

Hackney Housing Company Limited

Annual Report and Financial Statements

Year Ended

31 March 2021

Company Number 11738936

Hackney Housing Company Limited

Company Information

Directors	J Goddard S Theobald S A Haynes
Company secretary	A Spragg
Registered number	11738936
Registered office	Hackney Town Hall Mare Street Hackney London E8 1EA
Independent auditors	Mazars LLP The Pinnacle 160 Midsummer Boulevard Milton Keynes MK9 1BP

Hackney Housing Company Limited

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Hackney Housing Company Limited

Directors' Report For the Year Ended 31 March 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

The results presented are for the period from 1 April 2020 to 31 March 2021. The prior period results are for the period from 21 December 2018 to 31 March 2020. Accordingly the comparative amounts presented in the financial statements are not entirely comparable.

Directors' responsibilities statement

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;
- 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 to 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.

Principal activity

The company's principal activity is a holding company for investments in two subsidiaries, Hackney PRS Housing Company Limited and Hackney HLR Housing Company Limited.

Directors

The directors who served during the year were:

D A Carter-McDonald (resigned 31 March 2021)
J Goddard
S Theobald

Going concern

The world is faced with dealing with a global pandemic and adapting to a change in normal life, operations and business. The company recognises this has changed the outlook of the letting market and could impact property values and will continue to monitor this in relation to the company's activities. As life gradually returns to normal the rental market has shown signs of recovering.

Hackney Housing Company Limited

Directors' Report (continued) For the Year Ended 31 March 2021

Disclosure of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the company since the year end.

Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

S Theobald
Director

Date:

Hackney Housing Company Limited

Independent Auditor's Report to the members of Hackney Housing Company Limited

Opinion

We have audited the financial statements of Hackney Housing Company Limited (the 'company') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Hackney Housing Company Limited

Independent Auditor's Report to the members of Hackney Housing Company Limited (continued)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

Hackney Housing Company Limited

Independent Auditor's Report to the members of Hackney Housing Company Limited (continued)

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, anti-bribery, corruption and fraud, and money laundering, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to loss reserves, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

Hackney Housing Company Limited

Independent Auditor's Report to the members of Hackney Housing Company Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Vincent Marke (Senior Statutory Auditor)

For and on behalf of Mazars LLP, Chartered Accountants and Statutory Auditor

Milton Keynes

United Kingdom

Date:

Hackney Housing Company Limited

Statement of Comprehensive Income For the Year Ended 31 March 2021

		Year ended 31 March 2021 £	15 months ended 31 March 2020 £
Administrative expenses		(11,991)	(9,900)
Operating loss	4	(11,991)	(9,900)
Interest payable and similar expenses		(617)	-
Loss before tax	4	(12,608)	(9,900)
Tax on loss	6	-	-
Loss for the financial period		(12,608)	(9,900)

There was no other comprehensive income for the year ended 31 March 2021 (15 months ended 31 March 2020 - £Nil).

The notes on pages 10 to 16 form part of these financial statements.

Hackney Housing Company Limited

Registered number:11738936

Statement of Financial Position As at 31 March 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Investments	7		5,800,002		4,800,002
			<u>5,800,002</u>		<u>4,800,002</u>
Current assets					
Debtors: amounts falling due within one year	8	1		1	
Cash at bank and in hand		14,850		-	
		<u>14,851</u>		<u>1</u>	
Current liabilities					
Creditors: amounts falling due within one year	9	(37,360)		(9,902)	
		<u>(37,360)</u>		<u>(9,902)</u>	
Net current liabilities			(22,509)		(9,901)
Net assets			5,777,493		4,790,101
			<u><u>5,777,493</u></u>		<u><u>4,790,101</u></u>
Capital and reserves					
Called up share capital	10		1		1
Capital contribution reserve	11		5,800,000		4,800,000
Profit and loss account	11		(22,508)		(9,900)
			<u>5,777,493</u>		<u>4,790,101</u>
			<u><u>5,777,493</u></u>		<u><u>4,790,101</u></u>

The company's financial statements have been prepared in accordance with the provisions applicable to entities 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:

S Theobald
Director

Date:

The notes on pages 10 to 16 form part of these financial statements.

Hackney Housing Company Limited

Statement of Changes in Equity For the Year Ended 31 March 2021

	Called up share capital £	Capital contribution reserve £	Profit and loss account £	Total equity £
At 1 April 2020	1	4,800,000	(9,900)	4,790,101
Comprehensive income for the year				
Loss for the year	-	-	(12,608)	(12,608)
Total comprehensive income for the year	-	-	(12,608)	(12,608)
Contributions by and distributions to owners				
Capital contribution	-	1,000,000	-	1,000,000
Total transactions with owners	-	1,000,000	-	1,000,000
At 31 March 2021	1	5,800,000	(22,508)	5,777,493

Statement of Changes in Equity For the Period Ended 31 March 2020

	Called up share capital £	Capital contribution reserve £	Profit and loss account £	Total equity £
At 21 December 2018	-	-	-	-
Comprehensive income for the period				
Loss for the period	-	-	(9,900)	(9,900)
Total comprehensive income for the period	-	-	(9,900)	(9,900)
Contributions by and distributions to owners				
Shares issued during the period	1	-	-	1
Capital contribution	-	4,800,000	-	4,800,000
Total transactions with owners	1	4,800,000	-	4,800,001
At 31 March 2020	1	4,800,000	(9,900)	4,790,101

The notes on pages 10 to 16 form part of these financial statements.

Hackney Housing Company Limited

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

1. General information

Hackney Housing Company Limited is a private company limited by shares incorporated in England and Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are given in the directors' report.

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 Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 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 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2.3 Exemption from preparing consolidated financial statements

The company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2.4 Impact of new international reporting standards, amendments and interpretations

There were a number of narrow scope amendments to existing standards which were effective from 1 April 2020. None of these had a material impact on the company.

Hackney Housing Company Limited

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

2. Accounting policies (continued)

2.5 Going concern

During the COVID-19 pandemic the company's subsidiary, Hackney PRS Housing Company Limited, had a high level of tenancy turnover and a reduction in income. As the world recovers from the pandemic and returns to normal life, operations and business the lettings business has stabilised with reduced turnover and higher levels of rent being paid on new lettings. There continues to be demand for the properties and they have all been re-let, therefore the company, and its subsidiary, remain viable and going concerns.

2.6 Taxation

Tax is recognised in profit or loss 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 Statement of Financial Position 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.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Financial assets

The company classifies its financial assets into one category, based on the purpose for which the asset was acquired. The company has not classified any of its financial assets as held to maturity. The company's accounting policy for this category is as follows:

Trade and other receivables

Trade and other receivables are initially measured at transaction price and subsequently held at cost, less any impairment.

Hackney Housing Company Limited

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

2. Accounting policies (continued)

2.9 Financial liabilities

The company classifies its financial liabilities into one category, the company's accounting policy for this category is as follows:

Trade and other payables

Trade and other payables are initially recognised at price, being fair value of the consideration paid and subsequently carried at amortised cost using the effective interest method.

2.10 Share capital

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The company's ordinary shares are classified as equity instruments.

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

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The company has not made any significant judgements when applying the accounting policies.

The estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and assumptions

- Impairment of fixed asset investments

Investments in subsidiaries are measured at cost less accumulated impairment. Factors taken into consideration when considering whether there are indicators of impairment include the economic viability and expected future financial performance of the subsidiary undertakings.

4. Operating loss

The operating loss is stated after charging:

	Year ended 31 March 2021 £	15 months ended 31 March 2020 £
Fees payable to the company's auditor for the audit of the company's annual financial statements	7,250	7,000

Hackney Housing Company Limited

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

5. Employees

The company has no employees other than the directors, who did not receive any remuneration (2020 - £Nil).

6. Taxation

	Year ended 31 March 2021 £	15 months ended 31 March 2020 £
Current tax		
Current tax on loss for the year/period	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on loss on ordinary activities	<u>-</u>	<u>-</u>

Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than (15 months ended 31 March 2020 - higher than) the standard rate of corporation tax in the UK of 19% (15 months ended 31 March 2020 - 19%). The differences are explained below:

	Year ended 31 March 2021 £	15 months ended 31 March 2020 £
Loss on ordinary activities before tax	<u>(12,608)</u>	<u>(9,900)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	<u>(2,396)</u>	<u>(1,881)</u>
Effects of:		
Unrelieved tax losses carried forward	<u>2,396</u>	<u>1,881</u>
Total tax charge for the year/period	<u>-</u>	<u>-</u>

Hackney Housing Company Limited

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

6. Taxation (continued)

Factors that may affect future tax charges

At 31 March 2021 the company has taxable losses of £21,891 (2020 - £9,900) available for offset against future taxable profits. No deferred tax asset has been recognised in the financial statements as there is insufficient persuasive and reliable evidence that the losses will be utilised in the foreseeable future.

The March 2021 Budget announced an increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the balance sheet date. As a result the unrecognised deferred tax as at 31 March 2021 is measured at 19%.

7. Fixed asset investments

	Investments in subsidiary companies £
Cost and net book value	
At 1 April 2020	4,800,002
Additions	1,000,000
At 31 March 2021	<u>5,800,002</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Hackney PRS Housing Company Limited	Ordinary	100%
Hackney HLR Housing Company Limited	Ordinary	100%

On 22 July 2020 the company made a capital contribution of £1,000,000 to Hackney HLR Housing Company Limited.

The registered office address of both subsidiaries is Hackney Town Hall, Mare Street, Hackney, London, E8 1EA.

Hackney Housing Company Limited

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

8. Debtors

	2021 £	2020 £
Due within one year		
Called up share capital not paid	1	1
	<u>1</u>	<u>1</u>

9. Creditors: Amounts falling due within one year

	2021 £	2020 £
Amounts owed to group undertakings	26,380	2
Accruals	10,980	9,900
	<u>37,360</u>	<u>9,902</u>

10. Share capital

	2021 £	2020 £
Authorised, issued and unpaid		
1 Ordinary share of £1	1	1
	<u>1</u>	<u>1</u>

The ordinary share has no restrictions on the receipt of dividends or repayment of capital.

11. Reserves

The company's reserves are as follows:

Share capital

Nominal value of share capital subscribed for.

Capital contribution reserve

An accumulation of the injection of capital into the company without any obligation for the company to repay it or to do anything in consideration for receiving it.

Profit and loss account

All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Hackney Housing Company Limited

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

12. Controlling party

The company is a 100% subsidiary of the London Borough of Hackney which is the company's ultimate parent.

The largest and smallest group in which the results of the company are consolidated is that headed by the London Borough of Hackney, whose principal place of business is 1 Hillman Street, London, E8 1DY. The consolidated accounts of the London Borough of Hackney are available to the public and may be obtained from <https://hackney.gov.uk/>. No other group accounts include the results of the company.

The directors consider there to be no ultimate controlling party.

Hackney HLR Housing Company Limited

Annual Report and Financial Statements

Year Ended

31 March 2021

Company Number 11750958

Hackney HLR Housing Company Limited

Company Information

Directors	J Goddard S Theobald S A Haynes
Company secretary	A Spragg
Registered number	11750958
Registered office	Hackney Town Hall Mare Street Hackney London E8 1EA
Independent auditors	Mazars LLP The Pinnacle 160 Midsummer Boulevard Milton Keynes MK9 1BP

Hackney HLR Housing Company Limited

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Hackney HLR Housing Company Limited

Directors' Report For the Year Ended 31 March 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

The results presented are for the period from 1 April 2020 to 31 March 2021. The prior period results are for the period from 4 January 2019 to 31 March 2020. Accordingly the comparative amounts presented in the financial statements are not entirely comparable.

Directors' responsibilities statement

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 judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

Principal activity

The company's principal activity is the provision of affordable housing.

Directors

The directors who served during the year were:

D A Carter-McDonald (resigned 31 March 2021)
J Goddard
S Theobald

Going concern

The world is faced with dealing with a global pandemic and adapting to a change in normal life, operations and business. The company recognises this has changed the outlook of the letting market and could impact property values and will continue to monitor this in relation to the company's activities. As life gradually returns to normal the rental market has shown signs of recovering.

Hackney HLR Housing Company Limited

Directors' Report (continued) For the Year Ended 31 March 2021

Disclosure of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the company since the year end.

Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

S Theobald
Director

Date:

Hackney HLR Housing Company Limited

Independent Auditor's Report to the Members of Hackney HLR Housing Company Limited

Opinion

We have audited the financial statements of Hackney HLR Housing Company Limited (the 'company') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Hackney HLR Housing Company Limited

Independent Auditor's Report to the Members of Hackney HLR Housing Company Limited (continued)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

Hackney HLR Housing Company Limited

Independent Auditor's Report to the Members of Hackney HLR Housing Company Limited (continued)

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, anti-bribery, corruption and fraud, and money laundering, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to loss reserves, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

Hackney HLR Housing Company Limited

Independent Auditor's Report to the Members of Hackney HLR Housing Company Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Vincent Marke (Senior Statutory Auditor)

For and on behalf of Mazars LLP, Chartered Accountants and Statutory Auditor

Milton Keynes

United Kingdom

Date:

Hackney HLR Housing Company Limited

Statement of Comprehensive Income For the Year Ended 31 March 2021

	Note	Year ended 31 March 2021 £	Unaudited 15 months ended 31 March 2020 £
Turnover		57,969	-
Cost of sales		(18,789)	-
Gross profit		39,180	-
Administrative expenses		(52,410)	-
Operating loss	4	(13,230)	-
Interest receivable and similar income		5	-
Interest payable and expenses	6	(34,932)	-
Loss before tax		(48,157)	-
Tax on loss	7	-	-
Loss for the financial year/period		(48,157)	-

There was no other comprehensive income for the year ended 31 March 2021 (15 months ended 31 March 2020 - £Nil).

The notes on pages 10 to 19 form part of these financial statements.

Hackney HLR Housing Company Limited

Registered number:11750958

Statement of Financial Position As at 31 March 2021

	Note	2021 £	2021 £	Unaudited 2020 £	Unaudited 2020 £
Fixed assets					
Investment property	8		3,346,000		-
			<u>3,346,000</u>		<u>-</u>
Current assets					
Debtors: amounts falling due after more than one year	9	5,173		-	
Debtors: amounts falling due within one year	9	27,921		-	
Cash at bank and in hand		184,598		1	
		<u>217,692</u>		<u>1</u>	
Current liabilities					
Creditors: amounts falling due within one year	10	(106,675)		-	
		<u>111,017</u>		<u>1</u>	
Net current assets					
			<u>3,457,017</u>		<u>1</u>
Total assets less current liabilities					
Non-current liabilities					
Creditors: amounts falling due after more than one year	11	(2,505,173)		-	
		<u>951,844</u>		<u>1</u>	
Net assets					
Capital and reserves					
Called up share capital	12		1		1
Capital contribution reserve	13		1,000,000		-
Profit and loss account	13		(48,157)		-
			<u>951,844</u>		<u>1</u>

The company's financial statements have been prepared in accordance with the provisions applicable to entities 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:

S Theobald
Director

Date:

The notes on pages 10 to 19 form part of these financial statements.

Hackney HLR Housing Company Limited

Statement of Changes in Equity For the Year Ended 31 March 2021

	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2020	1	-	-	1
Comprehensive income for the year				
Loss for the year	-	-	(48,157)	(48,157)
Total comprehensive income for the year	-	-	(48,157)	(48,157)
Contributions by and distributions to owners				
Capital contribution	-	1,000,000	-	1,000,000
Total transactions with owners	-	1,000,000	-	1,000,000
At 31 March 2021	1	1,000,000	(48,157)	951,844

Statement of Changes in Equity For the Period Ended 31 March 2020

(Unaudited)

	Called up share capital	Total equity
	£	£
At 4 January 2019	-	-
Contributions by and distributions to owners		
Shares issued during the period	1	1
Total transactions with owners	1	1
At 31 March 2020	1	1

The notes on pages 10 to 19 form part of these financial statements.

Hackney HLR Housing Company Limited

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

1. General information

Hackney HLR Housing Company Limited is a private company limited by shares incorporated in England and Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are given in the directors' report.

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 Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2.3 Impact of new international reporting standards, amendments and interpretations

There were a number of narrow scope amendments to existing standards which were effective from 1 April 2020. None of these had a material impact on the company.

Hackney HLR Housing Company Limited

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

2. Accounting policies (continued)

2.4 Going concern

The company commenced operations during the pandemic and due to the demand for affordable housing, there was a high level of demand for these properties. The pandemic has had no significant impact on the affordable housing market and therefore the company remains viable and a going concern.

2.5 Turnover

Turnover represents rental income from investment properties. It is recognised to the extent that it is probable that economic benefits will flow to the company and revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding value added tax and other sales taxes. The company is not VAT registered. Turnover is recognised on a straight line basis over the term of the leases.

2.6 Leased assets: the company as lessor

Rental income from operating leases is credited to the statement of comprehensive income on a straight line basis over the term of the relevant lease.

Risk management

The company has comprehensive landlord insurance for the properties in the case of damage or destruction. The greatest risk is in relation to rental and property values. Directors regularly monitor the rental market data to ensure the rental values are maximised. The financial appraisal of each scheme considers the sensitivity and fluctuations in rental values against the longer term growth and ensures some viability contingency. Directors also monitor housing market data to make decisions on the acquisition and disposal to similarly maximise the return to shareholders.

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Hackney HLR Housing Company Limited

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

2. Accounting policies (continued)

2.8 Taxation

Tax is recognised in profit or loss 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 Statement of Financial Position 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.

2.9 Investment property

The company's investment properties are initially measured at cost. The properties are valued annually at fair value which is based upon market value whilst recognising any restrictions on sale or other matter which effects the fair value of the investment properties.

2.10 Financial assets

The company classifies its financial assets into one category, based on the purpose for which the asset was acquired. The company has not classified any of its financial assets as held to maturity. The company's accounting policy for this category is as follows:

Trade and other receivables

Trade and other receivables are initially measured at transaction price and subsequently held at cost, less any impairment.

2.11 Financial liabilities

The company classifies its financial liabilities into one category, the company's accounting policy for this category is as follows:

Trade and other payables

Trade and other payables are initially recognised at price, being fair value of the consideration paid and subsequently carried at amortised cost using the effective interest method.

Hackney HLR Housing Company Limited

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

2. Accounting policies (continued)

2.12 Share capital

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The company's ordinary shares are classified as equity instruments.

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

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The company has not made any significant judgements when applying the accounting policies.

The estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and assumptions

- Fair value measurement of investment properties

As set out in Note 8 the company has a portfolio of investment properties. The accounting policy for investment properties is set out in section 2.9. There is a significant management estimate in the determination of fair value for the investment properties, the most significant being:

- A valuation has been obtained based on the properties being at market rent. A discount has then been applied to recognise that the properties are rented out at Hackney living rent which is at a discount to market rent.
- The properties were built as a portfolio (of 8 flats) and the fair value would be potentially impacted by both the need and desire to sell these properties either as a portfolio or individually; and
- Any future changes to rent levels arising from COVID-19.

4. Operating loss

The operating loss is stated after charging:

	Year ended 31 March 2021 £	Unaudited 15 months ended 31 March 2020 £
Fees payable to the company's auditor for the audit of the company's annual financial statements	12,000	-

Hackney HLR Housing Company Limited

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

5. Employees

The company has no employees other than the directors, who did not receive any remuneration (2020 - £Nil).

6. Interest payable and similar expenses

	Year ended 31 March 2021 £	Unaudited 15 months ended 31 March 2020 £
Loans from group undertakings	34,932	-

7. Taxation

	Year ended 31 March 2021 £	Unaudited 15 months ended 31 March 2020 £
Current tax		
Current tax on loss for the year/period	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Taxation on loss on ordinary activities	-	-

Hackney HLR Housing Company Limited

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

7. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than (15 months ended 31 March 2020 - the same as) the standard rate of corporation tax in the UK of 19% (15 months ended 31 March 2020 - 19%). The differences are explained below:

	Year ended 31 March 2021 £	Unaudited 15 months ended 31 March 2020 £
Loss on ordinary activities before tax	(48,157)	-
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	(9,150)	-
Effects of:		
Unrelieved tax losses carried forward	9,150	-
Total tax charge for the year/period	-	-

Factors that may affect future tax charges

At 31 March 2021 the company had taxable losses of £48,157 (2020 - £Nil) available for offset against future taxable profits. No deferred tax asset has been recognised in the financial statements as there is insufficient persuasive and reliable evidence that the losses will be utilised in the foreseeable future.

The March 2021 Budget announced an increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the balance sheet date. As a result the unrecognised deferred tax as at 31 March 2021 is measured at 19%.

Hackney HLR Housing Company Limited

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

8. Investment property

	Investment property £
Valuation	
At 1 April 2020	-
Additions at cost	3,346,000
At 31 March 2021	3,346,000

On 23 July 2020 the company acquired the leasehold of 8 apartments which are rented at Hackney Living Rent rates. At the time of acquisition the directors obtained a valuation from a valuer at the London Borough of Hackney who is appropriately qualified. At 31 March 2021 the directors updated this valuation but do not believe the valuation to have changed from the date of acquisition. The investment properties are accounted for based on the accounting policy set out in note 2.9.

If the investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2021 £	Unaudited 2020 £
Historic cost	3,346,000	-
Accumulated depreciation and impairments	(17,845)	-
	<u>3,328,155</u>	<u>-</u>

Items of income and expense

During the period £57,969 (15 months ended 31 March 2020 - £Nil) was recognised in the statement of comprehensive income in relation to rental income from investment properties. Direct operating expenses arising from investment property that generated rental income amounted to £18,789 (15 months ended 31 March 2020 - £Nil).

Restrictions and obligations

There are no restrictions on the company's ability to realise the value inherent in its investment property or on the company's right to the remittance of income and proceeds of disposal. The company has no mandatory obligations to purchase, construct or develop, maintain or enhance investment property.

Hackney HLR Housing Company Limited

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

9. Debtors

	2021 £	Unaudited 2020 £
Due after more than one year		
Other debtors	5,173	-

	2021 £	Unaudited 2020 £
Due within one year		
Trade debtors	1,542	-
Amounts owed by group undertakings	26,379	-
	27,921	-

10. Creditors: Amounts falling due within one year

	2021 £	Unaudited 2020 £
Amounts owed to group undertakings	49,483	-
Accruals and deferred income	57,192	-
	106,675	-

11. Creditors: Amounts falling due after more than one year

	2021 £	Unaudited 2020 £
Amounts owed to group undertakings	2,500,000	-
Other creditors	5,173	-
	2,505,173	-

On 20 July 2020 the company entered into a £2.5m loan facility with its ultimate parent company, the London Borough of Hackney. This facility is secured by a charge over the investment property of the company and is due for repayment on 20 July 2050. Interest is charged at a fixed rate in accordance with the Public Works Loan Board lending rate, reduced by the certainty rate as published by the Debt Management Office.

Hackney HLR Housing Company Limited

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

12. Share capital

	2021 £	Unaudited 2020 £
Authorised, issued and fully paid		
1 Ordinary share of £1	1	1

The ordinary share has no restrictions on the receipt of dividends or repayment of capital.

13. Reserves

The company's reserves are as follows:

Share capital

Nominal value of share capital subscribed for.

Capital contribution

An accumulation of the injection of capital into the company without any obligation for the company to repay it or to do anything in consideration for receiving it.

Profit and loss account

All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

14. Leases

Operating leases - lessor

At 31 March 2021 the company had future minimum rent receivables under non-cancellable operating leases for each of the following periods:

	2021 £	Unaudited 2020 £
Not later than 1 year	91,006	-
Later than 1 year and not later than 2 years	93,281	-
Later than 2 years and not later than 5 years	229,253	-
	<u>413,540</u>	<u>-</u>

The company utilises its investment property in operating leases.

Hackney HLR Housing Company Limited

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

15. Controlling party

The company is a 100% subsidiary of Hackney Housing Company Limited which is the immediate parent company incorporated in England and Wales.

The company's ultimate parent is the London Borough of Hackney.

The largest and smallest group in which the results of the company are consolidated is that headed by the London Borough of Hackney, whose principal place of business is 1 Hillman Street, London, E8 1DY. The consolidated financial statements of the London Borough of Hackney are available to the public and may be obtained from <https://hackney.gov.uk/>. No other group accounts include the results of the company.

The directors consider there to be no ultimate controlling party.

Hackney PRS Housing Company Limited

Annual Report and Financial Statements

Year Ended

31 March 2021

Company Number 11750933

Hackney PRS Housing Company Limited

Company Information

Directors	J Goddard S Theobald S A Haynes
Company secretary	A Spragg
Registered number	11750933
Registered office	Hackney Town Hall Mare Street Hackney London E8 1EA
Independent auditors	Mazars LLP The Pinnacle 160 Midsummer Boulevard Milton Keynes MK9 1BP

Hackney PRS Housing Company Limited

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Hackney PRS Housing Company Limited

Directors' Report For the Year Ended 31 March 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

The results presented are for the period from 1 April 2020 to 31 March 2021. The prior period results are for the period from 4 January 2019 to 31 March 2020. Accordingly the comparative amounts presented in the financial statements are not entirely comparable.

Directors' responsibilities statement

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;
- 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 to 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.

Principal activity

The company's principal activity is the provision of housing for the private rented sector.

Directors

The directors who served during the year were:

D A Carter-McDonald (resigned 31 March 2021)
J Goddard
S Theobald

Going concern

The world is faced with dealing with a global pandemic and adapting to a change in normal life, operations and business. The company recognises this has changed the outlook of the letting market and could impact property values and will continue to monitor this in relation to the company's activities. As life gradually returns to normal the rental market has shown signs of recovering.

Hackney PRS Housing Company Limited

Directors' Report (continued) For the Year Ended 31 March 2021

Disclosure of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the company since the year end.

Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

S Theobald
Director

Date:

Hackney PRS Housing Company Limited

Independent Auditor's Report to the members of Hackney PRS Housing Company Limited

Opinion

We have audited the financial statements of Hackney PRS Housing Company Limited (the 'company') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Hackney PRS Housing Company Limited

Independent Auditor's Report to the members of Hackney PRS Housing Company Limited (continued)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

Hackney PRS Housing Company Limited

Independent Auditor's Report to the members of Hackney PRS Housing Company Limited (continued)

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, anti-bribery, corruption and fraud, and money laundering, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to loss reserves, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

Hackney PRS Housing Company Limited

Independent Auditor's Report to the members of Hackney PRS Housing Company Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Vincent Marke (Senior Statutory Auditor)

For and on behalf of Mazars LLP, Chartered Accountants and Statutory Auditor

Milton Keynes

United Kingdom

Date:

Hackney PRS Housing Company Limited

Statement of Comprehensive Income For the Year Ended 31 March 2021

	Note	Year ended 31 March 2021 £	15 months ended 31 March 2020 £
Turnover		632,927	352,914
Cost of sales		(206,438)	(127,706)
Gross profit		426,489	225,208
Administrative expenses		(131,714)	(154,989)
Other operating income		5,040	-
Operating profit	4	299,815	70,219
Interest receivable and similar income		4	-
Interest payable and similar expenses	6	(670,430)	(425,040)
Loss before tax		(370,611)	(354,821)
Tax on loss	7	-	-
Loss for the financial year/period		(370,611)	(354,821)

There was no other comprehensive income for the year ended 31 March 2021 (15 months ended 31 March 2020 - £Nil).

The notes on pages 10 to 21 form part of these financial statements.

Hackney PRS Housing Company Limited

Registered number:11750933

Statement of Financial Position As at 31 March 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	8		77,570		129,920
Investment property	9		15,656,223		15,656,223
			<u>15,733,793</u>		<u>15,786,143</u>
Current assets					
Debtors: amounts falling due after more than one year	10	12,894		23,275	
Debtors: amounts falling due within one year	10	10,917		13,675	
Cash at bank and in hand		283,475		454,887	
		<u>307,286</u>		<u>491,837</u>	
Current liabilities					
Creditors: amounts falling due within one year	11	(766,510)		(632,800)	
			<u>(459,224)</u>		<u>(140,963)</u>
Total assets less current liabilities			<u>15,274,569</u>		<u>15,645,180</u>
Non-current liabilities					
Creditors: amounts falling due after more than one year	12	(11,200,000)		(11,200,000)	
			<u>4,074,569</u>		<u>4,445,180</u>
Net assets			<u><u>4,074,569</u></u>		<u><u>4,445,180</u></u>
Capital and reserves					
Called up share capital	13		1		1
Capital contribution reserve	14		4,800,000		4,800,000
Profit and loss account	14		(725,432)		(354,821)
			<u>4,074,569</u>		<u>4,445,180</u>

The company's financial statements have been prepared in accordance with the provisions applicable to entities 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:

S Theobald
Director

Date:

The notes on pages 10 to 21 form part of these financial statements.

Hackney PRS Housing Company Limited

Statement of Changes in Equity For the Year Ended 31 March 2021

	Called up share capital £	Capital contribution reserve £	Profit and loss account £	Total equity £
At 1 April 2020	1	4,800,000	(354,821)	4,445,180
Comprehensive income for the year				
Loss for the year	-	-	(370,611)	(370,611)
Total comprehensive income for the year	-	-	(370,611)	(370,611)
At 31 March 2021	1	4,800,000	(725,432)	4,074,569

Statement of Changes in Equity For the Period Ended 31 March 2020

	Called up share capital £	Capital contribution reserve £	Profit and loss account £	Total equity £
At 4 January 2019	-	-	-	-
Comprehensive income for the period				
Loss for the period	-	-	(354,821)	(354,821)
Total comprehensive income for the period	-	-	(354,821)	(354,821)
Contributions by and distributions to owners				
Shares issued during the period	1	-	-	1
Capital contribution	-	4,800,000	-	4,800,000
Total transactions with owners	1	4,800,000	-	4,800,001
At 31 March 2020	1	4,800,000	(354,821)	4,445,180

The notes on pages 10 to 21 form part of these financial statements.

Hackney PRS Housing Company Limited

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

1. General information

Hackney PRS Housing Company Limited is a private company limited by shares incorporated in England and Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are given in the directors' report.

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 Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 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 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2.3 Impact of new international reporting standards, amendments and interpretations

There were a number of narrow scope amendments to existing standards which were effective from 1 April 2020. None of these had a material impact on the company.

Hackney PRS Housing Company Limited

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

2. Accounting policies (continued)

2.4 Going concern

During the COVID-19 pandemic the company had a high level of tenancy turnover and a reduction in income. As the world recovers from the pandemic and returns to normal life, operations and business the lettings business has stabilised with reduced turnover and higher levels of rent being paid on new lettings. There continues to be demand for the properties and they have all been re-let, therefore the company remains viable and a going concern.

2.5 Turnover

Turnover represents rental income from investment properties. It is recognised to the extent that it is probable that economic benefits will flow to the company and revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding value added tax and other sales taxes. The company is not VAT registered. Turnover is recognised on a straight line basis over the term of the leases.

2.6 Leased assets: the company as lessor

Rental income from operating leases is credited to the statement of comprehensive income on a straight line basis over the term of the relevant lease.

Risk management

The company has comprehensive landlord insurance for the properties in the case of damage or destruction. The greatest risk is in relation to rental and property values. Directors regularly monitor the rental market data to ensure the rental values are maximised. The financial appraisal of each scheme considers the sensitivity and fluctuations in rental values against the longer term growth and ensures some viability contingency. Directors also monitor housing market data to make decisions on the acquisition and disposal to similarly maximise the return to shareholders.

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Hackney PRS Housing Company Limited

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

2. Accounting policies (continued)

2.8 Taxation

Tax is recognised in profit or loss 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 Statement of Financial Position 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.

2.9 Tangible fixed assets (excluding investment properties)

Tangible fixed assets under the cost model, other than investment properties, 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.

Depreciation is provided on the following basis:

Fixtures and fittings	- straight line over three years
-----------------------	----------------------------------

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.

2.10 Investment property

The company's investment properties are initially measured at cost. The properties are valued annually at fair value which is based upon market value whilst recognising any restrictions on sale or other matter which effects the fair value of the investment properties. At 31 March 2021 the properties had an open market value of £17.5m prior to accounting for a contract restricting the sale of these properties for a period of five years during which time the open market value cannot be realised.

Hackney PRS Housing Company Limited

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

2. Accounting policies (continued)

2.11 Financial assets

The company classifies its financial assets into one category, based on the purpose for which the asset was acquired. The company has not classified any of its financial assets as held to maturity. The company's accounting policy for this category is as follows:

Trade and other receivables

Trade and other receivables are initially measured at transaction price and subsequently held at cost, less any impairment.

2.12 Financial liabilities

The company classifies its financial liabilities into one category, the company's accounting policy for this category is as follows:

Trade and other payables

Trade and other payables are initially recognised at price, being fair value of the consideration paid and subsequently carried at amortised cost using the effective interest method.

2.13 Share capital

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The company's ordinary shares are classified as equity instruments.

Hackney PRS Housing Company Limited

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

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

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The company has not made any significant judgements when applying the accounting policies.

The estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and assumptions

- Useful lives of property, plant and equipment

Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in the company's accounting policy. The selection of these estimated lives requires the exercise of management judgement. Useful lives are regularly reviewed and should management's assessment of useful lives shorten then depreciation charges in the financial statements would increase and carrying amounts of property, plant and equipment would reduce accordingly. The carrying amount of property, plant and equipment by each class is included in note 8 and details of the useful lives are included within the accounting policy.

- Fair value measurement of investment properties

As set out in Note 9 the company has a portfolio of investment properties. The accounting policy for investment properties is set out in section 2.10. There is a significant management estimate in the determination of fair value for the investment properties, the most significant being:

- Estimating the effect of the restriction on sale (a five year period from the date of purchase on 13 August 2019) on the fair value of the assets;
- The properties were built as a portfolio (of 25 apartments) and the fair value would be potentially impacted by both the need and desire to sell these properties either as a portfolio or individually; and
- Any future changes to rent levels arising from COVID-19.

4. Operating profit

The operating profit is stated after charging:

	Year ended 31 March 2021 £	15 months ended 31 March 2020 £
Depreciation of tangible fixed assets	53,343	31,360
Fees payable to the company's auditor for the audit of the company's annual financial statements	15,000	14,500

Hackney PRS Housing Company Limited

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

5. Employees

The company has no employees other than the directors, who did not receive any remuneration (2020 - £Nil).

6. Interest payable and similar expenses

	Year ended 31 March 2021 £	15 months ended 31 March 2020 £
Loans from group undertakings	<u>670,430</u>	<u>425,040</u>

7. Taxation

	Year ended 31 March 2021 £	15 months ended 31 March 2020 £
Current tax		
Current tax on loss for the year/period	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on loss on ordinary activities	<u>-</u>	<u>-</u>

Hackney PRS Housing Company Limited

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

7. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than (15 months ended 31 March 2020 - higher than) the standard rate of corporation tax in the UK of 19% (15 months ended 31 March 2020 - 19%). The differences are explained below:

	Year ended 31 March 2021 £	15 months ended 31 March 2020 £
Loss on ordinary activities before tax	<u>(370,611)</u>	<u>(354,821)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	(70,416)	(67,416)
Effects of:		
Expenses not deductible for tax purposes	-	646
Unrelieved tax losses carried forward	70,416	66,770
Total tax charge for the year/period	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

At 31 March 2021 the company has taxable losses of £633,270 (2020 - £481,342) available for offset against future taxable profits. No deferred tax asset has been recognised in the financial statements as there is insufficient persuasive and reliable evidence that the losses will be utilised in the foreseeable future.

The March 2021 Budget announced an increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the balance sheet date. As a result the unrecognised deferred tax as at 31 March 2021 is measured at 19%.

Hackney PRS Housing Company Limited

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

8. Tangible fixed assets

	Fixtures and fittings £
Cost	
At 1 April 2020	161,280
Additions	5,053
Disposals	(5,040)
At 31 March 2021	<u>161,293</u>
Depreciation	
At 1 April 2020	31,360
Charge for the year	53,343
Disposals	(980)
At 31 March 2021	<u>83,723</u>
Net book value	
At 31 March 2021	<u><u>77,570</u></u>
At 31 March 2020	<u><u>129,920</u></u>

Included in other operating income is £5,040 (15 months ended 31 March 2020 - £Nil) in respect of compensation from third parties for fixtures and fittings given up.

Hackney PRS Housing Company Limited

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

9. Investment property

	Investment property £
Valuation	
At 1 April 2020	15,656,223
At 31 March 2021	15,656,223

On 13 August 2019 the company acquired 25 apartments which are rented at market rates. At the time of acquisition the directors obtained a valuation from a valuer at the London Borough of Hackney who is appropriately qualified. At 31 March 2021 the directors updated this valuation but do not believe the valuation to have changed from the date of acquisition. The investment properties are accounted for based on the accounting policy set out in note 2.10.

If the investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2021 £	2020 £
Historic cost	15,656,223	15,656,223
Accumulated depreciation and impairments	(495,780)	(182,656)
	15,160,443	15,473,567

Items of income and expense

During the period £632,927 (15 months ended 31 March 2020 - £352,914) was recognised in the statement of comprehensive income in relation to rental income from investment properties. Direct operating expenses arising from investment property that generated rental income amounted to £206,438 (15 months ended 31 March 2020 - £127,706).

Restrictions and obligations

The contract for sale of the investment property includes a restriction on sale for a period of five years. There are no other restrictions on the company's ability to realise the value inherent in its investment property or on the company's right to the remittance of income and proceeds of disposal. The company has no mandatory obligations to purchase, construct or develop, maintain or enhance investment property.

Hackney PRS Housing Company Limited

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

10. Debtors

	2021 £	2020 £
Due after more than one year		
Other debtors	12,894	23,275
	<u>12,894</u>	<u>23,275</u>
Due within one year		
Trade debtors	-	8,128
Amounts owed by group undertakings	360	-
Other debtors	1,350	-
Called up share capital not paid	1	1
Prepayments and accrued income	9,206	5,546
	<u>10,917</u>	<u>13,675</u>

11. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	26,968	54,147
Amounts owed to group undertakings	12,550	-
Accruals and deferred income	726,992	578,653
	<u>766,510</u>	<u>632,800</u>

12. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Amounts owed to group undertakings	11,200,000	11,200,000
	<u>11,200,000</u>	<u>11,200,000</u>

On 13 August 2019 the company entered into a £11.2m loan facility with its ultimate parent company, the London Borough of Hackney. This facility is secured by a charge over the investment property of the company and is due for repayment on 13 August 2049. Interest is charged at a fixed rate in accordance with the Public Works Loan Board lending rate, reduced by the certainty rate as published by the Debt Management Office, plus 4%.

Hackney PRS Housing Company Limited

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

13. Share capital

	2021 £	2020 £
Authorised, issued and unpaid		
1 Ordinary share of £1	1	1

The ordinary share has no restrictions on the receipt of dividends or repayment of capital.

14. Reserves

The company's reserves are as follows:

Share capital

Nominal value of share capital subscribed for.

Capital contribution

An accumulation of the injection of capital into the company without any obligation for the company to repay it or to do anything in consideration for receiving it.

Profit and loss account

All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

15. Leases

Operating leases - lessor

At 31 March 2021 the company had future minimum rent receivables due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	646,425	575,154
Later than 1 year and not later than 2 years	509,554	539,280
Later than 2 years and not later than 3 years	190,486	276,648
	<u>1,346,465</u>	<u>1,391,082</u>

The company utilises its investment property in operating leases.

Hackney PRS Housing Company Limited

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

16. Controlling party

The company is a 100% subsidiary of Hackney Housing Company Limited which is the immediate parent company incorporated in England and Wales.

The company's ultimate parent is the London Borough of Hackney.

The largest and smallest group in which the results of the company are consolidated is that headed by the London Borough of Hackney, whose principal place of business is 1 Hillman Street, London, E8 1DY. The consolidated financial statements of the London Borough of Hackney are available to the public and may be obtained from <https://hackney.gov.uk/>. No other group accounts include the results of the company.

The directors consider there to be no ultimate controlling party.