entities)

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 estimates that are reasonable and prudent;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

# AFFINITY (READING) HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF AFFINITY (READING) HOLDINGS LIMITED

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#### Opinion

We have audited the financial statements of Affinity (Reading) Holdings Limited (the 'Company') for the year ended 31 March 2020 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its result for the year then ended;
- have been properly prepared in accordance with UK accounting standards applicable to smaller entities, including section 1A of FRS 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.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### Going Concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

#### Directors' report

The Directors are responsible for the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.



# AFFINITY (READING) HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF AFFINITY (READING) HOLDINGS LIMITED

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#### Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime, take advantage of the small companies exemption in preparing the Directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

#### Directors' responsibilities

As explained more fully in their statement set out on page 4, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

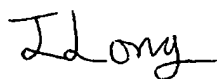
#### Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

#### The purpose of our audit work and to whom we owe our responsibilities

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.



**Joseph Long (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants  
66 Queen Square  
Bristol  
BS1 4BE

30 September 2020

# AFFINITY (READING) HOLDINGS LIMITED

## PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 31 MARCH 2020**

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	Notes	2020 £	2019 £
Interest receivable and similar income	6	521,284	425,108
Interest payable and similar expenses	7	(521,284)	(425,108)
		<hr/>	<hr/>
<b>Result before taxation</b>		-	-
Taxation		-	-
		<hr/>	<hr/>
<b>Result for the financial year</b>		-	-
		<hr/>	<hr/>

The profit and loss account has been prepared on the basis that all operations are continuing operations. There are no other items of comprehensive income other than those passing through the profit and loss account.

The notes on pages 10 to 15 form an integral part of these financial statements.

# AFFINITY (READING) HOLDINGS LIMITED

## BALANCE SHEET

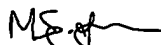
AS AT 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Investments	8		3,808,133		3,580,617
<b>Current assets</b>					
Debtors	9	200,588		173,950	
<b>Creditors: amounts falling due within one year</b>	10	(200,588)		(173,950)	
Net current assets			-		-
<b>Total assets less current liabilities</b>			3,808,133		3,580,617
<b>Creditors: amounts falling due after more than one year</b>	11		(3,807,134)		(3,579,618)
<b>Net assets</b>			999		999
<b>Capital and reserves</b>					
Called up share capital	12		999		999

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and the provisions of FRS102 Section 1A - Small entities

The notes on pages 10 to 15 form an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 28 September 2020 and are signed on its behalf by:



Mr M A Spridgeon  
Director

# AFFINITY (READING) HOLDINGS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

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	Share capital £
Balance at 1 April 2018	999
	<hr/>
Period ended 31 March 2019:	
Profit and total comprehensive income for the year	-
	<hr/>
Balance at 31 March 2019 and 1 April 2019	999
	<hr/>
Period ended 31 March 2020:	
Profit and total comprehensive income for the year	-
	<hr/>
Balance at 31 March 2020	999
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The notes on pages 10 to 15 form an integral part of these financial statements.

# AFFINITY (READING) HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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### 1 Accounting policies

#### Company information

Affinity (Reading) Holdings Limited is a private Company limited by shares incorporated, domiciled and registered in England and Wales in the UK. The registered office is 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 Section 1A for Small Entities "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102 Section 1A for Small Entities") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the Company as an individual entity and not about its group.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### 1.2 Going concern

The financial statements have been prepared on a going concern basis which the Directors, consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts covering a period of 18 months from the date of approval of these financial statements, through to 31 March 2022 which indicate that, taking account of severe but plausible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period. In order to continue in its principal activity as a holding company the Company is dependent on Affinity (Reading) Limited, a 100% controlled subsidiary with common Directors, generating sufficient cashflows for the subsidiary company to continue as a going concern. Those forecasts are dependent on Affinity (Reading) Limited's underlying customer continuing to meet its obligations under the Project Agreement which are underwritten by the Secretary of State for Housing, Communities and Local Government.

In making this assessment the Directors have considered the potential impact of the emergence and spread of COVID-19.

Affinity (Reading) Limited's operating cash inflows are largely dependent on unitary charge receipts receivable from Reading Borough Council and the Directors expect these amounts to be received even in severe but plausible downside scenarios.

Affinity (Reading) Limited continues to provide the asset in accordance with the contract and it is available to be used. Further, the council has agreed to suspend the contract monitoring regime during the crisis, pending further Cabinet Office direction. In any event, the cost of any deductions is borne by the service providers, so has no financial impact on the company. As a result, the Company does not believe there is any likelihood of a material impact to the unitary payment.

# **AFFINITY (READING) HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2020**

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### **1 Accounting policies**

**(Continued)**

The Directors have assessed the viability of Affinity (Reading) Limited's main sub-contractors and reviewed the contingency plans of the sub-contractors and are satisfied in their ability to provide the services in line with the contract without significant additional costs to Affinity (Reading) Limited, even in downside scenarios, due to the underlying contractual terms. To date, there has been no adverse impact on the services provided by Affinity (Reading) Limited or its sub-contractors arising from COVID-19. However, in the unlikely event of a subcontractor failure, Affinity (Reading) Limited has its own business continuity plans to ensure that service provision will continue.

The Directors believe Affinity (Reading) Limited has sufficient funding in place and expect the Company to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the Directors are confident that the subsidiary and consequently the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

### **1.3 Fixed asset investments**

#### **Investments in equity**

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the Company holds a long-term interest and where the Company has significant influence. The Company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

#### **Investments in loans**

Investments in subordinated loans are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

### **1.4 Cash and cash equivalents**

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# AFFINITY (READING) HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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### 1 Accounting policies (Continued)

#### 1.5 Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Basic financial liabilities, including trade and other creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### 1.6 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

### 2 Judgements and key sources of estimation uncertainty

The Directors feel that there are no significant judgements made in the application of these accounting policies that have a significant effect on the financial statements, or estimates with a significant risk of material adjustment in the next year.

### 3 Auditor's remuneration

	2020	2019
Fees payable to the company's auditor and associates:	£	£
<b>Audit of the financial statements of the Company</b>	<b>1,000</b>	<b>1,000</b>

# AFFINITY (READING) HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 4 Employees

The Company had no employees during the year (2019: none).

### 5 Directors' remuneration

	2020 £	2019 £
Sums paid to related parties for Directors' services	-	-

Given the nature of the Company's activities, the quantum of qualifying services provided is de-minimis and therefore no allocation of Directors' remuneration is disclosed (2019: £nil).

### 6 Interest receivable and similar income

	2020 £	2019 £
Interest received on subordinated loans	521,284	425,108

### 7 Interest payable and similar expenses

	2020 £	2019 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest payable on unsecured loan	521,284	425,108

### 8 Fixed asset investments

	2020 £	2019 £
Investments in subsidiaries	999	999
Subordinated loan to subsidiary undertaking	3,807,134	3,579,618
	3,808,133	3,580,617

The Company holds 100% of the ordinary share capital in Affinity (Reading) Limited, the principal activity of which is the refurbishment, financing, maintenance and operation of the social housing project on the Whitley Estate, Reading, and which is incorporated in the UK. The registered office is 8 White Oak Square, Swanley, Kent, BR8 7AG. There is also a legal mortgage in favour of Nationwide Building Society as security for payment of all obligations and liabilities owed by the Company to Nationwide.

### 9 Debtors

	2020 £	2019 £
<b>Amounts falling due within one year:</b>		
Subordinated loan and interest due on loan to subsidiary undertaking	200,588	173,950



# AFFINITY (READING) HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 9 Debtors

(Continued)

The Company holds 100% of the subordinated loan notes due in 2032 in Affinity (Reading) Limited. The subordinated loan is repayable in semi-annual instalments which commenced in April 2010. Interest charges on amounts drawn are fixed at 12.5% per annum.

All financial assets above are held at amortised cost.

### 10 Creditors: amounts falling due within one year

	2020 £	2019 £
Interest on subordinated loan notes	200,588	173,950

The subordinated loan notes due in 2032 represent amounts borrowed under the Deed Poll for the Unsecured Loan Notes facility. The amounts drawn are repayable in semi-annual instalments, which commenced in April 2010. Interest charges on amounts drawn are fixed at 12.5% per annum.

All financial liabilities above are held at amortised cost.

### 11 Creditors: amounts falling due after more than one year

	2020 £	2019 £
Amounts owed to shareholders	3,807,134	3,579,618
	<u>3,807,134</u>	<u>3,579,618</u>

Amounts included above which fall due after five years:

Payable by instalments	3,535,818	3,293,103
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All financial liabilities above are held at amortised cost.

The group companies with which the amount above is held are detailed in note 13.

### 12 Share capital

	2020 £	2019 £
Ordinary share capital issued and fully paid 999 Ordinary shares of £1 each	999	999

# AFFINITY (READING) HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 13 Related party transactions

#### Transactions with related parties

During the year the Company entered into the following transactions with related parties:

	Interest payable		Interest owed at balance sheet date	
	2020	2019	2020	2019
	£	£	£	£
Southern Housing Group	260,642	212,554	100,294	86,975
Radian Group	260,642	212,554	100,294	86,975
	<u>521,284</u>	<u>425,108</u>	<u>200,588</u>	<u>173,950</u>

#### Subordinated loan notes outstanding

	2020	2019
	£	£
Southern Housing Group	1,903,567	1,789,809
Radian Group	1,903,567	1,789,809
	<u>3,807,134</u>	<u>3,579,618</u>

In 2007 the Company issued subordinated loan notes, due in 2032, to its subsidiary Affinity (Reading) Limited. During the year interest receivable was £521,284 (2019: £425,108). At the balance sheet date the Company was owed £200,588 (2019: £173,950) in interest and £3,807,134 (2019: £3,579,618) of the subordinated loan notes remained outstanding, repayable in accordance with the Deed Poll Agreement.

### 14 Ultimate controlling party

Southern Housing Group Limited, registered at Fleet House 59 - 61 Clerkenwell Road, London, England, EC1M 5LA, and Yarlinton Housing Group, a Cooperative and Community Benefit Society, registered at Lupin Way, Yeovil, Somerset, BA22 8WN, by transfer of engagement are the ultimate controlling parties both with 50% ownership and control.

The results of the Company are not consolidated in the financial statements of any other entity.