Third Roodhill Leasing Limited

Directors' report and financial statements

for the year ended 31 December 2020

Registered Number: 00894567

Third Roodhill Leasing Limited

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Third Roodhill Leasing Limited

Company information

Directors
N S Slape (Resigned 1 December 2020)
L J Britnell
P N Williams (Appointed 1 December 2020 and resigned 4 June 2021)
J D Bailey (Appointed 4 June 2021)

Secretary
C E Green

Registered office
PO Box 101
1 Balloon Street
Manchester
M60 4EP

Registered number
00894567

Third Roodhill Leasing Limited

Strategic report

The directors present their strategic report for the year ending 31 December 2020.

Principal activities and business review

Third Roodhill Leasing Limited (the 'Company') is a limited liability company incorporated and domiciled in England. The Company previously engaged in the provision of finance through the leasing of buildings and capital equipment to private companies and public sector organisations for periods up to 25 years. The Company is a wholly owned subsidiary of The Co-operative Bank plc (the 'Bank').

The Company previously earnt finance lease interest from leasing of buildings and capital equipment. The Company's remaining finance lease was repaid during the year and as a result is no longer trading.

Strategy and future outlook

The directors have considered the Company's business activities together with its financial position and the factors likely to affect its future development and performance. The Company has ceased trading and is in the process of being placed into liquidation. As such, the accounts have been prepared on a basis other than going concern.

Principal risks and uncertainties

It is the responsibility of management to effectively manage the risk within the business, and the Company has a formal structure in place for monitoring risks.

The Company is not nor expected to be impacted by COVID-19.

The financial risks faced by the Company are liquidity and funding risk. A summary of these risks is included below:

- Liquidity and funding risk is the risk that obligations cannot be met as they fall due or can only be met at excessive cost. The Company has payables to The Co-operative Bank plc and Platform Funding limited. However, this risk is mitigated by the sole provider of funding being the parent of the Company; therefore the liquidity risk is considered to be minimal;

Key performance indicators (KPIs)

There are no separate key performance indicators now that the Company has no remaining finance leases and no longer trades.

Approved by the Board of Directors on 21 September 2021 and signed on its behalf by:

Director
Louise Britnell

Date: 21 September 2021

Third Roodhill Leasing Limited

Directors' report

The directors present their report and the unaudited financial statements of Third Roodhill Leasing Limited (the 'Company') (Registered Company No: 00894567) for the year ended 31 December 2020.

General information

- The Company is a private company limited by shares, incorporated in England and Wales.
- The main objective of the Company was previously the provision of finance through the leasing of buildings and capital equipment to private companies and public sector organisations for periods up to 25 years. The Company has now ceased trading and is in the process of being placed into liquidation.
- The parent is The Co-operative Bank plc (the 'Bank').
- The ultimate controlling party is The Co-operative Bank Holdings Limited (the 'Group').

Results

The result for the year, after tax, amounted to £nil (2019: £41,911). The net liabilities of the Company at 31 December 2020 were £787,547 (2019: £787,547).

Dividends

The directors have not proposed a dividend in the year ended 31 December 2020 (2019: £nil).

Future developments

The future developments, principal risks and uncertainties and key performance indicators of the Company are dealt with in the Strategic report on page 2.

Employees

The Company had no employees during the year (2019: nil). The directors are employed by the Bank.

Directors' details

The directors who held office during the year and current appointments are disclosed on page 1.

No director had a beneficial interest in the share capital of the Company, the Bank or any of its subsidiaries at any time during the year under review.

Insurance and indemnities

During 2020 the Company maintained appropriate directors' liability insurance in respect of legal action against its directors. In addition, qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in operation during the 2020 financial year and are in force for the benefit of the directors in relation to certain losses and liabilities which they may incur in connection with their appointment. The cost has been borne by the Bank and has not been recharged.

Statement of directors' responsibilities in respect of the strategic report, directors' report and the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom 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 company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in international accounting standards in conformity with the requirements of the Companies Act 2006 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the financial position and financial performance;
- in respect of the financial statements, state whether international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;

Directors' report (continued)

- in respect of the company financial statements, state whether international accounting standards in conformity with the requirements of the Companies Act 2006, 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 appropriate to presume that the company will not 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 company 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.

Under applicable law and regulations, the directors are also responsible for preparing a directors' report, that complies with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Audit exemption under section 479A of the Companies Act 2006
For the year ending 31 December 2020 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Approved by the Board of Directors on 21 September 2021 and signed on its behalf by:

Director
Louise Britnell

Date: 21 September 2021

Statement of comprehensive income
for the year ended 31 December 2020

	Notes	2020 £	2019 £
Finance lease income	4	-	7,508
Interest income	5	-	1,955
Net interest income		-	9,463
Net credit impairment gains		-	2,249
Profit before taxation		-	11,712
Income tax	6	-	(53,623)
Loss for the financial year		-	(41,911)

All results are from discontinued operations. All operations are in the UK.

There are no recognised gains or losses during the year or the prior year other than those passed through the Statement of comprehensive income.

The accounting policies and notes on pages 9 to 13 form part of these financial statements.

Balance sheet
as at 31 December 2020

	Notes	2020 £	2019 £
Assets			
Amounts due from parent undertaking	7	**254,009**	254,009
Total assets		**254,009**	254,009
Liabilities			
Group relief payable		**1,041,556**	1,041,556
Total liabilities		**1,041,556**	1,041,556
Equity			
Called-up share capital	8	**100**	100
Retained earnings		**(787,647)**	(787,647)
Total equity		**(787,547)**	(787,547)
Total equity and liabilities		**254,009**	254,009

The accounting policies and notes on pages 9 to 13 form part of these financial statements.

For the year ending 31 December 2020 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:
• the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476;
• the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved by the Board of Directors on 21 September 2021 and signed on its behalf by:

Director
Louise Britnell

Registered company number: 00894567

Statement of changes in equity

for the year ended 31 December 2020

2020	**Share capital £**	**Retained earnings £**	**Total £**
At 1 January 2020	**100**	**(787,647)**	**(787,547)**
Total comprehensive expense for the year	-	-	-
At 31 December 2020	**100**	**(787,647)**	**(787,547)**

2019	Share capital £	Retained earnings £	Total £
At 1 January 2019	100	(745,736)	(745,636)
Total comprehensive expense for the year	-	(41,911)	(41,911)
At 31 December 2019	100	(787,647)	(787,547)

The share capital of the Company is disclosed in note 8 on page 13.

The accounting policies and notes on pages 9 to 13 form part of these financial statements.

Third Roodhill Leasing Limited

Statement of cash flows
for the year ended 31 December 2020

	2020	2019
	£	£
Cash flows from operating activities:		
Profit before taxation	-	11,712
Adjustments for non-cash movements		
Movement in allowance for losses on finance lease receivables	-	(2,249)
Changes in operating assets and liabilities		
Adjustment for interest received	-	(1,955)
Decrease in finance lease receivables	-	284,555
Decrease in amounts due to parent undertaking	-	(294,018)
Net cash flows used in operating activities	-	(1,955)
Cash flows used in financing activities:		
Interest received	-	1,955
Net cash flows used in financing activities	-	1,955
Net decrease in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	-	-
Cash and cash equivalents at the end of the year	-	-

The accounting policies and notes on pages 9 to 13 form part of these financial statements.

Notes to the financial statements

1. Basis of preparation and significant accounting policies

1.1 Basis of preparation
Third Roodhill Leasing Limited (the 'Company') is a company incorporated, registered and domiciled in England. The company is limited by shares.

The financial statements of the Company have been prepared and approved by the Directors in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

1.2 Going concern
IAS 1 (Presentation of Financial Statements) requires Directors to make an assessment of a Company's ability to adopt the going concern basis of accounting in the future. IAS 1 states that the information should cover at least 12 months from the end of the reporting period but not be limited to that period. Financial Reporting Council (FRC) guidelines state that the information should consider a period of at least 12 months from the date the financial statements are authorised for issue.

The Company's financial statements are prepared on a basis which is other than going concern to reflect that the Company is in the process of being placed into liquidation. Under this basis, the assets and liabilities are measured under the historical cost convention. No adjustments were necessary in these financial statements.

1.3 Significant accounting policies

1.3.1 Functional and presentational currencies
The financial statements are presented in Sterling, which is the Company's functional currency (i.e. the primary currency in which it transacts business) and presentational currency.

1.3.2 Revenue recognition
a) Interest income and expense
Interest income and expense on financial instruments measured at amortised cost or fair value through other comprehensive income (FVOCI) is recorded within net interest income and recognised on an EIR basis except for:
- Purchased or originated credit impaired assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset; and
- Financial assets which are not purchased or originated credit impaired assets but have become credit-impaired (reside within stage 3), for which interest income is calculated by applying the EIR to their amortised cost (i.e. net of the expected credit loss provision).

The EIR basis is inclusive of directly attributable origination and incremental transaction costs and fees including arrangement and broker fees, valuation and solicitor costs, discounts and premiums where appropriate. Commitment fees received are deferred and included in the EIR calculation upon completion or taken in full at the date the commitment period expires and completion does not occur. Early redemption charges are recognised on a cash basis as received, as it is not possible to reliably estimate the receipt of such fees.

b) Fees and commissions
Fee and commission income is predominantly made up of arrangement and other fees relating to loans and advances to customers that are included in the EIR calculation. Commitment fees received are deferred and included in the EIR calculation upon completion or taken in full at the date the commitment period expires and completion does not occur. All other fee and commission income, such as loan closure fees or arrears fees, administration and other charges not included in the EIR calculation, are recognised on a point-in-time basis as the performance obligation is satisfied at the time the fees are charged. There are no future performance obligations or variable considerations involved per the contracts.

1.3.2.1 Finance lease income
All leases of assets to customers are finance leases. Income from assets leased to customers is credited to the income statement based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. An election to always measure the expected credit loss allowance at an amount equal to lifetime expected credit losses has not been applied.

1.3.2.2 Interest income / expense
Inter-company interest income/expense in accrued/incurred on the basis equivalent to an arm's length transaction between two parties.

1. Basis of preparation and significant accounting policies (continued)

1.3.3 Income tax

a) Overview

Tax for the year comprises current and deferred tax, which is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in the statement of comprehensive income.

b) Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

c) Deferred tax

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided for is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised and is supported by the Plan.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

1.3.4 Cash and cash equivalents

Cash and cash equivalents comprises cash balances and balances with a maturity of three months or less from the origination date, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1.3.5 Financial instruments

a) Recognition

Financial assets and financial liabilities are initially recognised in the balance sheet at fair value when the Company becomes party to the contractual provisions of the instrument. Subsequently, financial instruments are classified as follows: amortised cost, fair value through profit or loss, or fair value through other comprehensive income. All of the Company's financial instruments are measured at amortised cost.

b) Financial instruments measured at amortised cost

Financial assets measured at amortised cost are those for which the business model objective is to hold to collect the contractual cash flows, and the contractual cash flows are solely payments of principal and interest. Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the financial asset. Unless designated at FVTPL, the classification and subsequent measurement of the financial asset is based on the business model and contractual cash flows of the asset.

Amortised cost is the default category for financial liabilities.

Amortised cost financial instruments are subsequently measured at the amount at which the financial instrument was measured at initial recognition, less principal repayments, plus or minus the cumulative amortisation using the effective interest method of the difference between that initial amount and the maturity amount and adjusted for any loss allowance.

c) Reclassifications

Debt instruments are only reclassified when the business model for managing such assets is changed. Such changes as a result of external or internal changes must be significant, demonstrable to external parties, and are expected to be rare in occurrence. Financial liabilities cannot be reclassified.

d) Impairment of financial assets

Under IFRS 9, the ECL is assessed on a forward-looking basis for debt instruments carried at amortised cost and FVOCI, for exposures related to loan commitments, and for financial guarantee contracts. Credit risk is measured using probability of default (PD), the exposure at default (EAD) and loss given default (LGD) (please refer to the glossary for definitions).

Financial instruments are classified within stage 1 on initial recognition. If a significant increase in credit risk (SICR) since recognition is identified but the financial instrument is not credit impaired, then the financial instrument transitions to stage 2. A financial instrument transitions to stage 3 when it becomes credit impaired.

Financial instruments within stage 1 have a loss allowance reflecting a 12 month ECL whereas financial instruments within stage 2 and 3 have a loss allowance reflecting a lifetime ECL.

1. Basis of preparation and significant accounting policies (continued)

Financial instruments which are purchased or originated credit impaired attract a lifetime ECL until de-recognition irrespective of staging criteria. For stage 3 assets, interest is recorded on a net basis.

The ECL is calculated as the discounted multiple of PD, EAD and LGD, which are all based on historical analysis, adjusted for the future view of forward-looking macroeconomic information.

e) De-recognition of financial instruments
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial assets expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

When a financial asset is derecognised in its entirety, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in the income statement.

A financial liability is derecognised when the obligation is discharged, cancelled or expires. Any difference between the carrying amount of a financial liability derecognised and the consideration paid is recognised in the income statement.

Impairment losses on finance lease receivables
In accordance with the accounting policies the methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. At the year end, the Company carried impairment provisions of £9k (2018: £17k) against finance lease receivables. All financial assets are stage 1 and expected credit losses are immaterial therefore no impairment tables have been presented.

1.3.6 IFRS 16 Leases

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases.

The Company recognise finance income over the lease term. The Company shall apply the de-recognition and impairment requirements in IFRS 9 to the net investment in the lease as stated above in 1.3.2.1 and 1.3.5 respectively.

1.4 Critical accounting estimates and judgements in applying accounting policies
There are no critical accounting estimates or judgements in applying the accounting policies.

1.5 Risk management

1.5.1 Credit risk
Credit risk is the risk of financial loss from a counterparty's failure to settle financial obligations as they fall due. Credit exposures arise on cash and cash equivalents, which are held with the ultimate parent undertaking, the Bank. These amounts are repayable on demand. The directors are satisfied that this asset remains recoverable at year end. Credit risk assessments on the provision of leasing facilities follow the basic principles of lending, i.e. consideration must be given to:

- the integrity and reliability of the lessee;
- the duration and amount of the transaction;
- the lessee's ability to repay; and
- the security.

1.5.2 Liquidity and funding risk
Liquidity and funding risk is the risk that obligations cannot be met as they fall due or can only be met at excessive cost. However, this risk is mitigated by the sole provider of funding being the parent of the Company; therefore the liquidity risk is considered to be minimal.

1.6 Fair values
All financial assets and liabilities are held at amortised cost and the fair value is materially equal to the carrying value.

2 Standards and interpretations issued but not yet effective

Minor amendments to IFRSs: The IASB has published a number of minor amendments to IFRSs that were effective from 1 January 2020. None of these had a significant effect on the financial statements when adopted.

3 Directors' emoluments

The directors received emoluments from the Bank for services rendered to all of the companies consolidated within The Co-operative Bank Holdings Limited.

At 31 December 2020, one of the directors was accruing pension benefits (2019: none). Such benefits relate to their employment at the Bank. However, these are not recharged to the individual companies.

4 Finance lease income

	2020	2019
	£	£
Finance lease income	-	7,508

5 Interest income

	2020	2019
	£	£
Interest income/(expense) on balances with The Co-operative Bank Plc	-	1,955

6 Taxation

	2020	2019
	£	£
UK tax at 19% (2019: 19%)		
Corporation tax		
Current year charge	-	95,658
Prior year charge	-	1,198
Deferred tax		
Current year credit	-	(43,233)
	-	53,623

Factors affecting tax charge for the year
For 2019, the average effective rate of corporation tax assessed for the year is different from the standard effective rate of corporation tax in the UK of 19%.

	2020	2019
	£	£
Profit on ordinary activities before tax	-	11,712
Profit before tax multiplied by standard rate of tax	-	2,225
Effects of:		
Expenditure not qualifying for capital allowances	-	50,200
Adjustments in respect of prior years	-	1,198
	-	53,623

The recognised deferred tax includes the following amounts:

	2020	2019
	£	£
Other temporary differences	-	-

6. Taxation (continued)

The reconciliation of opening and closing deferred tax liability is shown below:

	2020	2019
	£	£
Balance at the beginning of the year	-	43,233
Deferred tax credit to the statement of comprehensive income	-	(43,233)
Balance at the end of the year	-	-

7 Amounts due from parent undertaking

	2020	2019
	£	£
Amounts due from parent undertaking	**(254,009)**	(254,009)

8 Share capital

	2020	2019
	£	£
Issued and fully paid		
100 ordinary shares of £1 each	**100**	100

The Company's funding consists of share capital and intercompany funding provided by the Bank. Capital is managed on the whole by the Group, which is subject to the capital requirements imposed by its regulator the Prudential Regulation Authority (PRA).

9 Ultimate parent undertaking and controlling entity

The Company is a wholly owned subsidiary of the Bank, which is incorporated in England.

As at 31 December 2020, the directors regard The Co-operative Bank Holdings Limited as the ultimate parent company. The largest group in which the results of the Company are consolidated is The Co-operative Bank Holdings Limited, which is incorporated in England. The financial statements of this group are available from http://www.co-operativebank.co.uk/investorrelations/financialresults and from its registered office at PO Box 101, 1 Balloon Street, Manchester, M60 4EP.

10 Related party transactions

The directors of the Company consider the Bank and its subsidiaries to be related parties of the Company. Transactions with the Bank and its subsidiaries are disclosed below:

	Interest income/(expense) on net amounts owed to parent undertakings	Group tax relief payable	Amounts due from/(to) parent undertaking
	£	£	£
Year ended 31 December 2020			
The Co-operative Bank plc	**-**	**(327,891)**	**254,009**
Platform Funding ltd	**-**	**(713,665)**	**-**
Year ended 31 December 2019			
The Co-operative Bank plc	1,955	(327,891)	254,009
Platform Funding ltd	-	(713,665)	-

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.