

Resolution Service Management Limited

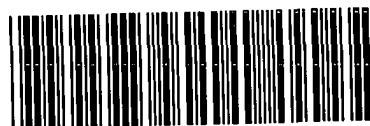
Unaudited Financial Statements

Year Ended

31 December 2021

Company Number 08133725

THURSDAY



ABCL6WDV

A19

15/09/2022

#119

COMPANIES HOUSE

Resolution Service Management Limited

Registered number: 08133725

Statement of Financial Position As at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	5	2,633,894	3,271,430
Current assets			
Debtors	6	75,396	97,034
Cash and cash equivalents		330,071	226,385
		<u>405,467</u>	<u>323,419</u>
Current liabilities			
Creditors: amounts falling due within one year	7	(933,997)	(719,582)
Net current liabilities		<u>(528,530)</u>	<u>(396,163)</u>
Total assets less current liabilities		<u>2,105,364</u>	<u>2,875,267</u>
Creditors: amounts falling due after more than one year	8	(8,866,046)	(8,592,919)
Net liabilities		<u><u>(6,760,682)</u></u>	<u><u>(5,717,652)</u></u>
Capital and reserves			
Share capital	9	1	1
Profit and loss account		(6,760,683)	(5,717,653)
		<u><u>(6,760,682)</u></u>	<u><u>(5,717,652)</u></u>

Resolution Service Management Limited

Registered number: 08133725

Statement of Financial Position (continued) As at 31 December 2021

The director considers that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

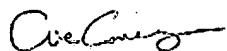
The director acknowledges his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



.....
C A Cowdery
Director

Date: 9 September 2022

The notes on pages 3 to 9 form part of these financial statements.

Resolution Service Management Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

1. General information

Resolution Service Management Limited is a private Company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is 2 Queen Annes Gate, London, SW1H 9AA and its principal activity is that of a property management and shared services company for the Resolution Group.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The director has undertaken a going concern assessment. The Company has obtained a letter of financial support from its holding Company that will enable it to meet its future liabilities as and when they fall due. Therefore, the director is satisfied that the Company has adequate resources to operate as a going concern for the foreseeable future, and has prepared the financial statements on that basis.

2.3 Revenue

Turnover represents rent and service charge fees at pre-agreed rates. Turnover is recognised to the extent that the Company obtains the right to consideration in exchange for its performance, and is recognised in the Statement of Comprehensive Income once the service has been rendered.

2.4 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.5 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in other creditors as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

Resolution Service Management Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- 10 years straight line
Fixtures and fittings	- 10 years straight line
Computer equipment	- 3 to 5 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.9 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans to and from group and other related parties and accrued income and expenses.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

Resolution Service Management Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.9 Financial instruments (continued)

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

2.10 Current and deferred taxation

Tax is recognised in the Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the director has had to make the following judgements:

Determine whether there are indicators of impairment of the Company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Other key sources of estimation uncertainty:

Tangible fixed assets (see note 5)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Resolution Service Management Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

4. Employees

The average monthly number of employees, including directors, during the year was 3 (2020 - 4).

The director received no remuneration from the company in the current or prior period.

5. Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 January 2021	5,721,929	791,756	144,177	6,657,862
Additions	-	8,977	16,427	25,404
At 31 December 2021	5,721,929	800,733	160,604	6,683,266
Depreciation				
At 1 January 2021	2,866,146	393,122	127,164	3,386,432
Charge for the year	572,193	79,326	11,421	662,940
At 31 December 2021	3,438,339	472,448	138,585	4,049,372
Net book value				
At 31 December 2021	2,283,590	328,285	22,019	2,633,894
At 31 December 2020	2,855,783	398,634	17,013	3,271,430

6. Debtors

	2021 £	2020 £
Trade debtors	600	-
Amounts owed by related parties	-	1,416
Prepayments and accrued income	74,796	95,618
	<u>75,396</u>	<u>97,034</u>

Amounts owed by related parties are unsecured, interest free and repayable on demand.

Resolution Service Management Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

7. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	33,529	12,022
Amounts owed to group undertakings	-	5,100
Other taxation and social security	31,072	58,915
Other creditors	955	5,062
Accruals	868,441	638,483
	<u>933,997</u>	<u>719,582</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

8. Creditors: amounts falling due after more than one year

	2021 £	2020 £
Director's loan	7,000,000	7,000,000
Interest on loan	1,866,046	1,592,919
	<u>8,866,046</u>	<u>8,592,919</u>

The loan facility has been made available to the Company by C A Cowdery, the sole ultimate shareholder and director of the Company, bears interest at LIBOR + 3% which compounds on a six-monthly basis and is repayable on 5 February 2025 or such other date as agreed with the lender.

9. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

10. Pension commitments

The Company operates a defined contribution pension scheme. Pension contributions for staff have been made into the defined contribution pension scheme operated by Royal London. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £8,604 (2020 - £13,189). Contributions totalling £955 (2020 - £5,012) were payable to the fund at the reporting date.

Resolution Service Management Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

11. Commitments under operating leases and licences

At 31 December 2021 the Company had future minimum lease receipts due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	383,444	383,444
Later than 1 year and not later than 5 years	427,728	811,172
	<u>811,172</u>	<u>1,194,616</u>

At 31 December 2021, the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
Not later than 1 year	240,000	240,000
Later than 1 year and not later than 5 years	540,000	780,000
	<u>780,000</u>	<u>1,020,000</u>

12. Related party transactions

The Company has taken advantage of the exemption available in section 1AC.35 of the FRS 102 – section 1A where it has not disclosed transactions with any wholly owned subsidiary undertakings of the group.

The director advanced a loan of principal amount £7,000,000 to the Company during the year ending 31 December 2015. The outstanding balance of the loan including interest at the year ended 31 December 2021 is £8,866,046 (2020 - £8,592,919). Interest of £273,127 (2020 - £281,525) accrued on the loan during the year. See note 12 for further details.

The Company received rent and service charge income of £311,977 (2020 - £316,255) from The Resolution Foundation and £153,672 (2020 - £155,814) from Prospect Publishing Limited during the year. There were no outstanding balances at either the current or prior reporting date. Both of these parties are related to the Company by nature of the director's significant influence and all transactions are conducted on an arm's length basis.

As at 31 December 2021 £Nil (2020 - £1,416) was due from Resolution Life Group Services Limited to the Company, this was included within amounts owed by related parties in the financial statements. Resolution Life Group Services Limited is related to the Company by nature of the director's significant influence.

The director is the freeholder of the property and at the reporting date an amount of £840,000 was owed to the director of the Company (2020 - £600,000) in respect of rent. At the end of the year, this balance is included in accruals and is unsecured, interest free and repayable on demand.

Resolution Service Management Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

13. Ultimate parent undertaking and controlling party

The Company's immediate and ultimate parent company is Resolution Capital Limited, a company incorporated in the United Kingdom.

The ultimate controlling party is C A Cowdery.