

# **Catalyst Finance Limited**

## **Directors' Report and Financial Statements 31 March 2011**

**Registered number 04285958**

**TUESDAY**



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## **Executives and advisors**

### **Directors**

Rod Cahill (Chair)  
Tim Hodson  
Gerry Mackenzie

### **Secretary and Registered Office**

Maggie Pratt

Ealing Gateway  
26-30 Uxbridge Road  
Ealing  
London  
W5 2AU

### **Senior Management Team**

Rod Cahill	Group Chief Executive
Tim Hodson	Group Finance Director

### **Solicitors**

Winckworth Sherwood  
Minerva House  
5 Montague Close  
London  
SE1 9BB

### **Auditors**

BDO LLP  
Emerald House  
East Street  
Epsom  
Surrey KT17 1HS

### **Bankers**

National Westminster Bank Plc  
1 The Mall  
Ealing  
London  
W5 2PL

## **Directors' Report**

The directors submit their report together with the audited financial statements for the year ended 31 March 2011

### **Principal activity**

Catalyst Finance Limited is a Company Limited by Guarantee and does not have share capital.

The Company acts as a borrowing vehicle for other members of the Catalyst Housing Group Limited group of companies.

### **Operating and financial review**

The profit and loss account is set out on page 7 and shows the result for the year. During the year the Company increased its borrowings by a net £31m and immediately on lent this to other operating companies in the group. At 31 March 2011 the Company had drawn down £299.1m of its £350m facility.

### **Outlook for 2011/12**

The Company will continue to act as a borrowing vehicle for other group undertakings. The facility will be used to fund anticipated development across the group and other social housing activities. The principal risk relates to changing interest rates on the company's borrowings, however £68.5m fixings will commence in 2011/12 to hedge against changes to floating rates.

### **Directors**

The directors are disclosed on page 2. None of the directors had any interest in the capital of the Company as the Company is limited by guarantee and therefore does not have share capital. The directors of the Company are appointed by the Board of Management of its immediate parent company, Catalyst Housing Group Limited.

### **Political and charitable contributions**

The Company made no political contributions or charitable donations during the year (2010: £nil).

### **Going concern**

The directors have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

### **Auditors**

Pursuant to a members' resolution, the company is not obliged to reappoint its auditors and BDO LLP will therefore continue in office.

## Directors' Report

### Disclosure of information to the auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

### Statement of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

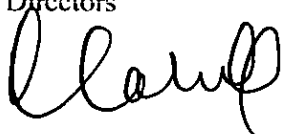
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

On behalf of the Directors

Rod Cahill  
Chair

Date 27 July 2011



## **Independent Auditor's Report to the members of Catalyst Finance Limited**

We have audited the financial statements of Catalyst Finance Limited for the year ended 31 March 2011 which comprise the profit and loss account, the balance sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

### **Respective responsibilities of directors and auditors**

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its result 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.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent Auditor's Report to the members of Catalyst Finance Limited**

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

*BDO LLP*

*Philip Rego (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
Epsom, Surrey  
United Kingdom*

*Date 1 August 2011*

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

## Profit and loss account

*Year ended 31 March*

	<i>Notes</i>	<b>2011 £'000</b>	<b>2010 £'000</b>
<b>Turnover</b>	<i>1</i>	11	14
Operating costs		(10)	(13)
<b>Operating profit</b>		<u>1</u>	<u>1</u>
Gift Aid payable	<i>3</i>	(1)	(1)
Interest receivable	<i>2</i>	9,362	9,243
Interest payable and similar charges	<i>2</i>	(9,362)	(9,243)
<b>Profit on ordinary activities before tax</b>	<i>3</i>	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	<i>5</i>	-	-
<b>Profit for the year</b>	<i>11</i>	<u>-</u>	<u>-</u>

All amounts relate to continuing activities.

There are no recognised gains and losses other than those reported in the profit and loss account

The notes on pages 9 to 11 form part of these financial statements

## Balance sheet

*As at 31 March*

	<i>Notes</i>	<b>2011 £'000</b>	<b>2010 £'000</b>
<b>Current assets</b>			
Debtors due within one year	6	1,002	611
Debtors due after more than one year	6	299,100	268,100
Cash at Bank		1	-
		<u>300,103</u>	<u>268,711</u>
Creditors amounts falling due within one year	7	(1,001)	(609)
<b>Net current assets</b>		<u>299,102</u>	<u>268,102</u>
Creditors amounts falling due after more than one year	8	(299,100)	(268,100)
<b>Net assets</b>		<u>2</u>	<u>2</u>
<b>Capital and Reserves</b>			
Share capital	10	-	-
Profit and loss account	11	2	2
		<u>2</u>	<u>2</u>

These financial statements were approved and authorised for issue by the Board on 27/07/11 and signed on its behalf by



**Rod Cahill**  
Chair

Date 27 JULY 2011

The notes on pages 9 to 11 form part of these financial statements

## Notes to the financial statements

### 1 Principal Accounting Policies

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards. The following accounting policies have been applied:

#### Turnover

Turnover represents the total amount receivable in the ordinary course of business for entering into funding arrangements on behalf of group companies.

#### Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### Cash Flow

Under FRS 1 (revised 1996), the company is exempt from the requirement to prepare a cash flow statement on the grounds that the ultimate parent undertaking, Catalyst Housing Group Limited, includes the company in its own published consolidated financial statements.

### 2 Interest receivable and payable

Interest payable is in respect of bank loans which is in turn receivable from group undertakings under the on-lending arrangements.

### 3 Profit on ordinary activities before tax

	2011 £'000	2010 £'000
Is stated after charging		
Auditor's remuneration - in their capacity as auditors	1	1
Gift Aid payable to parent company	1	1
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### 4 Employee information

The company does not have any employees and the directors did not receive any remuneration during the year (2010: £nil).

### 5 Tax on profit on ordinary activities

No tax liability arises on the assessable results for the year (2010: £nil).

## Notes to the financial statements

### 6 Debtors

	Amounts owed within one year 2011 £'000	Amounts owed after more than one year 2011 £'000	Total 2011 £'000	Amounts owed within one year 2010 £'000	Amounts owed after more than one year 2010 £'000	Total 2010 £'000
Due from other group members	1,002	299,100	300,102	611	268,100	268,711

### 7 Creditors

Amounts falling due within one year	2011 £'000	2010 £'000
Accruals and deferred income	1,001	609
	<u>1,001</u>	<u>609</u>

### 8 Creditors

Amounts falling due after more than one year	2011 £'000	2010 £'000
Housing loans (note 9)	<u>299,100</u>	<u>268,100</u>

### 9 Loans

Loans from lending institutions are secured by specific charges on the housing properties of the ultimate borrowers and are repayable by instalments at varying periods as follows

	2011 £'000	2010 £'000
Between two and five years	60,000	29,000
In five or more years	239,100	239,100
	<u>299,100</u>	<u>268,100</u>

#### Funding and interest exposure

The company has entered into a funding facility, which if drawn down to its maximum, would provide £350m to be on lent to other group companies. At 31 March 2011, £299.1m was drawn under this facility, of which £156.1m is at fixed rates of interest.

Under the facility, the company can enter into additional fixed interest rate arrangements. These arrangements are supported by back to back agreements with the ultimate borrower.

## Notes to the financial statements

### 9 Loans

The Group facility is arranged on a cross-collateralised basis and is secured against a portfolio of housing stock owned by Catalyst Communities Housing Association and Fortunegate Community Housing on a fixed and floating charge basis. Work is currently being undertaken to convert the floating charges to fixed charges

The revolver element of the total facility is repayable in full in April 2013 and the remaining loan balances will be repaid from April 2016 on an accelerated basis

The average rate for £156 1m fixed rate loans was 5.35% at the end of the year and for variable loans the average rate is 1.67%

### 10 Share capital

Catalyst Finance Limited is a company limited by guarantee and therefore does not have share capital

### 11 Profit and loss account

	£'000
At 1 April 2010	2
Profit for the year	-
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At 31 March 2011	2
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### 12 Parent entity

The company's immediate and ultimate parent is Catalyst Housing Group Limited, a Registered Provider of Social Housing. The consolidated accounts of the group are available from their registered office, Ealing Gateway, 26-30 Uxbridge Road, Ealing, London, W5 2AU.

### 13 Related party disclosures

Under FRS 8 the company is exempt from the requirement to disclose related party transactions with the Catalyst Housing Group Limited and its associated undertakings on the grounds that 100% of its voting rights are controlled within the Group

No other related party transactions have been identified

### 14 Post Balance Sheet Events

#### Group Restructuring – Transfer of Engagements

During the year, the Group board approved in principle the transfer of engagements of Catalyst Housing Group Limited, Fortunegate Community Housing and Kensington Housing Trust to Catalyst Communities Housing Association (to be renamed Catalyst Housing Limited) and the restructuring of the ownership of the Group's other subsidiaries, subject to a programme of consultation, obtaining the necessary regulatory and lender's consents and agreements. Following the group restructure, the parent company of Catalyst Finance Ltd will be Catalyst Housing Limited

The proposal is scheduled to take legal effect on 30 September 2011