



Hyelm

(Consolidated)

(Limited by Guarantee)

**Report and Financial Statements for the Year Ended
30 September 2017**

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 2017

Contents

	Page
Members, Senior Staff, Advisors and Bankers	1
Report of the Board	2
Independent Auditor's Report	11
Statement of Comprehensive Income	14
Statement of Changes in Reserves	15
Statement of Financial Position	16
Statement of Consolidated Cash Flows	17
Notes to the Financial Statements	18

Hyelm Limited
Report and Financial Statements for the year ended 30 September 2017

Members, Senior Staff, Advisors and Bankers

Board

Chair

Rebecca Begej

Vice Chair

Charlotte Paxton

Ordinary Members

Graham Briscoe
Keith Douglas (Chief Executive)
Howard Webb (resigned 13 December 2016)
Helen Taylor
Wayne Willis
Paul Orrett (until 20 February 2017)
Joanne Foster
Joel Inbakumar (appointed 13 December 2016)
Ruth Goldfeather (appointed 20 June 2017)

Co-opted Member

Rhiannon Meredith (appointed 18 July 2017 for a period of one year)

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 2017

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 £78,225 for the year to 30 September 2017 (2016: deficit £16,794). The underlying operating surplus of £129,292 (2016: surplus £88,899) is in line with the business plan and reflects the reduction in income following the closure of Arthur West House in October 2014 whilst retaining management costs focussed on the provision of new accommodation as part of our development programme.

During 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 a 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

The Hyelm Group comprises Hyelm Limited, a Company Limited by Guarantee and which does not have share capital, The Ames House Trust, a charity established under Trust Deed, and Arthur West House Limited, a private limited company which is a wholly owned subsidiary of Hyelm Limited.

Hyelm Limited is a non-profit making concern registered as a Charity (The Hyelm Group) and a Registered Provider under the Housing Acts. The Ames House Trust is accounted for as a branch of Hyelm Limited.

The consolidated accounts show the financial position of The Group as a whole, and for Hyelm Limited which includes The Ames House Trust.

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 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

During the year ending 30 September 2015, the Board adopted a strategic plan – *Changing lives for the better* – for the period 2016-2019. The strategic plan focuses on three key activities:

- Our existing operation,
- Our development programme,
- Our communities and people.

Our Development programme – the Group's objective is to develop and provide high standards of affordable, rented accommodation, facilities and services for a further 250 young people in two or more new housing schemes in London. During the year a number of development opportunities were identified, and detailed plans have been developed although at the year-end no firm commitments had been made. It is anticipated that a firm decision on a development site is likely in the first half of the financial year 2017-2018.

Our Existing operation – The Group's objective is to continue to provide high standards of contemporary, affordable rented accommodation at the Old Street Scheme, whilst remaining a financially sound organisation with efficient systems providing effective controls. During the year we have carried out refurbishments in a number of apartments to ensure that the accommodation remains of a high standard. To maximise the value that we can obtain from the Old Street property, and in accordance with the objectives of the Strategic Plan we have gained planning permission to convert space within the building to provide office accommodation to rent. The conversion is planned to be completed early in the 2018 calendar year with the rental income generated being utilised to further invest in

Hyelm Limited

Report and Financial Statements for the year ended 30 September 2017

Report of the Board

the Old Street accommodation. We have also invested in new IT systems to improve the efficiency and effectiveness of our management processes.

Our communities and people – the Group's objective is to provide positive, stable, safe environments for our housing schemes. During the year we have been working with our residents to involve them in drawing up our plans for the future and in managing our affairs. We have also worked with local community groups, training providers and employers to provide opportunities for our residents to grow through personal training and development. A number of social events have been organised to further develop a sense of community, and have supported residents in securing new accommodation when they feel ready to move on.

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 with the exception that the Board has decided not to establish a separate audit committee. It is felt that given the size of the organisation, audit issues can be dealt with by the Board. The Board has also 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.

Rebecca Begej was re-appointed by the Board of Hyelm as Chair of the Board on the 18 July 2017 for the remainder of her term of office which ends at the June 2018 meeting of the Hyelm Board.

Charlotte Paxton was re-appointed by the Board of Hyelm as Vice Chair of the Board on the 18 July 2017 for the remainder of her term of office which ends at the June 2019 Board meeting.

During the course of the year the Board appointed Ruth Goldfeather as an ordinary member of the Board on 20 June 2017 this appointment will be subject to ratification at the Annual General Meeting.

Rhiannon Meredith was appointed as a co-opted member of the Board on the 18 July 2018 for a period of one year. This position does not have voting rights.

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:

- Wayne Willis
- Ruth Goldfeather

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.

Hyelm Limited

Report and Financial Statements for the year ended 30 September 2017

Report of the Board

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.

Financial Management

We operate a robust budgeting process that sets out the financial parameters within which our organisation is required to work 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 2017 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. During 2016/17 we have continued to engage with residents at our Old Street scheme to ensure that they are engaged with the management of the scheme.

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 2016/17 we reviewed 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 2015 included a VFM Standard, which requires registered providers to articulate and deliver a comprehensive and strategic approach to achieving VFM in meeting their objectives.

Hyelm Limited

Report and Financial Statements for the year ended 30 September 2017

Report of the Board

As required by the Standard, the Board undertakes an annual VFM Self-assessment, which is published within six months of the financial year end in the audited annual accounts and is accessible through the Hyelm website.

The Statement demonstrates to stakeholders how Hyelm is meeting the Standard in a way that is both transparent and accessible.

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

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 bed-spaces 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 sold on the 10th 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 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 ten 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 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 bed-spaces provide intermediate rent accommodation for priority group workers, with rent at a significant discount to comparable accommodation in London. The remaining 51 bed-spaces 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. To remove this anomaly and to increase the overall level of rent income, the Board has 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.

Hyelm Limited

Report and Financial Statements for the year ended 30 September 2017

Report of the Board

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 current rent levels).

Over the last three years we have been examining ways of maximising the 'return' from this asset whilst maintaining rents at levels that are affordable for our client groups. The 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 for a period of four years from June 2017. Planning permission has been sought and obtained to create further office space on the ground floor of the Old Street property, which will be rented on a commercial basis thereby generating additional income for investment in our properties and the services we provide to our residents. It is anticipated that the conversion will be complete and available for rent from February 2018.

Benchmarking – Quality and Cost

Resident Satisfaction	Benchmark: Peer group upper quartile	Benchmark: HouseMark upper quartile	Hyelm 2014/15	Hyelm 2015/16	Hyelm 2016/17
% of residents satisfied or very satisfied with our services	94%	89%	100%	90%	90%
% of residents satisfied or very satisfied with repairs and maintenance	87%	84%	100%	90%	100%
% of residents satisfied or very satisfied on VFM for rent	88%	85%	88%	76%	93%

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 continue, with appropriate support, to move-on those residents who are no longer in need of our accommodation. Satisfaction levels had suffered as a result but are now starting to improve. 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 2017 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 House 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.

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 2014/15	Our Performance 2015/16	Our Performance 2016/17
% of repairs fixed on first visit	98.5%	96.0%	99.3%	98.2%	100%
Average re-let time (days)	13	19	3	6	6
Current rent arrears	0.72%	1.62%	0.72%	0.45%	0%
% of void losses	0.20%	0.55%	0.37%	0.82%	0.60%
Weekly operating cost per property – total	£88.25	No data available	£163.08	£139.83	£156.22
Weekly operating cost per property – Old Street only	£88.25	No data available	£116.97	£117.31	£126.67

Hyelm Limited

Report and Financial Statements for the year ended 30 September 2017

Report of the Board

Operating costs as % of turnover –total	65.00%	No data available	105.39%	88.33%	97.21%
Operating costs as % of turnover – Old Street only	65.00%	No data available	75.59%	74.11%	76.34%
Management Costs per property –total	n/a	n/a	£58.61	£51.19	£58.26
Management Costs per property – Old Street direct costs	n/a	n/a	£27.88	£32.20	£31.37
Management costs as % of turnover – total	n/a	n/a	37.88%	32.33%	36.86%
Management costs as % of turnover – Old Street only	n/a	n/a	18.01%	20.34%	19.82%

Average re-let times: Demand for accommodation at our Old Street scheme remains high and there is a relatively low turnover of residents. The re-let times during 2016/17 remain 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 reduction in void losses during 2016/17 reflects a more stable resident population following the implementation of our 'move on' programme. Despite the low void rate, we have also been able to carry out refurbishments to a number of apartments as part of our cyclical maintenance programme with minimal loss of income. The challenge in future years will be to minimise void losses, particularly as the building 'ages' and 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 2017 amounted to £126.27 (2016: £117.31), 43% higher than the upper quartile of the benchmarking group. During 2016/17 inflation has risen resulting in an increase in the cost of goods and services, and there have been significant increases in the cost of utilities.

Weekly management costs per property – Old Street: Overall, there was a slight decrease in weekly management costs during the period to 30 September 2017 largely because of a staff vacancy during the year.

Rate of Return on Assets – The rate of return on assets is shown in the table below. Prior year figures have been restated to include the Ames House Trust, which is accounted for as a branch of Hyelm. The figures relate to Hyelm only, not The Group as a whole.

	2015	2016	2017
	£'s	£'s	£'s
Surplus /(Deficit) (excluding asset sales)	(433,535)	5,399	(83,734)
Average total assets (net of grant)	27,027,073	40,317,454	40,170,756
Return on assets	-1.60%	0.01%	-0.21%

* The rate of return on assets calculation for the year to 30 September 2015 does not include the sale proceeds from the disposal of Arthur West House.

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 was a result of the cessation of all costs associated with Arthur West House together with interest generated by cash balances held by the Group following the sale of Arthur West House. In the year to September 2017, the interest receivable was reduced because of the reduction in base rates to 0.25% resulting in a reduction in the return on assets.

	2015	2016	2017
	£'s	£'s	£'s
Earnings before interest and tax	(162,560)	111,092	123,783
Capital Employed (net of grant)	36,423,035	45,344,220	45,101,971
Return on capital employed	-0.45%	0.24%	0.27%

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.

Hyelm Limited

Report and Financial Statements for the year ended 30 September 2017

Report of the Board

Other financial measures

The following table provides performance measures for Hyelm over past three years. The figures in the table the impact of the sale of Arthur West House which occurred in the year to 30 September 2015.

	2015	2016	2017
Debt per unit managed	£53,407	£53,148	£52,857
Operating margin	-13.72%	11.03%	9.36%
Interest cover to EBITDA	0.86:1	2.18:1	1.41:1
Gearing ratio	16.39%	16.31%	16.26%

Prior to the decision to sell Arthur West House, the operating margin was increasing year on year. Following the 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. Following the sale of Arthur West House, Hyelm has complied with the EBITDA covenant as shown in the table above.

Procurement

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 year to 30 September 2017 the following good and services were tendered:

- Gas and electricity supplies.
- External audit services.
- IT support
- Mechanical & Electrical Servicing
- Telecoms

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, a benchmarking group of which The Group is a member, started to conduct a best value review on legal services. This is due to be completed in 2017/18.

VFM in 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.

During 2016/17 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. Because 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.
- Secured a new support contract for our IT services, Telecoms and Mechanical & Electrical servicing resulting in increased efficiency and reduced costs.

VFM for 2017/18

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 2017

Report of the Board

To achieve our objectives, 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:

- Re-tender for the supply of electricity, gas and our cleaning contract.
- 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 complete the best value review of our legal services.

Officer's Insurance

As a fully subscribed member of the National Housing Federation, The Group 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.

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 2016 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.

Hyelm Limited

Report and Financial Statements for the year ended 30 September 2017

Report of the Board

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. Hyelm 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.

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 20 February 2018 and signed on its behalf by:



Rebecca Begej
Chair



Keith Douglas
Chief Executive

Hyelm Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF HYELM LIMITED

Opinion

We have audited the financial statements of Hyelm Limited (the 'company') for the year ended 30 September 2017 which comprise the Group Statement of Comprehensive Income, the Group Statement of Changes in Reserves, the Group Statement of Financial Position, the Group Statement of Consolidated Cash Flows, 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 102 'The Financial Reporting Standard Applicable in the UK and Ireland' (United Kingdom Generally Accepted the UK and Ireland'.

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 2017 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.

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 financial statements section of our report. We are independent of the charitable 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.

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 trustees are responsible for the other information. 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 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 trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

Hyelm Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF HYELM LIMITED

- the trustees' annual report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

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
- 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 Trustees' Annual Report and from preparing a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 10, 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, and for such internal control as the trustees 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 trustees are responsible for assessing the group and parent charitable 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 trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.

Hyelm Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF HYELM LIMITED

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Luke Holt (Senior Statutory Auditor)

for and on behalf of Kingston Smith LLP, Statutory Auditor

02/03/18

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 2017

Statement of Comprehensive Income for the year ended 30 September 2017

		Group		Association	
	Note	2017	2016	2017	2016
		£	£	£	£
Turnover	2	1,173,771	1,096,687	1,142,000	1,117,972
Operating expenditure	2	(1,044,479)	(1,007,788)	(1,018,217)	(1,006,880)
Operating surplus / (deficit)	3	129,292	88,899	123,783	111,092
Interest receivable	4	157,532	263,225	157,532	263,225
Interest and financing costs	5	(365,049)	(368,918)	(365,049)	(368,918)
Surplus / (deficit) before and after tax		(78,225)	(16,794)	(83,734)	5,399

The notes on pages 18 to 33 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 20 February 2018.



Rebecca Begej
Chair



Keith Douglas
Chief Executive

Hyelm Limited
Report and Financial Statements for the year ended 30 September 2017

Statement of Changes in Reserves for the year ended 30 September 2017

Group	General Reserve £	Designated Reserves £	Endowment Fund £	Total £
Balance at 1 October 2015 (restated)	27,892,621	105,432	5,928,630	33,926,683
Surplus / (Deficit) for the year	(82,486)	-	65,692	(16,794)
Transfer to designated reserves	1,228	(1,228)	-	-
Balance at 30 September 2016 (restated)	27,811,363	104,204	5,994,322	33,909,889
Surplus / (Deficit) for the year	(102,579)	-	24,354	(78,225)
Transfer from designated reserves	3,761	(3,761)	-	-
Balance at 30 September 2017	27,712,545	100,443	6,018,676	33,831,664

Association

	General Reserve £	Designated Reserves £	Endowment Fund £	Total £
Balance at 1 October 2015 (restated)	27,892,621	105,432	5,928,630	33,926,683
Surplus / (Deficit) for the year	(60,293)	-	65,692	5,399
Transfer to designated reserves	1,228	(1,228)	-	-
Balance at 30 September 2016 (restated)	27,833,556	104,204	5,994,322	33,932,082
Surplus / (Deficit) for the year	(108,088)	-	24,354	(83,734)
Transfer from designated reserves	3,761	(3,761)	-	-
Balance at 30 September 2017	27,729,229	100,443	6,018,676	33,848,348

Hyelm Limited
Report and Financial Statements for the year ended 30 September 2017

Statement of Financial Position as at 30 September 2017

Company No: 00244598

	Note	Group 2017 £	2016 (Restated) £	Association 2017 £	2016 (Restated) £
Fixed assets					
Property, plant and equipment	8	13,374,399	13,402,847	13,374,399	13,402,847
Other tangible fixed assets	9	40,322	92,375	40,322	92,375
		13,414,721	13,495,222	13,414,721	13,495,222
Current Assets					
Investments	10	-	-	100,000	100,000
Debtors	11	93,614	2,984,356	86,190	3,003,901
Cash and cash equivalents		31,808,380	29,049,324	31,763,027	29,025,407
		31,901,994	32,033,680	31,949,217	32,129,308
Creditors: Amounts falling due within one year	12	(2,558,787)	(206,875)	(2,589,326)	(280,310)
Net current assets / liabilities		29,343,207	31,826,805	29,359,891	31,848,998
Total assets less current liabilities		42,757,928	45,322,027	42,774,612	45,344,220
Creditors: amounts falling due after more than one year	13	(8,926,264)	(11,412,138)	(8,926,264)	(11,412,138)
Total net assets		33,831,664	33,909,889	33,848,348	33,932,082
Share Capital					
Reserves					
Unrestricted fund		27,712,545	27,811,363	27,729,229	27,833,556
Designated fund	17	100,443	104,204	100,443	104,204
Endowment fund	18	6,018,676	5,994,322	6,018,676	5,994,322
Total Reserves		33,831,664	33,909,889	33,848,348	33,932,082

The notes on pages 18 to 33 form part of these financial statements.

The financial statements were approved by the Board on 20 February 2018.


Rebecca Begej
Chair


Keith Douglas
Chief Executive

Hyelm Limited
Report and Financial Statements for the year ended 30 September 2017

Statement of Cash Flows for the year ended 30 September 2017

Group

	Note	2017 £	2016 £
Net cash generated from operating activities	19	3,233,150	(2,576,843)
Purchase of tangible fixed assets		(231,626)	(207,904)
Interest received		157,532	263,225
		(74,094)	55,321
Cash flow from financing activities			
Interest paid		(363,649)	(367,518)
Repayment of borrowings		(36,351)	(32,482)
		(400,000)	(400,000)
Net change in cash and cash equivalents		2,759,056	(2,921,522)
Cash and cash equivalents at beginning of year		29,049,324	31,970,846
Cash and cash equivalents at end of year		31,808,380	29,049,324

Hyelm Limited

Notes to the Financial Statements

for the year ended 30 September 2017

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 activity of the company is 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 Groups accounting policies and is satisfied that they are appropriate.

Going concern

After making enquiries, the Board has a reasonable expectation that The Group 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 can 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 residents' 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 any 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

Hyelm 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 2017

The Group 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 Group 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 2017

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

The Group does not provide a defined benefit pension scheme. Employees are, subject to eligibility, automatically enrolled into the NEST pension scheme to which employees contribute 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 Group'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 Group 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 Group'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 2017

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 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 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 Directors 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 Directors, 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 2017

2. Particulars of turnover, operating costs and operating surplus

Group	Turnover £	Operating costs £	2017 Operating surplus £
Letting of residential accommodation	1,056,344	977,596	78,748
Other residential accommodation activities			
Management services	-	8,850	(8,850)
Other income	17,361	-	17,361
	17,361	8,850	8,511
Non-residential accommodation activities	100,066	58,033	42,033
	1,173,771	1,044,479	129,292

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

Hyelm Limited
Notes to the Financial Statements
for the year ended 30 September 2017

Association	Turnover £	Operating costs £	2017 Operating surplus £
Letting of residential accommodation	1,056,344	977,596	78,748
Other residential accommodation activities			
Management services	-	8,850	(8,850)
Other income	17,361	-	17,361
	17,361	8,850	8,511
Non-residential accommodation activities	68,295	31,771	36,524
	1,142,000	1,018,217	123,783

Association	Turnover £	Operating costs £	2016 Operating surplus £
Letting of residential accommodation	1,032,552	930,312	102,240
Other residential accommodation activities			
Management Services	-	60,747	(60,747)
Other income	12,783	-	12,783
	12,783	60,747	(47,964)
Non-residential accommodation activities	72,637	15,821	56,816
	1,117,972	1,006,880	111,092

Hyelm Limited
Notes to the Financial Statements
for the year ended 30 September 2017

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

			2017
Group and Association	Private Rented £	Intermediate Rent £	Total £
Rent receivable net of identifiable service charges	476,410	369,338	845,748
Service Charge income	61,443	89,153	150,596
Other revenue grants - SHG released	-	60,000	60,000
Turnover from the letting of residential accommodation	537,853	518,491	1,056,344
Management	142,087	206,166	348,253
Service charge costs	59,797	86,764	146,561
Other service costs	70,769	102,688	173,457
Routine maintenance	6,823	9,900	16,723
Planned maintenance	14,673	21,290	35,963
Depreciation on housing properties	104,709	151,930	256,639
Loss on disposal of fixed assets	-	-	-
Operating costs on residential lettings	398,858	578,738	977,596
Operating surplus / (loss) on residential lettings	138,995	(60,247)	78,748
Void Losses	1,922	2,788	4,710
			2016
Group and Association	Private Rented £	Intermediate Rent £	Total £
Rent receivable net of identifiable service charges	460,179	356,755	816,934
Service Charge income	63,492	92,126	155,618
Other revenue grants - SHG released	-	60,000	60,000
Turnover from the letting of residential accommodation	523,671	508,881	1,032,552
Management	143,663	208,453	352,116
Service charge costs	56,389	81,820	138,209
Other service costs	52,922	76,787	129,709
Routine maintenance	6,389	9,271	15,660
Planned maintenance	18,665	27,083	45,748
Depreciation on housing properties	100,700	146,113	246,813
Loss on disposal of fixed assets	839	1,218	2,057
Operating costs on residential lettings	379,567	550,745	930,312
Operating surplus / (loss) on residential lettings	144,104	(41,864)	102,240
Void Losses	3,265	4,738	8,003

Housing accommodation 125 bed spaces (2016: 125 bed spaces)

Hyelm Limited

Notes to the Financial Statements for the year ended 30 September 2017

3. Operating Surplus

	Group		Association	
	2017 £	2016 £	2017 £	2016 £
Operating surplus for the year is after charging:				
Depreciation on housing properties	256,639	246,813	256,639	246,813
Depreciation on tangible, owned fixed assets	55,489	56,705	55,489	56,705
	312,128	303,518	312,128	303,518
Loss on disposal of tangible fixed assets	-	2,057	-	2,057
Auditor's remuneration (excluding VAT)				
- Fees payable for the audit of the financial statements	10,950	10,950	10,950	10,950
- Fees payable for the audit of the accounts of subsidiaries	1,800	1,800	-	-
Total audit Services	12,750	12,750	10,950	10,950
- Tax compliance services	1,500	750	-	-
Total non-audit services	1,500	750	-	-

4. Interest receivable and other income – Group and Association

	2017 £	2016 £
Interest receivable and similar income	163,355	268,937
Less: Notional RCGF interest	(5,848)	(10,737)
Donations	25	5,025
	157,532	263,225

5. Interest and financing costs – Group and Association

	2017 £	2016 £
Loans and bank overdrafts	363,649	367,518
Amortisation of loan issue costs	1,400	1,400
	365,049	368,918

Hyelm Limited

Notes to the Financial Statements for the year ended 30 September 2017

6. Employees – Group and Association

	2017 Number	2017 FTE	2016 Number	2016 FTE's
The average monthly number of employees (including the Chief Executive) and expressed as full-time equivalents based on a 36 hour week.	6.7	7.0	7.0	6.6
Administration	4.0	3.6	4.0	3.6
Development	-	-	-	-
Housing	2.7	3.0	3.0	3.0
	6.7	6.6	7.0	6.6

Hyelm

Employee Costs:	£	£
Wages and salaries	214,654	225,231
Social security costs	21,020	22,121
Other pension costs	16,284	13,781
	251,958	261,133

The Group

Employee Costs:	£	£
Wages and salaries	236,615	238,817
Social security costs	23,218	22,121
Other pension costs	18,232	13,781
	278,065	274,719

7. Board members and executive directors – Group and Association

	2017 £	2016 £
Emoluments of the Company's Chief Executive, Director of Finance & Director of Operations including pension contributions.	175,858	168,133
Emoluments of the Chief Executive, who was the highest paid "Director", excluding pension contributions.	62,000	60,907
Contributions to the Chief Executive's personal pension plan.	6,200	6,629

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 4 (2016: 4) members of the Board amounted to £3,353 (2016: £4,537).

Hyelm Limited
Notes to the Financial Statements
for the year ended 30 September 2017

8. Fixed Assets – housing properties – Group and Association

	Housing properties held for letting £	Housing properties for letting under construction £	Total housing properties £
Cost			
At 1 October 2016	15,236,031	195,350	15,431,381
Work in progress	-	150,525	150,525
Works to existing properties	77,666	-	77,666
At 30 September 2017	<u>15,313,697</u>	<u>345,875</u>	<u>15,659,572</u>
Depreciation			
At 1 October 2016	2,028,534	-	2,028,534
Depreciation charged during year	256,639	-	256,639
At 30 September 2017	<u>2,285,173</u>	<u>-</u>	<u>2,285,173</u>
Net book value			
At 30 September 2017	<u>13,028,524</u>	<u>345,875</u>	<u>13,374,399</u>
At 30 September 2016	<u>13,207,497</u>	<u>195,350</u>	<u>13,402,847</u>
Expenditure on works to existing properties	2017	2016	
	£	£	
Improvement works capitalised	77,666	59,465	
	<u>77,666</u>	<u>59,465</u>	
Social housing assistance	2017	2016	
	£	£	
Total accumulated social housing grant received or receivable at 30 September:			
Capital Grant	3,000,000	3,000,000	
	<u>3,000,000</u>	<u>3,000,000</u>	
Housing properties book value net of depreciation	2017	2016	
	£	£	
Freehold land and buildings	<u>13,374,399</u>	<u>13,402,847</u>	

Hyelm Limited

Notes to the Financial Statements for the year ended 30 September 2017

9. Tangible fixed assets – other – Group and Association

	Accommodation furniture & equipment £	Computer equipment £	Total £
Cost at 1 October 2016	558,066	9,564	567,630
Additions	-	3,435	3,435
Cost at 30 September 2017	558,066	12,999	571,065
Depreciation at 1 October 2016	471,565	3,690	475,255
Charged during year	47,789	7,699	55,488
Depreciation at 30 September 2017	519,354	11,389	530,743
Net book value: At 30 September 2017	38,712	1,610	40,322
At 1 October 2016	86,501	5,874	92,375

10. Investments

	Group 2017 £	2016 £	Association 2017 £	2016 £
Investment in subsidiary	-	-	100,000	100,000
	-	-	100,000	100,000

Arthur West House Limited is a wholly owned subsidiary of Hyelm Limited. At the 30 September 2017 Hyelm held 100,000 ordinary shares of £1 each (2016: £100,000).

11. Debtors

	Group 2017 £	2016 £	Association 2017 £	2016 £
Due within one year				
Rent and service charge receivable	14,473	8,911	14,473	8,911
Provision for bad and doubtful debts	(14,473)	(8,165)	(14,473)	(8,165)
	-	746	-	746
Other debtors	7,574	2,885,726	150	2,883,986
Prepayments	32,911	72,186	32,911	72,186
Accrued income	53,128	25,698	53,128	46,983
	93,613	2,983,610	86,189	3,003,155
Total debtors	93,613	2,984,356	86,189	3,003,901

Other debtors at the 30 September 2016 included the sum of £2,878,663 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 during 2016-17.

Hyelm Limited
Notes to the Financial Statements
for the year ended 30 September 2017

12. Creditors: amounts falling due within one year

	Group		Association	
	2017	2016	2017	2016
	£	£	£	£
Recycled capital grant fund (note 15)	2,345,081	-	2,345,081	-
Debt	89,441	36,351	89,441	36,351
Loan issue costs	(1,400)	-	(1,400)	-
Trade creditors	29,960	14,356	28,160	12,196
Rent and service charges paid in advance	593	-	593	-
Due to subsidiary (note 23)	-	-	32,339	-
Deferred capital grant (note 14)	60,000	60,000	60,000	60,000
Corporation tax	-	-	-	-
Other taxation and social security	9,555	3,638	9,555	3,638
Other creditors	4,454	4,576	4,454	4,576
Accruals and deferred income	21,103	87,954	21,103	163,549
	2,558,787	206,875	2,589,326	280,310

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

	2017	Restated 2016
	£	£
Debt (note 16)	6,517,656	6,607,097
Loan issue costs	(23,858)	(26,658)
Recycled capital grant fund (note 15)	-	2,339,233
Deferred capital grant (note 14)	2,432,466	2,492,466
	8,926,264	11,412,138

14. Deferred capital grant – Group and Association

	2017	2016
	£	£
At 1 October	2,552,466	2,612,466
Released to income in year	(60,000)	(60,000)
At 30 September	2,492,466	2,552,466

	2017	2016
	£	£
Amounts to be released within one year	60,000	60,000
Amounts to be released in more than one year	2,432,466	2,492,466
	2,492,466	2,552,466

The deferred capital grant relates to the New North Road property and may be repayable should the property be sold.

Hyelm Limited

Notes to the Financial Statements for the year ended 30 September 2017

15. Recycled capital grant fund – Group and Association

	2017 £	Restated 2016 £
At 1 October 2016	2,339,233	2,328,496
Interest accrued	5,848	10,737
	<u>2,345,081</u>	<u>2,339,233</u>
Repayment of grant	-	-
At 30 September 2017	<u>2,345,081</u>	<u>2,339,233</u>
Grant due for repayment	<u>2,345,081</u>	<u>2,339,233</u>

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

16. Debt analysis – Group and Association

	2017 £	2016 £
Due within one year		
Bank loans	89,441	36,351
	<u>89,441</u>	<u>36,351</u>
Due after more than one year		
Bank loans	6,517,656	6,607,097
Less: issue costs	(23,858)	(26,658)
	<u>6,493,798</u>	<u>6,580,439</u>

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:

	2017 £	2016 £
Within one year or on demand	89,441	36,351
One year or more but less than two years	91,466	89,441
Two years or more but less than five years	404,438	293,109
Five years or more	6,021,752	6,224,547
	<u>6,607,097</u>	<u>6,643,448</u>

Hyelm Limited

Notes to the Financial Statements for the year ended 30 September 2017

17. 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 2015	105,432
Transfers in year	(1,228)
Balance at 30 September 2016	104,204
Transfers in year	(3,761)
Balance at 30 September 2017	100,443

18. Endowment fund – Group and Association

The endowment fund held by The Group is 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 2015	5,928,630
Surplus for the year	65,692
Balance at 30 September 2016	5,994,322
Surplus for the year	24,354
Balance at 30 September 2017	6,018,676

19. Consolidated cash flow from operating activities

	Year to 30/09/2017 £	Year to 30/09/2016 £
Surplus for the year	129,292	88,899
Adjustments for non-cash items		
Depreciation of tangible fixed assets	312,127	303,518
Decrease in stock	-	1,638
Decrease / (increase) in debtors	2,890,742	(2,905,454)
(Decrease) in creditors	(39,011)	(7,502)
Loss on disposal of tangible fixed assets	-	2,058
Government grants utilised in the year	(60,000)	(60,000)
Net cash generated from operating activities	3,233,150	(2,576,843)

20. 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 2017 (2016: £NIL).

Hyelm Limited

Notes to the Financial Statements for the year ended 30 September 2017

21. 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.

22. Legislative provisions

Hyelm is incorporated under the Companies Act.

23. 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 £32,339 excluding VAT (2016: NIL) was due from Hyelm Limited at the end of the financial year in respect of development services provided during the year.

The sum of £149,121 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 (2016: £149,129).

A sum of £14,107 was owed by The Ames House Trust to Hyelm Limited in respect of management services provided (2016: £9,608).

24. Financial instruments

	Group		Association	
	2017	Restated 2016	2017	Restated 2016
	£	£	£	£
Carrying amount of financial assets measured at amortised cost	53,278	2,910,430	53,278	2,931,717
Carrying amount of financial liabilities measured at amortised cost	6,637,356	6,723,661	6,667,895	6,797,096

25. Operating leases

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

	Group		Association	
Operating leases	2017	2016	2017	2016
	£	£	£	£
Not later than one year	129,369	67,563	129,369	67,563
Later than one year and not later than five years	211,221	-	211,221	-
Later than five years	-	-	-	-
	340,590	67,563	340,590	67,563

Residents in Hyelm's properties are enter into assured shorthold tenancy agreements with a minimum length of six months. In addition to the residential accommodation provided, Hyelm has leased office accommodation to a third party for a for a four-year period.

Hyelm Limited

Notes to the Financial Statements for the year ended 30 September 2017

26. Prior year adjustment

We have identified a prior year error with the respect to the previous financial statements for the year ended 30 September 2015. At the time that Arthur West House was sold in October 2014, the amortised grant relating to the property should have been restated to show the gross amount of Social Housing Grant repayable given that there was no intention or approval for the grant to be recycled. As a result, creditors were understated by £1,492,678 and the general reserves were overstated by the same amount. The table below shows the adjustment to group reserves at 1 October 2015 and balance sheet at 30 September 2016.

	As previously stated 2016 £	Prior year adjustment 2016 £	As restated 2016 £
Fixed assets			
Property, plant and equipment	13,402,847	-	13,402,847
Other tangible fixed assets	92,375	-	92,375
	13,495,222	-	13,495,222
Current Assets			
Trade and other debtors	2,984,356	-	2,984,356
Cash and cash equivalents	29,049,324	-	29,049,324
	32,033,680	-	32,033,680
Creditors: Amounts falling due within one year	(206,875)	-	(206,875)
Net current assets / liabilities	31,826,805	-	31,826,805
Total assets less current liabilities	45,322,027	-	45,322,027
Creditors: amounts falling due after more than one year	(9,919,460)	(1,492,678)	(11,412,138)
Total net assets	35,402,567	(1,492,678)	33,909,889
Share Capital			
Reserves			
Unrestricted fund	29,304,041	(1,492,678)	27,811,363
Designated fund	104,204	-	104,204
Endowment fund	5,994,322	-	5,994,322
Total Reserves	35,402,567	(1,492,678)	33,909,889

Similar restatements were also required to the Hyelm charity only reserves and balance sheet on the same dates.