

# **Hyelm**

**(Consolidated)**

**(Limited by Guarantee)**

**Report and Financial Statements for the Year Ended  
30 September 2016**

Hyelm is a company limited by guarantee, registration No. 00244598, and is registered with the Homes and Communities Agency No. HO312. Hyelm is charitable and is registered with the Charity Commission No. 215575.

**Hyelm Limited**  
**Report and Financial Statements for the year ended**  
**30 September 2016**

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**Hyelm Limited**  
**Report and Financial Statements for the year ended 30 September 2016**

**Members, Senior Staff, Advisors and Bankers**

***Board***

Chair

Susan Parsonage (resigned 16 June 2016)  
Rebecca Begej (from 16 June 2016)

Vice Chair

Charlotte Paxton (from 19 July 2016)

Ordinary Members

Graham Briscoe  
Keith Douglas (Chief Executive)  
Howard Webb (resigned 13 December 2016)  
Helen Taylor  
Wayne Willis  
Paul Orrett (ceased to be a member of the Board with  
effect from 21 February 2017)  
Joanne Slater (from 19 July 2016)  
Joel Inbakumar (from 13 December 2016)

***Senior Staff***

Chief Executive & Company Secretary  
Director of Operations  
Director of Finance

Keith Douglas  
Simon Wright  
Mark Sharman

***Auditors***

Kingston Smith  
Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

***Principal Investment Advisors***

Savills  
33 Margaret Street  
London  
W1G 0JD

***Principal Bankers***

Barclays Bank  
28 Hampstead High Street  
Hampstead  
London NW3 1QB

Allied Irish Bank  
10 Berkeley Square  
London W1J 6AA

***Registered Office***

43-51 New North Road  
London  
N1 6JB

# **Hyelm Limited**

## **Report and Financial Statements for the year ended 30 September 2016**

### **Report of the Board**

#### **Report of the Board**

The Board is pleased to present its report and financial statements based on a limited company format and in accordance with accounting requirements by legislation and as set out in the Statement of Recommended Practice 'Accounting by Registered Social Landlords' ('SORP' – Update 2014).

#### **Review of the Period**

The Board reports a deficit of £16,794 for the year to 30 September 2016 (2015: surplus £25,881,175). The surplus in the previous year includes profit on the sale of Arthur West House. The underlying operating surplus of £88,899 (2015: deficit £162,560) is in line with the business plan and reflects the reduction in income following the closure of Arthur West House whilst retaining management costs focussed on the provision of new accommodation as part of our development programme.

During the course of the year high levels of occupancy and operational income were maintained.

The Old Street development, which was completed in March 2008, was financed from our cash-backed reserves, capital grant of £3m from the Homes and Communities Agency and a loan of £6.736m from Allied Irish Bank (AIB). The interest rate on this loan has been fixed for the 30 year term at a rate of 5.5%. Occupancy levels remain high and the scheme continues to perform in accordance with the financial plan agreed as part of the facility agreement with AIB.

#### **Legal Status**

Hyelm is a Company Limited by Guarantee and does not have share capital. It is a non-profit making concern registered as a Charity (The Hyelm Group) and a Registered Provider under the Housing Acts.

#### **Principal Activity and Public Benefit**

Hyelm provides high standards of affordable accommodation, services and facilities in homely environments for London's key workers, now referred to as priority groups, and for young people on low to moderate incomes who are coming to or are in the capital to work or to study.

The Board confirms that it has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing Hyelm's aims and objectives and in formulating future plans.

#### **Format of Financial Statements**

The Board is pleased to present its report and financial statements based on a limited company format and in accordance with accounting requirements by legislation and as set out in the Statement of Recommended Practice 'Accounting by Registered Social Landlords' ('SORP' – Update 2014).

#### **Future Plans**

In accordance with the objectives of the Strategic Plan 2012-2015 – *Making a Real Difference*, the Board considered the future of Arthur West House. Although the property was well maintained and occupancy levels remained high, it was recognised that the design of the accommodation no longer met the requirements of our target customer base. The Board therefore determined that Arthur West House should be sold, with the proceeds being reinvested in accommodation that more suits the accommodation needs of the young people that The Group was established to provide accommodation for. The sale of the property was completed on 10 October 2014. The funds generated from the sale are to be used to finance new accommodation and future growth.

During the course of the year the Board approved a strategy for the years 2016-2019 which will see The Group focus its work on three key areas:

- Using the funds generated by the sale of Arthur West House, together with additional borrowing if necessary, further develop and expand the provision of accommodation to help meet increasing demand and changing needs,
- Continue to manage our existing operation in an efficient and effective manner, and
- Promote positive, stable, safe environments in each of our housing schemes, ensuring that the sense of place and family and the supportive communities that we promote, which are so fundamental to what we do, are kept as we move from old to new.

In order to facilitate the development programme, Hyelm established a subsidiary company, Arthur West House Limited the principal activity of which will be to carry out development activities on behalf of The Group.

#### **Board**

Following a review of Governance arrangements during the course of the year the Board adopted and now complies with the recommendations of the National Housing Federations Code of Governance 2015. The Board has also

# **Hyelm Limited**

## **Report and Financial Statements for the year ended 30 September 2016**

### **Report of the Board**

adopted, and is compliant with, the National Housing Federation Code of Conduct issued in 2012. Hyelm is a member of the Federation.

Hyelm has implemented a comprehensive Board and Board members appraisal process and a governance development plan which is reviewed and updated annually.

Susan Parsonage stood down as a Board member and Chair of the Board on 16 June 2016 following her appointment to a position in Lancaster. As a result, Rebecca Begej was appointed as Chair for a period of one year.

Charlotte Paxton was appointed as Vice Chair of the Board on the 19 July 2016.

The following Board members were re-elected by the Board for a second term of three years, their appointment being subject to ratification at the Annual General Meeting.

- Charlotte Paxton
- Helen Taylor

During the course of the year the Board appointed Joanne Slater as an ordinary member of the Board on 19 July 2016 and Joel Inbakumar as an ordinary member of the Board on 13 December 2016. These appointments will be subject to ratification at the Annual General Meeting.

In accordance with the Articles of Association, the following Board members are required to stand down at the Annual General Meeting, but will remain eligible for re-appointment to the Board:

- Charlotte Paxton
- Helen Taylor
- Joanne Slater
- Joel Inbakumar

#### **Value for money**

##### **Introduction**

The Hyelm Group is committed to finding ways to provide excellent services whilst at the same time seeking to reduce costs and improve efficiency.

Achieving Value for Money (VFM) is a fundamental element of our objective to become a top quartile performing organisation.

We see VFM as the process of delivering savings and improving quality by simplifying everything that we do and by achieving a balance between costs, quality and results.

This statement outlines our approach to achieving VFM in meeting our objectives with reference to our financial, social and environmental returns.

VFM is about maximising the impact of each pound spent to improve the quality of the services that we provide to our residents and to others who benefit from the services provided by us.

The purpose of our VFM drive is to develop a better understanding (and better articulation) of costs and results so that we can make more informed, evidence-based choices. This is a process of continuous improvement.

VFM doesn't mean we only do the cheapest things, but we need to get better at understanding what is driving our costs and make sure that we are getting the desired quality at the lowest price.

Given that our activities are ultimately funded by our residents, we need to be more innovative in how we assess value and we need to get better at articulating what results we are achieving with our residents' money.

Increased transparency and accountability in our operations will help us to drive our VFM agenda. All staff need to be prepared to explain their VFM decisions.

##### **How We Deliver VFM**

VFM is embedded within our business in the following ways:

##### **Governance**

Board members' duties include reviewing the efficiency of our operations and our VFM performance as well as ensuring compliance with the regulatory VFM standard.

The Board discusses our VFM Policy and Statement at least annually and reviews the operational and financial performance of the business quarterly.

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## **Report and Financial Statements for the year ended 30 September 2016**

### **Report of the Board**

#### **Financial Management**

We operate a robust budgeting process that sets out the financial parameters within which our organisation is required to work in order to deliver improvements in the services that we provide to our residents and others who work with us.

The business planning process helps to ensure that our resources and assets are used in the most appropriate ways to deliver our objectives.

Our budget and business plan targets are structured to ensure that the most effective use of our resources is made through efficiency gains year on year with increasing levels of surplus strengthening our capacity to develop new homes and enhance our services.

#### **Procurement**

We continuously seek to obtain VFM from our suppliers and look to rationalise contracts and re-tender when necessary to ensure that the services that we receive from them meet and deliver our business objectives.

Where appropriate, we undertake an options appraisal process to ensure that there is a robust business case for investment/divestment decisions and that returns are optimised.

#### **Managing Performance**

We continually review our performance and benchmark ourselves against our peer groups. A key objective of our 2016-2019 Strategic Plan is to achieve top quartile performance for financial strength and quality of services. The Board reviews performance information on a regular basis.

We have set ourselves the challenge of benchmarking our performance against that of our peers within the social housing sector.

Comparative analysis is based on information provided by HouseMark, the BM320 benchmarking group of smaller housing associations in London, the HCA (such as the 2015 Global Accounts of Housing Providers) and other publicly available information.

#### **Resident Focus**

Improving resident engagement and obtaining regular feedback in relation to our services are key objectives for the life of our Strategic Plan 2016-2019.

Following the sale of Arthur West House in 2014 the Resident Panel had become less engaged. It was our intention during 2015/16 to work with the remaining Panel member to re-establish a Resident Panel at our Old Street scheme. The remaining member, however, moved out of the Old Street accommodation during the year.

During 2016/17 we intend to develop our overarching approach to resident involvement in line with our strategic objectives. This will include a review of the need/value of a Resident Panel.

#### **Our People**

Our staff are critical to the organisation for the delivery of services to our residents. Providing training and support to our staff is essential to ensure that we maximise their capability.

During 2015/16 we reviewed the staffing complement needed to deliver our 2016-2019 Strategic Plan. Salary and benefits packages were also reviewed during the year.

During the next year we will review our HR contracts, handbooks and policies to ensure that they remain in line with best practice.

#### **Assessing our VFM Performance**

The Regulatory Framework that was published in April 2012 included a VFM Standard, which requires registered providers to articulate and deliver a comprehensive and strategic approach to achieving VFM in meeting their objectives.

Boards should undertake a VFM Self-assessment annually, which must be published six months after the financial year end and will normally be flagged up in the annual report, and (in fuller form) in the audited accounts, as well as being accessible on the registered provider's website.

The Statement should be capable of demonstrating to stakeholders how the Standard is being met in a way that is both transparent and accessible.

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It should also set out how VFM is being achieved in the delivery of the stated purposes and objectives of the organisation and demonstrate an understanding of the return on the organisation's assets when measured against its objectives.

Registered providers should set out the absolute and comparative costs of delivering specific services. They should also evidence the VFM gains that have been and will be made and how these have and will be realised over time.

#### **The Cost and Quality of Services Provided**

The Board takes assurances on VFM from a number of sources, including benchmarking information provided by our peers within the London based benchmarking group of smaller providers, the BM320 and the Skills Projects Benchmarking (SPBM) group of UK wide small housing associations.

The results of a number of performance indicators are shown in the various tables that follow in this Self-assessment.

#### **Our Return on Organisational Assets and our Strategy for Optimising Future Returns**

We have a process of clearly accounting for our organisational assets and, where possible, putting a value on what we have, the most obvious example being our housing stock.

We adopted a strategy in 2013/14 to dispose of one of our existing properties, Arthur West House, with a view of using its capital receipt to develop and manage a further 250 units of modern accommodation within Greater London by 2019. The provision of new accommodation is a key objective of the 2016-2019 strategy adopted by the Board.

The property was subsequently sold on the 10<sup>th</sup> October 2014 and generated a receipt of £30.05 million, some £6 million above the maximum forecast sale price. The sale proceeds were apportioned between Hyelm and the Ames House Trust which had a leasehold interest in Arthur West House. The amount received by Hyelm amounted to £24,115,125, with the balance of £5,934,875 being received by the Ames House Trust. Work is underway on the procurement of suitable development sites with offers having been made and accepted on one site during the course of the year.

As we develop our plans for the development programme a key focus will be ensuring that we deliver a value for money solution and maximise the return on our investment. Whilst the Board recognises that the provision of low cost but affordable accommodation will not generate a 'market return', a number of financial targets have been agreed, which must be achieved before any scheme proceeds ensuring that the scheme is profitable and the value of the investment is maintained.

Our Old Street scheme is nearly nine years old. Resident satisfaction levels continue to remain high. In addition, it was built to comply with, the then, Eco Homes standards and achieved a Very Good rating in this regard.

Our forward plans for our Old Street scheme include provision for the regular maintenance and refurbishment of the property to ensure that it continues to provide high standards of affordable accommodation that meet the expectation of our residents. We are also exploring the possibility of providing additional accommodation on the site in order to maximise rent income from a minimal capital outlay.

Old Street provides accommodation for young people at the beginning of their careers ensuring that they are accommodated in low cost, quality accommodation in a secure environment. Of the units available 74 bedspaces provide intermediate rent accommodation for priority group workers, with rent at a significant discount to comparable accommodation in London. The remaining 51 bedspaces are provided for non-priority group workers – with rent levels again at a discount.

Over time the discount available to priority group workers has exceeded that for non-priority group workers who typically are on lower salaries. In order to remove this anomaly and to increase the overall level of rent income, the Board approved a policy of linking all rents to the level deemed affordable for single people in receipt of the London living Wage. The Low Cost but Affordable rent is based on the first quartile of rents for accommodation which for single people includes room, shared rooms, bedsits and maisonettes. Rent for non-priority groups is at this level which is 32% less than equivalent private rented accommodation at the first quartile for the N1 postcode. The intermediate rent for accommodation at Old Street is currently at a discount of 40% to the first quartile. The Board policy will result in all new lets being at the LCA rent, which will result in additional rent income being generated yet maintaining rents at an affordable level.

We have taken comfort from historically low levels of void loss and arrears, which compare very favourably with those within the sector. Our future investment in our properties will ensure that demand for our accommodation is such that our void levels are maintained at their current low levels.

In terms of the value of our stock, our Old Street scheme would have the potential to generate £1.350 million per year at market rent levels (compared to the current £0.800 million at social rent levels).

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### Report of the Board

Over the last two years we began to look at ways of maximising the 'return' from this asset whilst maintaining rents at levels that are affordable for our client groups. The main focus of this has been in relation to our communal spaces, which were underutilised.

As a result of the review accommodation within the management suite was rented to a third party from November 2015. Further office accommodation will be rented on a commercial basis from February 2017 thereby increasing total income.

A key objective of our Strategic Plan 2016-2019 is to look at ways in which we can further maximise the value we can get from all communal spaces at Hyelm-Old Street.

The accommodation rented will be treated as an investment property from financial year 2015/16 onwards.

#### Benchmarking – Quality and Cost

Resident Satisfaction	Benchmark: Peer group upper quartile	Benchmark: Housemark upper quartile	Hyelm 2013/14	Hyelm 2014/15	Hyelm 2015/16
% of residents satisfied or very satisfied with our services	94%	89%	100%	100%	90%
% of residents satisfied or very satisfied with repairs and maintenance	87%	84%	100%	100%	90%
% of residents satisfied or very satisfied on VFM for rent	88%	85%	Data not available	88%	76%

A key objective of our Strategic Plan 2016-2019 is to ensure we house those people from within our client group in greatest need. To enable us to do this we needed to move-on those residents who were no longer in need of our accommodation. Satisfaction levels have suffered during the year whilst we managed this process. We will continue to monitor resident satisfaction and expect levels to increase during the next year. It remains our target is to maintain or improve upon current levels of satisfaction, but always to keep our performance within the upper quartile.

#### Finance

The accounts for the year ending 30 September 2016 have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2014: Statement of Recommended Practice for Registered Social Housing Providers. The comparison of performance against other members of the BM320 benchmarking Group may not be accurate as not all registered providers will have adopted the new accounting requirements of FRS 102.

Following the sale of Arthur West House in October 2014, Hyelm only provides accommodation at its Old Street property. This is a mix of private rented accommodation and grant supported intermediate rent accommodation that is tenanted by priority group workers. On disposal of the Arthur West site, management costs per unit increased as central costs previously allocated to the property have been retained but are supporting the development programme which will provide new accommodation on a number of sites.

In order to demonstrate the performance of the Old Street site, the following tables, where appropriate, show both the total cost per unit managed and separately, the costs directly attributed to our Old Street accommodation.

Other Measures	Benchmark: Peer group upper quartile	Benchmark: Housemark upper quartile	Our Performance 2012/13	Our Performance 2013/14	Our Performance 2014/15	Our Performance 2015/16
% of repairs fixed on first visit	98.5%	96.0%	100%	100%	99.3%	98.2%
Average re-let time (days)	13	19	0	2	3	6
Current rent arrears	0.72%	1.62%	0.27%	0.55%	0.72%	0.45%
% of void losses	0.20%	0.55%	0.00%	0.20%	0.37%	0.82%
Weekly operating cost per property – total	£88.25	No data available	£107.72	£107.78	£163.08	£139.83
Weekly operating cost per property – Old Street only	£88.25	No data available	£110.04	£101.30	£116.97	£117.31
Operating costs as % of	65.00%	No data	88.43%	88.09%	105.39%	88.33%



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### Report of the Board

turnover –total		available				
Operating costs as % of turnover – Old Street only	65.00%	No data available	76.62%	70.55%	75.59%	74.11%
Management Costs per property –total	n/a	n/a	£30.81	£31.42	£58.61	£51.19
Management Costs per property – Old Street direct costs	n/a	n/a	£27.70	£25.60	£27.88	£32.20
Management costs as % of turnover – total	n/a	n/a	23.68%	33.72%	37.88%	32.33%
Management costs as % of turnover – Old Street only	n/a	n/a	19.29%	17.83%	18.01%	20.34%

**Average re-let times:** Demand for accommodation at our Old Street scheme remains high and there is a relatively low turnover of residents. The increase in re-let times during 2015/16 was due to the number of evictions in relation to our policy to move-on those residents who had been living in our accommodation for over 5 years. It is expected that re-let times will drop during the next year.

**Percentage of void losses:** The increase in void losses during 2015/16 is in relation to the number of evictions that have been sought in accordance with our resident move-on plan (where we have not known a resident's leaving date) as well as for cyclical refurbishment works to be completed within apartments. The challenge in future years will be to minimise void losses, particularly as the building 'ages'. A rolling programme of essential maintenance and refurbishment will be necessary to maintain appropriate standards of accommodation.

**Weekly operating costs per property – Old Street:** The weekly operating costs per property in the period to 30 September 2016 amounted to £117.31 (2015: £116.97), 33% higher than the upper quartile of the benchmarking group. Efficiencies have been made through our procurement process resulting in reductions in the unit costs of gas and electricity and as a result of the retendering for insurance services. There has however been a significant increase in the level of planned maintenance that has been undertaken with a total additional investment of £25k. As a result of efficiency gains described above, and close management of costs, the gap between us and our peer group has fallen from the 74% differential reported in 2014/15.

**Weekly management costs per property – Old Street:** Overall, there was a slight increase in weekly management costs during the period to 30 September 2016 which was a result of budgeted additional costs relating to the requirement for the property to be revalued and for implementing new tenancy agreements to support the association's policy of assisting residents to move on to new accommodation as their financial position improves, thereby providing low cost accommodation to new people at the start of their careers.

#### Rate of Return on Assets

	2012	2013	2014	2015	2016
	£'s	£'s	£'s	£'s	£'s
Surplus /(Deficit) (excluding asset sales)	(6,168)	15,088	(105,390)	(260,987)	13,243
Average total assets (net of grant)	19,186,947	19,229,135	18,131,249	28,270,987	39,524,811
<b>Return on assets</b>	<b>-0.03</b>	<b>0.08%</b>	<b>-0.58%</b>	<b>-0.92%</b>	<b>0.03%</b>

\* The rate of return on assets calculation for the year to 30 September 2016 does not include the sale proceeds from the disposal of Arthur West House.

The reduction in the rate of return on assets during both the period to 30 September 2014 and the year to 30 September 2015 reflect the reduction in rental income from Arthur West House, both prior to and subsequent to the disposal of the property. The increase in the rate of return for 2016 reflects the complete cessation of all costs associated with Arthur West following its closure and sale.

Although costs directly associated with Arthur West House are no longer being incurred, central overhead costs continue with a focus on the development programme which will lead to the development of new affordable accommodation. Whilst income was reduced, a significant element of our cost base is fixed with the result that the return on assets was reduced compared to previous years. This is also reflected in the return on capital employed as demonstrated in the following table. The improvement in the rate of return for 2016 is a result of the cessation of all costs associated with Arthur West House together with interest generated by cash balances held by the association following the sale of Arthur West House.

	2012	2013	2014	2015	2016
		£'s	£'s	£'s	£'s
Earnings before interest and tax	356,211	380,574	244,085	21,639	184,628

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Capital Employed (net of grant)	13,275,373	13,294,320	13,137,256	35,767,299	35,748,060
<b>Return on capital employed</b>	<b>2.68%</b>	<b>2.86%</b>	<b>1.86%</b>	<b>0.06%</b>	<b>0.52%</b>

A key requirement during future years will be to ensure that our cost base is maintained or, where possible reduced to ensure that the cash balance generated by the sale of Arthur West House are not used to support day to day operating costs, but can be invested in the provision of new accommodation.

#### Other financial measures

The following table provides performance measures for Hyelm over past five years.

	<b>2102</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Debt per unit managed	£18,816	£18,780	£17,736	£53,407	£53,148
Operating margin (excluding the sale of Arthur West House)	19.96%	20.41%	13.95%	1.93%	16.37%
Interest cover to EBITDA – excluding the sale of Arthur West House (year ending 2015)	1.84:1	1.85:1	1.55:1	0.86:1	2.18:1
Gearing ratio (includes sale of Arthur West House)	56.66%	56.55%	57.00%	19.40%	19.30%

The increase in debt per unit reflects the sale of Arthur West House and the reduction in units. As a result the debt per unit now only relates to the 125 units of accommodation at Old Street. Although the debt per unit has risen, the overall amount outstanding continues to reduce each year in accordance with the repayment schedule incorporated within the AIB facility agreement.

Prior to the decision to sell Arthur West House, the operating margin was increasing year on year. Following disposal of the property income has been generated solely from the Old Street accommodation and interest receivable generated by cash balances held pending reinvestment in our development programme. Overhead costs continue to remain high as we focus on the programme for provision of affordable accommodation as part of our agreed strategy. The retention of these central overheads has as a result led to an overall reduction in the operating margin.

Our loan facility with AIB is based on an agreement that requires Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) are at least equal to the financing costs of interest payable plus repayments of principal (a 1:1 ratio). Including the sale of Arthur West House, the EBITDA ratio was 57.97:1. However, as the table above shows, the underlying EBITDA ratio, excluding the sales proceeds from Arthur West House was 0.86:1. Budgets for 2015/16 were set to ensure that the required ratio was met or exceeded and similarly budgets for future years will be set to ensure that the covenant is achieved.

#### Procurement

In order to ensure that we achieve best value for money from the goods and services that we procure, Standing Orders are in place that require competitive quotations to be sought for low value goods, and for formal tendering procedures to be enacted for more valuable services.

During the course of the year to 30 September 2016 the following good and services were tendered:

- Gas and electricity supplies.
- External audit services.
- Water treatment and monitoring contract.

Where possible, we make use of procurement exercises that have been undertaken by other organisations to ensure that best value has been obtained.

We continue to take advantage of a procurement exercise previously undertaken by Peabody, (a large national housing association) to appoint architects and cost consultants to provide us with services in relation to our development programme, knowing that the firms selected have already been market tested for both quality and price. We therefore continue to avoid the costs associated with following a separate EU procurement process of our own.

During 2016/17 the BM320 are looking to conduct a best value review on legal services.

#### VFM in 2015/16

It is our aim to be in the top quartile for both financial and operational performance, and to see our performance improve each year.

# **Hyelm Limited**

## **Report and Financial Statements for the year ended 30 September 2016**

### **Report of the Board**

During 2015/16 we:

- Continued to work with the BM320 to investigate ways of benchmarking a number of our core services e.g. IT Services, internal and statutory audit, central staffing, insurance and HR costs.
- Secured new energy contracts through a competitive tendering process thereby reducing the unit cost for both electricity and gas. As a result of the lower prices achieved we have been able to reduce the service charges paid by our residents for the rent year commencing 1 January 2017.
- Tendered for external audit services and maintained costs at the same level as for the 2014/15 audit.
- Best value reviewed our water treatment and monitoring contract to secure the most competitive price for the service.
- Benchmarked employee salaries and benefits packages ensuring that the remuneration packages of our employees are both competitive and in line with our peers.

#### **VFM for 2016/17**

It is our aim to be in the top quartile for both financial and operational performance, and to see our performance improve each year.

In order to achieve our objective we will need to be able to measure our performance and, where appropriate, to measure our performance against that of our peers to enable us to see what we do well, why our performance differs, and how we can improve our performance and provide better value for money.

As a result we will be undertaking further work over the next year to support our aim of achieving our target. More specifically we will:

- Develop our overarching approach to resident involvement in line with our strategic objectives.
- Re-tender for the supply of electricity and gas.
- Maximise the value of our communal spaces through increasing our commercial rent income and better utilisation of the space for residents' social and training events.
- Review the elements that make up the service charges that our residents pay to ensure that they remain as affordable as possible for those whom we set out to house.
- Work with the BM 320 to carry out a best value review of our legal services.
- Review HR Contracts, handbooks and policies to ensure that remain in line with best practice.
- Review our IT contracts.

#### **Officer's Insurance**

As a fully subscribed member of the National Housing Federation, the Company receives indemnity insurance to safeguard voluntary Board members and senior executive staff.

#### **Key Policies and Strategies**

##### Reserves Policy

The majority of reserves are currently held in the revenue reserve.

Designated reserves are also maintained with funds earmarked for the following specific purposes:

- Future developments.
- Non-accommodation activities such as the provision of sporting, recreational and social facilities.

The Development fund represents funds available to meet future development expenditure. Each year, investment and similar income less development expenditure incurred, is transferred to the Development fund.

Any surplus income from the provision of non-accommodation activities is returned to the Activities fund.

##### Treasury Management

Following the sale of Arthur West House, the Treasury Management Policy was reviewed and updated to include the key recommendations of CIPFA's "Treasury Management in the Public Services: Code of Practice". (The Code), as described in Section 4 of that Code.

##### Rent

Increases take into account the income of our residents, charges levied by competing organisations and are in line with guidance from the Homes and Communities Agency.

#### **Statement on Internal Controls Assurance**

The Board acknowledges its responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

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## **Report and Financial Statements for the year ended 30 September 2016**

### **Report of the Board**

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by the company is ongoing and has been in place throughout the period commencing 1 October 2014 up to the date of approval of the report and financial statements.

Key elements of the control framework include:

- Board approved terms of reference and delegated authorities for all sub committees of the Board.
- Clearly defined management responsibilities for the identification, evaluation and control of significant risks.
- Robust strategic business planning processes, with detailed financial budgets and forecasts.
- Formal recruitment, retention, training and development policies for all staff.
- Established authorisation and appraisal procedures for significant new initiatives and commitments.
- Regular reporting to the appropriate committee on key business objectives, targets and outcomes.
- Board approved whistle-blowing policies and anti-theft and corruption policies.
- Board approved fraud policies, covering prevention, detection and reporting, together with recoverability of assets.
- Regular monitoring of loan covenants and requirements for new loan facilities.

A fraud register is maintained and reviewed by the Board on a regular basis. During the year no frauds were reported.

The Board has received the Chief Executive's annual review of the effectiveness of the system of internal controls which are designed to provide reasonable, not absolute, assurance. The Board has also received the annual report of the internal auditor which reported that no significant control issues had been identified.

#### **NHF Codes of Governance and Conduct**

We are pleased to report that the group complies with the principal recommendations of the NHF code of governance 2015 and is compliant with the NHF Code of Conduct 2012. A review of risk management procedures was undertaken during 2012-13 to ensure such procedures are operating effectively. The Association has published a new Governance Manual which provides a comprehensive manual of policies, procedures and guidance notes for all areas covered by the Code, and has published a statement on all its accountability mechanisms. Policies and procedures are reviewed by the management team in accordance with a published timetable (or according to need) and all significant changes are reported to the Board.

#### **Statement of the Board's Responsibilities**

The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

Company Law requires the Board to prepare financial statements for each financial year. Under that law the Board has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2014: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015. Under that 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 and profit or loss of the company. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers, have been followed, subject to any material departures disclosed and explained in the financial statements.;
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the company will continue in business.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable it to ensure that the financial statements comply with the Companies Acts 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.

It is 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.

**Hyelm Limited**  
**Report and Financial Statements for the year ended 30 September 2016**  
**Report of the Board**

**Disclosure of information to Auditors**

At the date of making this report, each of the company's directors, as set out on page 1, confirm the following:


- So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- Each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

In preparing this report, the directors have taken advantage of the small companies exemption provided by section 415A of the Companies Act 2006 in respect of the report of the Board and strategic report.

The Report of the Board was approved by the Board on the 21 March 2017 and signed on its behalf by:



**Rebecca Begej**  
Chair



**Keith Douglas**  
Chief Executive

# **Hyelm Limited**

## **Report and Financial Statements for the year ended 30 September 2016**

### **Independent Auditor's Report to the members of Hyelm**

We have audited the financial statements of Hyelm Limited for the year ended 30 September 2016 which comprise the Group Statement of Comprehensive Income, the Group Statement of Changes in Reserves, the Group and Parent Statement of Financial Position, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland'.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and, in respect of the consolidated financial statements, to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters which 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 any party other than the charitable company, the charitable company's members, as a body, and the charity's trustees, as a body, for our audit work, for this report, or for the opinion we have formed.

#### **Respective responsibilities of trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Report of the Board to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 30 September 2016 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 the Financial Reporting Standard applicable to the UK and Republic of Ireland, the Housing and Regeneration Act 2008 and the Accounting Direction for Registered Providers of Social Housing 2015; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

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

In our opinion the information given in the Report of the Board for the financial year for which the group financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 require us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or

**Hyelm Limited**  
**Report and Financial Statements for the year ended 30 September 2016**  
**Independent Auditor's Report to the members of Hyelm**

- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Report of the Board and from preparing a strategic report.



Luke Holt (Senior Statutory Auditor)  
for and on behalf of Kingston Smith LLP, Statutory Auditor

21/3/17

Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

# Hyelm Limited

## Report and Financial Statements for the year ended 30 September 2016

### Statement of Comprehensive Income for the year ended 30 September 2016

		Group		Association	
	Note	2016 £	Restated 2015 £	2016	Restated 2015
Turnover	2	1,096,687	1,022,580	1,117,972	1,022,580
Operating expenditure	2	(1,007,788)	(1,185,140)	(1,006,880)	(1,185,140)
Operating surplus / (deficit)	3	<b>88,899</b>	<b>(162,560)</b>	<b>111,092</b>	<b>(162,560)</b>
Gain on disposal of property, plant and equipment	4	-	26,314,710	-	26,314,710
Interest receivable	5	263,225	98,692	263,225	98,692
Interest and financing costs	6	(368,918)	(369,667)	(368,918)	(369,667)
Surplus / (deficit) before and after tax		<b>(16,794)</b>	<b>25,881,175</b>	<b>5,399</b>	<b>25,881,175</b>

The notes on pages 18 to 36 form part of these financial statements.

There are no recognised gains and losses other than those included in the Statement of Comprehensive Income.

All activities relate to continuing operations.

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2014: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015. These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

The financial statements were approved by the Board on 21 March 2017.



**Rebecca Begej**  
Chair



**Keith Douglas**  
Chief Executive



**Hyelm Limited**  
**Report and Financial Statements for the year ended 30 September 2016**

**Statement of Changes in Reserves for the year ended 30 September 2016**

<b>Group</b>	<b>General Reserve £</b>	<b>Designated Reserves £</b>	<b>Endowment Fund £</b>	<b>Total £</b>
<b>Balance at 1 October 2014 (restated)</b>	6,889,594	103,058	2,545,534	<b>9,538,186</b>
Deficit for the year	22,498,079	-	3,383,096	25,881,175
Transfer to designated reserves	(2,374)	2,374	-	-
<b>Balance at 30 September 2015 (restated)</b>	<b>29,385,299</b>	<b>105,432</b>	<b>5,928,630</b>	<b>35,419,361</b>
Surplus for the year	(82,486)	-	65,692	(16,794)
Transfer to designated reserves	1,228	(1,228)	-	-
<b>Balance at 30 September 2016</b>	<b>29,304,041</b>	<b>104,204</b>	<b>5,994,322</b>	<b>35,402,567</b>

**Association**

	<b>General Reserve £</b>	<b>Designated Reserves £</b>	<b>Endowment Fund £</b>	<b>Total £</b>
<b>Balance at 1 October 2014 (restated)</b>	6,889,594	103,058	2,545,534	<b>9,538,186</b>
Deficit for the year	22,498,079	-	3,383,096	<b>25,881,175</b>
Transfer to designated reserves	(2,374)	2,374	-	-
<b>Balance at 30 September 2015 (restated)</b>	<b>29,385,299</b>	<b>105,432</b>	<b>5,928,630</b>	<b>35,419,361</b>
Surplus for the year	(60,293)	-	65,692	5,399
Transfer to designated reserves	1,228	(1,228)	-	-
<b>Balance at 30 September 2016</b>	<b>29,326,234</b>	<b>104,204</b>	<b>5,994,322</b>	<b>35,424,760</b>

**Hyelm Limited**  
**Report and Financial Statements for the year ended 30 September 2016**

**Statement of Financial Position as at 30 September 2016**

**Company No: 00244598**

		Group		Association	
	Note	2016 £	Restated 2015 £	2016 £	Restated 2015 £
<b>Fixed assets</b>					
Property, plant and equipment	9	13,402,847	13,454,792	13,402,847	13,454,792
Other tangible fixed assets		92,375	138,102	92,375	138,102
		<b>13,495,222</b>	<b>13,592,894</b>	<b>13,495,222</b>	<b>13,592,894</b>
<b>Current Assets</b>					
Investments	10	-	-	100,000	-
Stock	11	-	1,638	-	1,638
Trade and other debtors	12	2,984,356	78,902	3,003,901	78,902
Cash and cash equivalents		29,049,324	31,970,846	29,025,407	31,970,846
		<b>32,033,680</b>	<b>32,051,386</b>	<b>32,129,308</b>	<b>32,051,386</b>
<b>Creditors: Amounts falling due within one year</b>	13	(206,875)	(221,245)	(280,310)	(221,245)
Net current assets / liabilities		31,826,805	31,830,141	31,848,998	31,830,141
<b>Total assets less current liabilities</b>		<b>45,322,027</b>	<b>45,423,035</b>	<b>45,344,220</b>	<b>45,423,035</b>
<b>Creditors: amounts falling due after more than one year</b>	14	(9,919,460)	(10,003,674)	(9,919,460)	(10,003,674)
<b>Total net assets</b>		<b>35,402,567</b>	<b>35,419,361</b>	<b>35,424,760</b>	<b>35,419,361</b>
<b>Reserves</b>					
Unrestricted fund		29,304,041	29,385,299	29,326,234	29,385,299
Designated fund	18	104,204	105,432	104,204	105,432
Endowment fund	19	5,994,322	5,928,630	5,994,322	5,928,630
<b>Total Reserves</b>		<b>35,402,567</b>	<b>35,419,361</b>	<b>35,424,760</b>	<b>35,419,361</b>

The notes on pages 18 to 36 form part of these financial statements.

The financial statements were approved by the Board on 21 March 2017.

  
**Rebecca Begej**  
Chair

  
**Keith Douglas**  
Chief Executive

**Hyelm Limited**  
**Report and Financial Statements for the year ended 30 September 2016**

**Statement of Cash Flows for the year ended 30 September 2016**

	Note	2016 £	Restated 2015 £
<b>Net cash generated from operating activities</b>	20	(2,576,843)	59,700
Purchase of tangible fixed assets		(207,904)	(68,709)
Proceeds from sale of tangible fixed assets		-	30,050,000
Interest received		263,225	98,692
		55,321	30,079,983
<b>Cash flow from financing activities</b>			
Interest paid		(367,518)	368,267
Repayment of borrowings		(32,482)	31,732
		(400,000)	399,999
Net change in cash and cash equivalents		(2,921,522)	29,739,684
Cash and cash equivalents at beginning of the year		31,970,846	2,231,162
<b>Cash and cash equivalents at end of the year</b>		<b>29,049,324</b>	<b>31,970,846</b>

# **Hyelm Limited**

## **Notes to the Financial Statements for the year ended 30 September 2016**

### **1. Accounting Policies**

#### **Company Information**

Hyelm is a limited company domiciled and incorporated in England and Wales. The registered office is 43-51 New North Road, London, N1 6JB.

#### **Accounting Basis**

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2014: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015.

Arthur West House Limited is a wholly owned subsidiary of Hyelm, the company having been incorporated on 16 July 2015. The principal of the company will be to carry out development activities on behalf of The Hyelm Group.

Hyelm is the sole corporate trustee of The Ames House Trust ("Ames House") which was an unincorporated charitable trust operating in London and is accounted for as a branch of Hyelm in accordance with the policy guidance "E14 – Preparing limited charities' accounts".

The company is required to prepare group accounts under section 248 of the Companies Act 2006 and these financial statements present information relating to the company and group.

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

#### **Accounting Policies**

The Board has reviewed the company's accounting policies and is satisfied that they are appropriate.

#### **Going concern**

After making enquiries, the Board has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. The Group also has a long term business plan which shows that it is able to service existing debt facilities whilst continuing to comply with lenders' covenants. For this reason, it continues to adopt the going concern basis in the financial statements.

#### **Turnover and revenue recognition**

Turnover comprises rental income from resident's receivable in the year, income from the provision of sporting, recreational or social facilities and costs recharged to The Ames House Trust for management services relating to the management by Hyelm of the leasehold property and other assets owned by The Ames House Trust.

Rental income is recognised on the execution of tenancy agreements. Other income is recognised as receivable on the delivery of services provided.

#### **Housing Properties**

Housing properties are principally properties available for rent and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

Improvements are works which result in an increase in the net rental income, such as a reduction in future maintenance costs, or result in a significant extension of the useful economic life of the property in the business. Only the direct overhead costs associated with new developments or improvements are capitalised.

#### **Depreciation of Housing Properties**

The association separately identifies the major components which comprise its housing properties, and charges depreciation so as to write down the cost of each component to its estimated residual value on a straight-line basis, over its estimated useful economic lives in the business.

# Hyelm Limited

## Notes to the Financial Statements for the year ended 30 September 2016

The association depreciates the major components of its housing properties over the following periods:

Main structure	50 years
Roofs	30 years
Lifts	30 years
Windows & External Doors	15 years
Internal Doors	15 years
Electrical and mechanical equipment	10-15 years

Freehold land is not depreciated.

### Other Tangible Fixed Assets and Depreciation

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. The principal annual rates for other assets are:

Fixtures and fittings	10% - 25%
Computer Equipment	20%

Gains or losses arising on the disposal of other tangible fixed assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised as part of the surplus/deficit of the year.

### Impairment

Assets are reviewed for impairment on an annual basis. Where there is evidence of impairment, fixed assets are written down to the recoverable amount. Any such write down would be charged to operating surplus.

### Social Housing Grant

Social housing grant (SHG) is receivable from the Homes and Communities Agency (the HCA), local authorities, and other government organisations. Government grants received for housing are recognised in income and expenditure over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model.

Government grants received in respect of revenue expenditure is credited to the income and expenditure account over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received.

Grants due from government agencies or received in advance are included as current assets or liabilities.

Government grants received for housing purposes are subordinated to the repayment of loans by agreement with the Homes and Communities Agency. SHG released on sale of a property may be repayable but is normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the statement of financial position in Creditors.

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in the income and expenditure account.

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant that has been allocated to the component is released to the income and expenditure account. Upon disposal of the associated property, the association is required to recycle these proceeds and recognise them as a liability.

### Employees Benefits

Short term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

### Debtors

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

### Cash and Cash Equivalents

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

### Creditors

Short term trade creditors are measured at the transaction price. The loan from Allied Irish Bank is considered to be a basic financial instrument and has therefore been included within the accounts at amortised cost.

# **Hyelm Limited**

## **Notes to the Financial Statements**

### **for the year ended 30 September 2016**

#### **Current Asset Investments**

Where these are held, they are stated at market value.

#### **Investment Income**

Interest from Certificates of Deposit and Fixed Interest Bonds is accounted for on a receivable basis.

Dividend income is accounted for on a received rather than receivable basis. The difference is not material to the accounts.

#### **Interest Payable**

Interest is capitalised on borrowings to finance developments. Other interest is charged to the income and expenditure account during the year.

#### **Loan Issue Costs**

Loan Issue Costs reflect arrangement fees payable in respect of loan facilities. Loan issue costs are amortised over the term of the respective loan facility and offset against loan balances within creditors.

#### **Liquid Resources**

Liquid Resources are readily disposable current asset investments.

#### **Pensions**

Hyelm does not provide a defined benefit pension scheme. Hyelm employees are encouraged to take out Personal Pension Plans and after a minimum service period and subject to the employee contributing a minimum of 5% of basic salary, the Company will make contributions up to a maximum of 7.5% of basic salary (Chief Executive 10%). Hyelm's contributions to employees' personal pension schemes are expensed as they occur.

#### **Members' Capital Subscriptions**

Members have historically paid a single subscription of £1, due and payable on the first day of the month after they have been admitted to the membership. This requirement was rescinded at the Annual General Meeting held on 28 April 2012. Balances held will be repaid to members on request.

#### **Stock**

Stock is calculated at the lower of cost or net realisable value.

#### **VAT**

The Group charges Value Added Tax (VAT) on some its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the group and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year end is included as a current liability or asset.

#### **Development Fund (designated reserve)**

The development fund represents funds available to meet future development expenditure which falls within the company's objectives.

#### **Club Activities Fund (designated reserve)**

The club activities fund supports expenditure in respect of non-accommodation activities such as the provision of sporting, recreational and social facilities.

Any surplus achieved through the provision of such activities is returned to the fund.

#### **Financial Instruments**

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

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

#### **Basic financial assets**

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest

# **Hyelm Limited**

## **Notes to the Financial Statements**

### **for the year ended 30 September 2016**

method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

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

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

#### **Basic financial liabilities**

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

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

#### **Judgments and key sources of estimation uncertainty**

In the application of the charitable company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and in future periods where the revision affects both current and future periods.

In the opinion of the trustees, there are no significant estimates, assumptions or judgements which materially affect the balances shown in these financial statements.

**Hyelm Limited**  
**Notes to the Financial Statements**  
**for the year ended 30 September 2016**

**2. Particulars of turnover, operating costs and operating surplus**

**Group**

	Turnover £	Operating costs £	2016 Operating surplus £
<b>Letting of residential accommodation</b>	<b>1,032,552</b>	<b>930,312</b>	<b>102,240</b>
<b>Other residential accommodation activities</b>			
Management services	-	60,747	(60,747)
Other income	12,783	-	12,783
	<b>12,783</b>	<b>60,747</b>	<b>(47,964)</b>
 Non residential accommodation activities	 51,352	 16,729	 34,623
	<b>1,096,687</b>	<b>1,007,788</b>	<b>88,899</b>

	Turnover £	Operating costs £	2015 Operating surplus £
<b>Letting of residential accommodation</b>	<b>1,009,273</b>	<b>1,063,688</b>	<b>(54,415)</b>
<b>Other residential accommodation activities</b>			
Management Services	-	121,452	(121,452)
Other income	13,307	-	13,307
	<b>13,307</b>	<b>121,452</b>	<b>(108,145)</b>
 Non residential accommodation activities	 -	 -	 -
	<b>1,022,580</b>	<b>1,185,140</b>	<b>(162,560)</b>



**Hyelm Limited**  
**Notes to the Financial Statements**  
**for the year ended 30 September 2016**

**Association**

	Turnover £	Operating costs £	2016 Operating surplus £
<b>Letting of residential accommodation</b>	<b>1,053,837</b>	<b>946,133</b>	<b>107,704</b>
<b>Other residential accommodation activities</b>			
Management services	-	60,747	(60,747)
Other income	12,783	-	12,783
	<b>12,783</b>	<b>60,747</b>	<b>(47,964)</b>
 Non residential accommodation activities	 51,352	 -	 51,352
	<b>1,117,972</b>	<b>1,006,880</b>	<b>111,092</b>

	Turnover £	Operating costs £	2015 Operating surplus £
<b>Letting of residential accommodation</b>	<b>1,009,273</b>	<b>1,063,688</b>	<b>(54,415)</b>
<b>Other residential accommodation activities</b>			
Management Services	-	121,452	(121,452)
Other income	13,307	-	13,307
	<b>13,307</b>	<b>121,452</b>	<b>(108,145)</b>
 Non residential accommodation activities	 -	 -	 -
	<b>1,022,580</b>	<b>1,185,140</b>	<b>(162,560)</b>

**Housing accommodation 125 bed spaces (2015: 125 bed spaces)**

**Hyelm Limited**  
**Notes to the Financial Statements**  
**for the year ended 30 September 2016**

**Particulars of income and expenditure from the letting of intermediate and sub market rent accommodation**

			<b>2016</b>	<b>2015</b>
<b>Group</b>	<b>Private Rented £</b>	<b>Intermediate Rent £</b>	<b>Total £</b>	<b>Total £</b>
Rent receivable net of identifiable service charges	460,179	356,755	816,934	796,948
Service Charge income	63,492	92,126	155,618	152,325
Other revenue grants - SHG released	-	60,000	60,000	60,000
<b>Turnover from the letting of residential accommodation</b>	<b>523,671</b>	<b>508,881</b>	<b>1,032,552</b>	<b>1,009,273</b>
Management	143,663	208,453	352,116	382,273
Service charge costs	56,389	81,820	138,209	158,568
Other service costs	52,922	76,787	129,709	240,685
Routine maintenance	6,389	9,271	15,660	37,567
Planned maintenance	18,665	27,083	45,748	-
Depreciation on housing properties	100,700	146,113	246,813	244,595
Loss on disposal of fixed assets	839	1,218	2,057	-
<b>Operating costs on residential lettings</b>	<b>379,567</b>	<b>550,745</b>	<b>930,312</b>	<b>1,063,688</b>
<b>Operating surplus / (loss) on residential lettings</b>	<b>144,104</b>	<b>(41,864)</b>	<b>102,240</b>	<b>(54,415)</b>
<b>Void Losses</b>	<b>3,265</b>	<b>4,738</b>	<b>8,003</b>	<b>3,824</b>

			<b>2016</b>	<b>2015</b>
<b>Association</b>	<b>Private Rented £</b>	<b>Intermediate Rent £</b>	<b>Total £</b>	<b>Total £</b>
Rent receivable net of identifiable service charges	460,179	356,755	816,934	796,948
Service Charge income	63,492	92,126	155,618	152,325
Other revenue grants - SHG released	-	60,000	60,000	60,000
<b>Turnover from the letting of residential accommodation</b>	<b>523,671</b>	<b>508,881</b>	<b>1,032,552</b>	<b>1,009,273</b>
Management	143,663	208,453	352,116	382,273
Service charge costs	56,389	81,820	138,209	158,568
Other service costs	52,922	76,787	129,709	240,685
Routine maintenance	6,389	9,271	15,660	37,567
Planned maintenance	18,665	27,083	45,748	-
Depreciation on housing properties	100,700	146,113	246,813	244,595
Loss on disposal of fixed assets	839	1,218	2,057	-
<b>Operating costs on residential lettings</b>	<b>379,567</b>	<b>550,745</b>	<b>930,312</b>	<b>1,063,688</b>
<b>Operating surplus / (loss) on residential lettings</b>	<b>144,104</b>	<b>(41,864)</b>	<b>102,240</b>	<b>(54,415)</b>
<b>Void Losses</b>	<b>3,265</b>	<b>4,738</b>	<b>8,003</b>	<b>3,824</b>

# Hyelm Limited

## Notes to the Financial Statements for the year ended 30 September 2016

### 3. Operating Surplus

	Group		Association	
	2016 £	2015 £	2016 £	2015 £
<b>Operating surplus for the year is after charging:</b>				
Depreciation on housing properties	246,813	244,595	246,813	244,595
Depreciation on tangible, owned fixed assets	56,705	57,082	56,705	57,082
	<b>303,518</b>	<b>301,677</b>	<b>303,518</b>	<b>301,677</b>
Loss on disposal of tangible fixed assets	<b>2,057</b>	-	<b>2,057</b>	-
<b>Auditor's remuneration (excluding VAT)</b>				
- Fees payable for the audit of the financial statements	10,950	14,810	10,950	14,810
- Fees payable for the audit of the accounts of subsidiaries	1,800	-	-	-
<b>Total audit Services</b>	<b>12,750</b>	<b>14,810</b>	<b>10,950</b>	<b>14,810</b>
- Tax compliance services	750	3,987	-	3,987
- All other services	-	5,500	-	5,500
<b>Total non-audit services</b>	<b>750</b>	<b>9,487</b>	<b>-</b>	<b>9,487</b>

### 4. Surplus on sale of Arthur West House – Group and Association

	2016 £	2015 £
Disposal proceeds	-	30,050,000
Carrying value held as property available for sale	-	(3,348,606)
Carrying value of other assets disposed of	-	(228,024)
Less costs of sale	-	(158,660)
<b>Surplus on sale of assets</b>	<b>-</b>	<b>26,314,710</b>

The sale of Arthur West House completed on the 10 October 2014. In a departure from the accounting policy described in note 1 relating to the disposal of other tangible fixed assets the carrying value of those assets disposed of or written off on disposal of the property have been set against the sale proceeds rather than being a charge to the Statement of Comprehensive Income on the basis that the sale and disposal of these assets is not associated with the day to day activities of the association.

# Hyelm Limited

## Notes to the Financial Statements for the year ended 30 September 2016

### 5. Interest receivable and other income – Group and Association

	2016 £	2015 £
Interest receivable and similar income	268,937	110,006
Less: Notional RCGF interest	(10,737)	(11,314)
Donations	5,025	-
	<u><b>263,225</b></u>	<u><b>98,692</b></u>

### 6. Interest and financing costs – Group and Association

	2016 £	2015 £
Loans and bank overdrafts	367,518	368,267
Amortisation of loan issue costs	1,400	1,400
	<u><b>368,918</b></u>	<u><b>369,667</b></u>

### 7. Employees

#### Group and Association

	2016 Number	2015 Number
The average monthly number of employees (including the Chief Executive) expressed as full time equivalents based on a 36 hour week.	<u><b>7</b></u>	<u><b>17</b></u>
Development	-	-
Housing	<u><b>3</b></u>	<u><b>13</b></u>
	<u><b>7</b></u>	<u><b>17</b></u>

#### Association

	£	£
<b>Employee Costs:</b>		
Wages and salaries	225,231	270,591
Social security costs	22,121	27,763
Other pension costs	13,781	10,449
	<u><b>261,133</b></u>	<u><b>308,803</b></u>

#### Group

	£	£
<b>Employee Costs:</b>		
Wages and salaries	238,817	270,591
Social security costs	22,121	25,763
Other pension costs	13,781	10,449
	<u><b>274,719</b></u>	<u><b>306,803</b></u>

Employee costs include termination costs of £0 (2015: £10,448).

**Hyelm Limited**  
**Notes to the Financial Statements**  
**for the year ended 30 September 2016**

**8. Board members and executive directors – Group and Association**

	<b>2016</b> <b>£</b>	<b>2015</b> <b>£</b>
Emoluments of the Company's Chief Executive, Director of Finance & Director of Operations including pension contributions.	<b>156,690</b>	<b>145,477</b>
Emoluments of the Chief Executive, who was the highest paid "Director", excluding pension contributions	<b>60,907</b>	<b>58,764</b>
Contributions to the Chief Executive's personal pension plan	<b>6,629</b>	<b>5,696</b>

No members of staff were paid more than £60,000 other than the Chief Executive (as disclosed above).

No emoluments were paid to members of the Board during the year. Expenses paid during the year to members of the Board amounted to £4,537 (2015: £1,919).

**Hyelm Limited**  
**Notes to the Financial Statements**  
**for the year ended 30 September 2016**

**9. Fixed Assets – housing properties – Group and Association**

	Housing properties held for letting £	Housing properties for letting under construction £	Total housing properties £
<b>Cost</b>			
At 1 October 2015	15,176,567	59,946	15,236,513
Work in progress	-	135,404	135,404
Works to existing properties	59,465	-	59,465
<b>At 30 September 2016</b>	<b><u>15,236,032</u></b>	<b><u>195,350</u></b>	<b><u>15,431,382</u></b>
<b>Depreciation</b>			
At 1 October 2015	1,781,721	-	1,781,721
Depreciation charged during year	246,813	-	246,813
<b>At 30 September 2016</b>	<b><u>2,028,534</u></b>	<b><u>-</u></b>	<b><u>2,028,534</u></b>
<b>Net book value</b>			
At 30 September 2016	<b><u>13,207,498</u></b>	<b><u>195,350</u></b>	<b><u>13,402,848</u></b>
At 30 September 2015	<b><u>13,394,846</u></b>	<b><u>59,946</u></b>	<b><u>13,454,792</u></b>

**Expenditure on works to existing properties – Group and Association**

	2016 £	2015 £
Improvement works capitalised	59,465	7,088
	<b><u>59,465</u></b>	<b><u>7,088</u></b>

**Social housing assistance – Group and Association**

	2016 £	2015 £
Total accumulated social housing grant received or receivable at 30 September:		
Capital Grant	3,000,000	3,000,000
	<b><u>3,000,000</u></b>	<b><u>3,000,000</u></b>

**Housing properties book value net of depreciation – Group and Association**

	2016 £	2015 £
Freehold land and buildings	<b><u>13,402,848</u></b>	<b><u>13,394,846</u></b>

# Hyelm Limited

## Notes to the Financial Statements for the year ended 30 September 2016

### 10. Tangible fixed assets – other – Group and Association

	Accommodation furniture & equipment £	Computer equipment £	Total £
<b>Cost at 1 October 2015</b>	572,619	1,023	573,642
Additions	-	13,036	13,036
Eliminated on disposal	(14,553)	(4,495)	(19,048)
<b>Cost at 30 September 2016</b>	<b>558,066</b>	<b>9,564</b>	<b>567,630</b>
<b>Depreciation at 1 October 2015</b>	434,509	1,031	435,540
Charged during year	49,888	6,817	56,705
Eliminated on Disposal	(12,832)	(4,158)	(16,990)
<b>Depreciation at 30 September 2016</b>	<b>471,565</b>	<b>3,690</b>	<b>475,255</b>
<b>Net book value: At 30 September 2016</b>	<b>86,501</b>	<b>5,874</b>	<b>92,375</b>
<b>At 1 October 2015</b>	<b>138,110</b>	<b>(8)</b>	<b>138,102</b>

### 11. Stock – Group and Association

	2016 £	2015 £
Bar stocks and food	-	1,638

### 12. Debtors

	Group		Association	
	2016	Restated 2015	2016	Restated 2015
	£	£	£	£
<b>Due within one year</b>				
Rent and service charge receivable	8,911	5,751	8,911	5,751
Less: Provision for bad and doubtful debts	(8,165)	-	(8,165)	-
	<u>746</u>	<u>5,751</u>	<u>746</u>	<u>5,751</u>
Other debtors	2,885,726	32,798	2,883,986	32,798
Prepayments	72,186	27,733	72,186	27,733
Accrued income	<u>25,698</u>	<u>12,620</u>	<u>46,983</u>	<u>12,620</u>
	<u>2,983,610</u>	<u>73,151</u>	<u>3,003,155</u>	<u>73,151</u>
<b>Total debtors</b>	<b><u>2,984,356</u></b>	<b><u>78,902</u></b>	<b><u>3,003,901</u></b>	<b><u>78,902</u></b>

Other debtor's includes the sum of £2,878,663 (2015: £nil) held by the Group's solicitors pending completion on a development site for the construction of new accommodation. The purchase did not take place and the funds were subsequently refunded.

**Hyelm Limited**  
**Notes to the Financial Statements**  
**for the year ended 30 September 2016**

**13. Creditors: amounts falling due within one year – Group and Association**

	<b>Group</b>		<b>Association</b>	
	<b>2016</b>	<b>Restated 2015</b>	<b>2016</b>	<b>Restated 2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Accruals	87,954	65,075	163,549	65,075
Debt	36,351	32,482	36,351	32,482
Trade creditors	14,356	40,194	12,196	40,194
Deferred capital grant (note 15)	60,000	60,000	60,000	60,000
Other taxation and social security	3,638	10,269	3,638	10,269
Other creditors	4,576	13,225	4,576	13,225
	<b>206,875</b>	<b>221,245</b>	<b>280,310</b>	<b>221,245</b>

**14. Creditors: amounts falling due after more than one year – Group and Association**

	<b>2016</b>	<b>Restated 2015</b>
	<b>£</b>	<b>£</b>
Debt (note 17)	6,607,097	6,643,448
Loan issue costs	(26,658)	(28,058)
Recycled capital grant fund (note 16)	846,555	835,818
Deferred capital grant (note 15)	2,492,466	2,552,466
	<b>9,919,460</b>	<b>10,003,674</b>

**15. Deferred capital grant – Group and Association**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
At 1 October	2,552,466	3,436,970
Transferred to Recycled Capital Grant Fund	-	(824,504)
Released to income in year	(60,000)	(60,000)
<b>At 30 September</b>	<b>2,492,466</b>	<b>2,552,466</b>

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Amounts to be released within one year	60,000	60,000
Amounts to be released in more than one year	2,492,466	2,552,466
	<b>2,552,466</b>	<b>2,612,466</b>

The recycled capital grant arose in the year ended 30 September 2015 on the sale of Arthur West House.



# Hyelm Limited

## Notes to the Financial Statements for the year ended 30 September 2016

### 16. Recycled capital grant fund – Group and Association

	2016 £	2015 £
At 1 October 2015	835,818	-
Transfers during the year	-	824,504
Interest accrued	10,737	11,314
<b>At 30 September 2016</b>	<b>846,555</b>	<b>835,818</b>
<b>Amount of grant due for repayment</b>	<b>-</b>	<b>-</b>

### 17. Debt analysis – Group and Association

	2016 £	2015 £
<b>Due within one year</b>		
Bank loans	36,351	32,482
	<b>36,351</b>	<b>32,482</b>
<b>Due after more than one year</b>		
Bank loans	6,607,097	6,643,448
Less: issue costs	(26,658)	(28,058)
	<b>6,580,439</b>	<b>6,615,390</b>

The loan from Allied Irish Bank (GB) is secured by a legal charge over the Old Street Development and is repayable within 30 years. The loan bears a fixed interest rate of 5.5% over the whole term, with capital repayments having commenced during the year to 15 October 2013. The loan is repayable as follows:

	2016 £	2015 £
Within one year or on demand	36,351	32,482
One year or more but less than two years	89,441	36,351
Two years or more but less than 5 years	293,109	278,493
Five years or more	6,224,547	6,328,604
	<b>6,643,448</b>	<b>6,675,930</b>

# Hyelm Limited

## Notes to the Financial Statements for the year ended 30 September 2016

### 18. Designated fund – Group and Association

The Group holds funds designated for development expenditure and for supporting non-accommodation activities for residents such as recreational and social activities. Any surpluses generated are returned to the fund.

	£
Balance at 1 October 2014	103,058
Transfers in year	<u>2,374</u>
<b>Balance at 30 September 2015</b>	<b>105,432</b>
Transfers in year	<u>(1,228)</u>
<b>Balance at 30 September 2016</b>	<b><u>104,204</u></b>

### 19. Endowment fund – Group and Association

The endowment fund held by The Group result from the original endowment to The Ames House Trust to which trading surpluses/deficits and investment gains/losses have been added over the years, together with the proceeds from properties sold.

	£
Balance at 1 October 2014	2,545,534
Surplus for the year	<u>3,383,096</u>
<b>Balance at 30 September 2015</b>	<b>5,928,630</b>
Surplus for the year	<u>65,692</u>
<b>Balance at 30 September 2016</b>	<b><u>5,994,322</u></b>

# Hyelm Limited

## Notes to the Financial Statements for the year ended 30 September 2016

### 20. Cash flow from operating activities

	Year to 30/09/2016 £	Year to 30/09/2015 £
<b>Surplus for the year</b>	88,899	(162,560)
<b>Adjustments for non cash items</b>		
Depreciation of tangible fixed assets	303,518	301,677
Decrease / (increase) in stock	1,638	511
Decrease / (increase) in trade and other debtors	(2,905,454)	105,913
Increase / (decrease) in trade and other creditors	(7,502)	(7,616)
Carrying amount of tangible fixed asset disposals	2,058	(118,225)
Government grants utilised in the year	(60,000)	(60,000)
<b>Net cash generated from operating activities</b>	<b>(2,576,843)</b>	<b>59,700</b>

### 21. Capital commitments

The Board have agreed to a programme for the provision of new accommodation following the sale of Arthur West House. The indicative cost of this development programme is £40m. At the balance sheet date, no contracts for the provision of this accommodation had been awarded.

The company had no operating lease commitments at 30 September 2016 (2015: £nil).

### 22. Contingent assets / liabilities

Following the sale of Arthur West House in October 2014, Social Housing Grant associated with the property has been transferred to the Recycled Capital Grant Fund. If the Grant is not utilised to support new development, the Grant may become repayable.

### 23. Post balance sheet events

There have been no events since the year-end that have had a significant effect on the Company's financial position.

### 24. Legislative provisions

Hyelm is incorporated under the Companies Act.

### 25. Related parties

Arthur West House limited is a wholly owned subsidiary of Hyelm Limited, a charitable company registered in England and Wales and is considered to be the ultimate controlling party. The sum of £21,285 (excluding VAT) was invoiced by Hyelm post year end in respect of services provided to Arthur West House Limited. The sum of £81,059 (excluding VAT) was invoiced to Hyelm by Arthur West House Limited in respect of services provided for the period ended 30 September 2016. Accordingly no debtor is due to Hyelm at the year end.

The sum of £53,404 excluding VAT (2015: £98,620) was payable by The Ames House Trust to Hyelm Limited during the year in respect of management services provided.

The sum of £149,129 was due from Hyelm Limited at the end of the financial year in respect of rental income collected previously by Hyelm on behalf of The Ames House Trust in accordance with the Management Agreement (2015: £149,129).

A sum £17,588 excluding VAT was owed by The Ames House Trust to Hyelm Limited in respect of management services provided in the year (2015: £62,597).

**Hyelm Limited**  
**Notes to the Financial Statements**  
**for the year ended 30 September 2016**

**26. Financial instruments**

	<b>Group</b>		<b>Association</b>	
	<b>2016</b>	<b>Restated 2015</b>	<b>2016</b>	<b>Restated 2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Carrying amount of financial assets debt and investments measure at amortised cost	<b>2,958,658</b>	<b>51,169</b>	<b>2,931,095</b>	<b>51,169</b>
Carrying amount of financial liabilities measured at amortised cost	<b>143,237</b>	<b>150,976</b>	<b>216,672</b>	<b>150,976</b>

# Hyelm Limited

## Notes to the Financial Statements for the year ended 30 September 2016

### 27. Prior year adjustments

We have identified prior year errors with respect to the previous year financial statements. In the previous year The Ames House Trust was treated as a separate entity rather than as a branch of Hyelm and hence its net assets of £2,993,217 as at the 1 October 2014 and £6,267,071 as at 30 September 2015 were omitted from the parent company balances. Additionally, creditors at 1 October 2014 were overstated in respect deferred income of £48,283 and VAT of £12,639 which have accordingly been reinstated.

	At 1 October 2014			At 30 September 2015		
	As previously stated £	Prior year adjustment £	As restated £	As previously stated £	Prior year adjustment £	As restated £
<b>Fixed assets</b>						
Property, plant and equipment	13,632,353	2,520,817	16,153,170	13,454,792	-	13,454,792
Other tangible fixed assets	386,985	-	386,985	138,102	-	138,102
	<b>14,019,338</b>	<b>2,520,817</b>	<b>16,540,155</b>	<b>13,592,894</b>	<b>-</b>	<b>13,592,894</b>
<b>Current assets</b>						
Property held for sale	902,772	-	902,772	-	-	-
Investments	-	-	-	-	-	-
Stock	2,149	-	2,149	1,638	-	1,638
Debtors	166,054	18,761	184,815	141,499	(62,597)	78,902
Cash and cash equivalents	1,926,652	304,510	2,231,162	25,788,978	6,181,868	31,970,846
	<b>2,997,627</b>	<b>323,271</b>	<b>3,320,898</b>	<b>25,932,115</b>	<b>6,119,271</b>	<b>32,051,386</b>
<b>Creditors due within one year</b>	(389,477)	150,051	(239,426)	(369,967)	148,722	(221,245)
<b>Net current assets</b>	<b>2,608,150</b>	<b>473,322</b>	<b>3,081,472</b>	<b>25,562,148</b>	<b>6,267,993</b>	<b>31,830,141</b>
Total assets less current liabilities	16,627,488	2,994,139	19,621,627	39,155,042	6,267,993	45,423,035
<b>Creditors due after one year</b>	(10,143,441)	60,000	(10,083,441)	(10,063,674)	60,000	(10,003,674)
<b>Total net assets</b>	<b>6,484,047</b>	<b>3,054,139</b>	<b>9,538,186</b>	<b>29,091,368</b>	<b>6,327,993</b>	<b>35,419,361</b>
<b>Reserves</b>						
Unrestricted fund	6,380,989	508,605	6,889,594	28,985,936	399,363	29,385,299
Designated fund	103,058	-	103,058	105,432	-	105,432
Endowment fund	-	2,545,534	2,545,534	-	5,928,630	5,928,630
<b>Total reserves</b>	<b>6,484,047</b>	<b>3,054,139</b>	<b>9,538,186</b>	<b>29,091,368</b>	<b>6,327,993</b>	<b>35,419,361</b>

# Hyelm Limited

## Notes to the Financial Statements for the year ended 30 September 2016

### Reconciliation of profit or loss for the year ended 30 September 2015

	As previously stated £	Prior year adjustment £	As restated £
Turnover	1,121,200	(98,620)	1,022,580
Cost of sales	(1,162,308)	(22,832)	(1,185,140)
<b>Operating (deficit) / surplus</b>	<b>(41,108)</b>	<b>(121,452)</b>	<b>(162,560)</b>
Gain on disposal of fixed assets	22,931,614	3,383,096	26,314,710
Interest received	86,482	12,210	98,692
Interest and financing costs	(369,667)	-	(369,667)
<b>Surplus /(deficit) before and after tax</b>	<b>22,607,321</b>	<b>3,273,854</b>	<b>25,881,175</b>

### 28. Operating leases

The group and association had minimum lease payments due to them as lessor under non-cancellable operating leases, including tenanted accommodation as set out below:

Operating leases	Group		Association	
	2016 £	2015 £	2016 £	2015 £
Not later than on year	67,563	48,200	67,563	48,200
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
	<b>67,563</b>	<b>48,200</b>	<b>67,563</b>	<b>48,200</b>