

HYELM

Housing the future of London

(Consolidated Accounts)

(Limited by Guarantee)

**Report and Financial Statements for the Year Ended
30 September 2020**

Hyelm is a company limited by guarantee, registration No. 00244598, and is registered with the Regulator of Social Housing No. HO312. Hyelm is charitable and is registered with the Charity Commission No. 215575.

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Report and Financial Statements for the year ended
30 September 2020

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Members, Senior Staff, Advisors and Bankers

Board

Chair Vanessa James from 25th April 2020
Charlotte Paxton to 24th April 2020

Vice Chair Ruth Goldfeather

Ordinary Members Graham Briscoe
Helen Taylor
Wayne Willis
Joanne Foster
Joel Inbakumar
Rhiannon Meredith
Charlotte Paxton
Keith Douglas to 31st October 2020

Senior Staff

Chief Executive & Company Secretary Keith Douglas to 31st October 2020
Chief Executive Simon Wright from 1st November 2020
Director of Operations Simon Wright to 31st October 2020
Director of Finance Mark Sharman to 30th September 2020
Director of Finance & Company Secretary Martin Grundy from 1st October 2020

Auditors

Moore Kingston Smith LLP
Devonshire House
60 Goswell Road
London
EC1M 7AD

Principal Investment Advisors

Savills
33 Margaret Street
London
W1G 0JD

Principal Bankers

Barclays Bank Allied Irish Bank
28 Hampstead High 10 Berkeley Square
Street
Hampstead London W1J 6AA
London NW3 1QB

Registered Office

43-51 New North
Road
London
N1 6JB

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Report and Financial Statements for the year ended 30 September 2020

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 2018).

Review of the Period

The Board reports a deficit of £730,740 for the year to 30 September 2020 (2019: restated deficit £549,644). The increased deficit is due in part to the Covid pandemic which has resulted in increased expenditure on cleaning and other associated costs and has resulted in decreased interest rates and consequently a reduction in interest received. There has also been an increase in other costs such as professional fees, bad debts, water charges and business rates which have had a negative impact on the financial performance for the year. Costs also continue to be incurred on remediation work to address the fire safety issues identified with the Old Street building. Claims to recover these costs against the building contractor and the warranty provider are on-going.

Despite these challenges an operating surplus of £9,247 was achieved by the Association during the year which was better than budgeted and in overall terms financial performance was in line with the business plan. The reduction in interest received has however resulted in a breach of the EBITDA covenant and discussions are underway with the Allied Irish Bank to determine the consequences of this breach.

Legal Status

The Hyelm Group comprises Hyelm, 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.

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

The consolidated accounts show the financial position of The Group as a whole, and for the Association which includes Hyelm and 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 2018).

Future Plans

In December 2018, the Board adopted a strategic plan – *Making a real difference* – for the period 2019-2022. The strategic plan focuses on three key activities:

- Our development programme,
- Our existing operation
- 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 we continued planning work on the development site in North London acquired in 2018/19. A planning application for accommodation for 156 young people has been approved and construction work is due to start in 2021. It is anticipated that the new accommodation will be completed in Summer 2023.

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.

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Report of the Board

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 and in managing our affairs. 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. We have continued to support residents through the Covid pandemic by offering a range of on-line activities and through helping with the provision of essential supplies, particularly for those having to isolate.

Board

Following a review of Governance arrangements 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.

In accordance with the Articles of Association, the following Board members are required to stand down at the Annual General Meeting:

- Wayne Willis - not eligible for re-appointment as has served full term
- Ruth Goldfeather – eligible for re-appointment

VALUE FOR MONEY STATEMENT 2020

Introduction

The Value for Money Standard 2018

The 2018 Value For Money Standard published in April 2018 requires that Registered Providers must:

- Clearly articulate their strategic objectives.
- Have an approach agreed by their board to achieving value for money in meeting these objectives and demonstrate their delivery of value for money to stakeholders.
- Through their strategic objectives, articulate their strategy for delivering homes that meet a range of needs.
- Ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of their strategic objectives.

The Standard requires that that Registered Providers must demonstrate:

- A robust approach to achieving value for money – this must include a robust approach to decision making and a rigorous appraisal of potential options for improving performance.
- Regular and appropriate consideration by the board of potential value for money gains – this must include full consideration of costs and benefits of alternative commercial, organisational and delivery structures.
- Consideration of value for money across their whole business and where they invest in non-social housing activity, they should consider whether this generates returns commensurate to the risk involved and justification where this is not the case.
- That they have appropriate targets in place for measuring performance in achieving value for money in delivering their strategic objectives, and that they regularly monitor and report their performance against these targets.

It is also a requirement that Registered Providers must annually publish evidence in the statutory accounts to enable stakeholders to understand the provider’s:

- Performance against its own value for money targets and any metrics set out by the Regulator, and how that performance compares to peers.
- Measurable plans to address any areas of underperformance, including clearly stating any areas where improvements would not be appropriate and the rationale for this.

The Hyelm Group is committed to finding ways to provide excellent services whilst at the same time seeking to reduce costs and improve efficiency. To ensure that we can measure efficiency gains and to

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provide meaningful comparisons with other organisations providing similar services, the Board has adopted the 2018 Value for Money Standard for Registered Providers of Social Housing.

How We Deliver Value For Money

Although The Hyelm Group does not provide social housing – the Old Street development provides a mix of accommodation for intermediate rent and private rented accommodation for young people on low incomes - the Value For Money standard provides a framework for measuring performance in a consistent manner.

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, and measures performance using the metrics included within the 2018 Value for Money Standard.

Value For Money is embedded within our business in the following ways:

Governance

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

The Board discusses our Value For Money 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 effective use is made of our resources each year to strengthen our capacity to develop new homes and enhance our services.

Procurement

We continuously seek to obtain Value For Money 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 2019-2022 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 other organisations that provide similar services within the social housing sector and not for profit housing sectors.

Comparative analysis is based on information provided by HouseMark, the BM320 benchmarking group of smaller housing associations in London, Homes England (such as the 2019 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 2019-22.

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Following the sale of Arthur West House in 2014 the Resident Panel become less engaged. During 2019/20 we have worked with residents at our Old Street scheme with the aim of engaging them in 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. Salary and benefits packages are reviewed every three years. The review includes a benchmarking exercise to ensure that the salaries and benefits that staff receive are comparable with our peer group. The last review was completed in 2020.

In 2020 as part of our 2019-2022 strategy we reviewed our staffing structure to ensure that the right number of appropriately skilled staff will be in place to manage a growing organisation. The structure will be further reviewed in anticipation of our new housing development opening in 2023.

Our Strategic Plan

The Strategic Plan for 2019-2022 focuses on three key activities:

1. Our development programme

Part funded by the sale proceeds of our Hampstead property, we will further develop and expand our accommodation, services and facilities to help meet increasing demand and changing needs.

More specifically, we will

- Develop and provide high standards of affordable rented accommodation, facilities and services for a further 156 young people on a site that we acquired during 2018 in the vibrant and emerging regeneration area of Colindale, North London.
- Research, adopt and begin to implement strategies for future growth and for the development of additional accommodation during and beyond the delivery of our Colindale scheme.

2. Our existing operation

Throughout the delivery of our development programme we will continue to manage our existing operation in an efficient and effective manner.

More specifically we will

- continue to provide high standards of contemporary affordable rented accommodation facilities and services at our Old Street scheme that reflect the needs and expectation of those whom we set out to house.
- Continue to be a financially sound organisation with efficient systems providing effective controls that reflect our requirements. Maximising value will continue to underpin our work.
- Use new technologies, IT and modern methods of communication to the optimum and cost-effective extent in our operation and in the delivery of our offer in a way that best meets the needs of young people.
- Secure suitable funding as needed to fund our strategic objectives.
- Offer a great place to work, attracting and retaining the most talented staff and Board members.

3. Our communities and people

We will promote positive stable safe environments in 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.

More specifically we will:

- Involve our residents closely in drawing up our plans and managing our affairs
- Work with local community groups, training providers and employers to provide opportunities to enable young people to grow through further personal training and development
- Develop strong and productive partnerships with a range of key strategic partners to ensure that we help those who are in greatest need.

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Report of the Board

- Deliver a programme of social and learning events and community development activities, making best use of our communal facilities as well as those within the local areas in which we operate, engaging our residents with the wider community.
- Work with each young person during their stay to help them move on when they are ready.
- Actively encourage our residents to contribute to our communities and our organisation in a positive way once they have left our accommodation.

During the year we have made substantial progress in achieving the objectives set out in our Strategic plan.

Progress against the objectives within the Strategic Plan

Our development programme

Regarding our **development programme**, 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 2019-22 strategy adopted by the Board.

The property, sold on the 10th October 2014, 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.

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.

In September 2018, we purchased a development site in north London for the provision of 156 bed spaces – good progress towards our target of 250 bed spaces. The development will be funded from a combination of: Hyelm's cash resources; the funds from the sale of a number of affordable homes for rent or for shared ownerships to another Registered Provider; and loan finance.

We have agreed a fixed price contract for the delivery of the scheme with Arthur West House Limited, a wholly owned subsidiary, which will minimise the risk of overspend and which will be VAT efficient through an HMRC approved scheme allowing for the recovery of VAT estimated to be approximately £270,000.

By making use of an existing procurement framework we have been able to procure professional services without a lengthy and expensive EU procurement exercise.

Planning approval for the development was granted on the 4 November 2019. The build contract is expected to commence early in 2021 with practical completion being achieved in Spring 2023.

Our ongoing operations

Our Old Street scheme is now twelve years old. It was built to comply with, the then, Eco Homes standards and achieved a Very Good rating in this regard.

During the course of the financial years 2020/21 and 2021/22, we will be carrying out major works at our Old Street scheme to remedy fire safety issues that were identified following investigations carried out following the Grenfell tragedy in June 2017. In addition to fire safety issues, a number of additional defects were identified dating back to the construction of the building, and these defects will be remedied concurrently with the fire safety issues. We are seeking to recover the costs associated with the works, together with any loss of rent income, from our insurers and the original contractor.

To ensure best value for money, competitive tenders were sought, and value tested. The works will be undertaken over a two-year period to minimise disruption to our residents and the loss of rent income.

Following the completion of the remedial works 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.

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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 2020 the following goods and services were tendered:

- Gas and electricity supplies;
- IT support;
- Insurance cover;
- Resident satisfaction surveys; and
- Launderette facilities.

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

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. The remaining 51 bed spaces are provided for non-priority group workers. The Hyelm Group endeavours to provide rented accommodation to tenants which provides value for money when compared with rent charged for comparable properties. To ensure that the rent represents good value for money, 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 included within the London Living Wage calculation is based on the first quartile of rents for accommodation, which for single people includes rooms, 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 for all residents at an affordable level.

Over the last four years we have been examining ways of maximising the 'return' from this the Old Street property 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 was obtained to create further office space on the ground floor of the Old Street property which has created commercial office accommodation. As part of the development we have also been able provide a more friendly and relaxing communal space for our residents.

The efficient management of staff and improved systems has enabled us to manage the commercial space with no addition staff requirements.

The supply of electricity, gas and insurances are retendered annually to ensure best value is obtained, for both Hyelm and our residents . Savings generated as a result of our VFM approach are passed on to our residents through lower service charges.

The Government is currently consulting on the Future Homes Standard. Implementation of the Standard will be designed to improve energy efficiency within buildings to help to reduce energy consumption and therefore provide VFM for our residents by reducing their energy service charges costs. Once it comes into force we will produce and action plan to achieve compliance with the new regulation as well as look into ways in which we can incorporate wider environmental and sustainability initiatives.

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Report of the Board

Our communities and people

As part of our strategy in relation to **Our communities and people** the revisions to our staffing structure and job profiles has enabled us to:

- Deliver business as usual;
- Provide support for our two major projects (Development in Colindale and Fire Defect work);
- Effectively manage organisational risks;
- Manage building safety in line with Hackett review recommendations.

The revised staffing structure will also deliver annual savings of over £8,000.

The table below shows resident satisfaction with the services provided during the financial year 2019/20 and the preceding two years.

Resident Satisfaction	Benchmark: Peer group upper quartile	Benchmark: London group upper quartile	Benchmark: HouseMark upper quartile	Hyelm		
				2017/18	2018/19	2019/20
% of residents satisfied or very satisfied with our services	93%	89%	86%	90%	93%	70%
% of residents satisfied or very satisfied with repairs and maintenance	90%	88%	81%	90%	95%	46%
% of residents satisfied or very satisfied on Value For Money for rent	91%	90%	88%	93%	90%	54%

Resident satisfaction has dropped significantly during the year. The main reason for this is the current fire defect safety work that is being completed around the building. It has caused some disruption and noise nuisance to residents, a number of whom are spending more time at home due to the Covid-19 outbreak. The impact of the pandemic has also delayed a number of non-critical maintenance and refurbishment projects including the replacement of the intercom system.

We expect satisfaction in our maintenance and refurbishment programme to return to normal satisfaction levels by the summer as the impact of Covid-19 eases but we do expect overall satisfaction due to the impact of the fire defect safety work to be impacted until the completion of the work in 2 years. Over this period we will work with residents to try and address any individual concerns.

The need to carry out remedial works to the Old Street scheme has resulted in a number of apartments being closed to undertake the necessary works. There have been challenges in re-letting apartments due to the Covid pandemic. However, we quickly moved to a virtual viewing system and occupancy of those apartments available to rent therefore remains high. Arrears are managed proactively with residents to ensure minimal losses occur. Demand for the accommodation available remains high with short re-let times.

Other Measures	Benchmark: Peer group upper quartile	HYELM 2017/17	HYELM 2018/19	HYELM 2019/20
% of repairs fixed on first visit	94.0%	95%	72%	86%
Average re-let time (days)	17.8	5.4	10.5	42.9
Current rent arrears	2.8%	0.2%	0.0%	1.7%
% of void losses	0.41%	1.18%	4.30%	9.85%

We have taken comfort from historically low levels of void loss and arrears, which compare very favourably with those within the sector. The increase in voids during 2019/20 is a result of the need to provide vacant accommodation for contractors to carry out the fire safety works referred to above and the impact of the Covid pandemic on occupancy levels.

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Finance

The accounts for the year ending 30 September 2020 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.

Following the sale of Arthur West House in October 2018, 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.

Following the 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.

Reporting against the 2018 Value for Money Standard

The Hyelm Group has adopted the reporting requirements of the 2018 Value for Money Standard.

Metric 1 – Reinvestment

	2016/17 (restated)	2017/18 (restated)	2018/19 actual	2019/20 actual
Reinvestment %	1.46%	41.48%	3.48%	0.9%

Following the sale of the Hampstead property, Hyelm has only the Old Street scheme in operation. The significant increase in investment in 2017/18 relates to the purchase of the Colindale site as part of our development programme. Delays in gaining planning approval for the scheme resulted in delays to the building programme, thus investment was less than planned for 2018/19 and 2019/20. Now that planning approval has been granted the scheme can now proceed and we will see greater investment in the site in future years.

Metric 2 – Supply

Unlike many large Registered Providers, Hyelm does not have an annual development programme. Our investment in property relates to a specific scheme and therefore the supply metric is not a relevant measure of performance.

Metric 3 – Gearing

	2017/18 actual	2018/19 actual	2019/20 actual
Gearing	-53.06%	-48.22%	-46.54%

Hyelm currently has one loan from Allied Irish Bank. Our investment in the new development in Colindale is funded mainly by Hyelm's cash reserves, thus as the value of housing properties increase as the development progresses gearing will decrease. On completion of our new development Hyelm will have additional capacity for borrowing to support the development of additional accommodation and complete our strategic objective of providing further accommodation.

Metric 4 – Earnings before Interest Tax Depreciation and Amortisation – Major Repairs Included

The EBITDA MRI (Earnings before Interest Tax Depreciation and Amortisation – Major Repairs Included) interest cover measure is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a registered provider generates against interest payments (the measure avoids any distortions stemming from the depreciation charge). The need to provide vacant accommodation for the fire safety and remedial works, has led to a reduction in rent income, which coupled with higher management cost and the impact of the Covid pandemic has led to a decrease in the interest cover compared to previous years. Rent income will remain low during the two-year programme of works relating to fire safety, management costs but interest cover will increase when these works are completed and the Colindale project is completed.

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	2016/17	2017/18	2018/19 actual	2019/20 actual
EBITDA MRI	134.87%	139.54%	130.88%	112.48%

EBITDA to Debt Service Cost

Our facility agreement with AIB requires Hyelm to achieve a ratio of EBITDA to Debt Service Costs of a minimum of 1:1. The ratio measures our ability to fund the repayment of capital and interest payable on the outstanding loan from current income generated by Hyelm.

During the years to 30 September 2020 this ratio has not been achieved as shown in the table below. As with EBITDA MRI above, reduced rent income and the impact of the Covid pandemic in 2019/20 led to reduction in interest cover reducing the indicator marginally below the level required by the facility agreement. The ratio will remain below the required level in 2020/21 and we are in discussion with AIB to determine what action is needed as of consequence of this breach.

	2016/17	2017/18	2018/19 actual	2019/20 actual
EBITDA - AIB	1:1.59	1:1.61	1:1.56	1:0.96

Metric 5 – Headline residential housing cost per unit

The unit cost metric assesses the headline social housing cost per unit as defined by the Regulator. Although The Group is not a provider of social housing, the social housing cost per unit is the benchmark against which Hyelm chooses to measure performance.

	2016/17 (restated)	2017/18 (restated)	2018/19 actual	2019/20 actual
Costs overall	£5,768	£5,966	6,824	7,271
per week	£110.53	£114.33	£130.77	£139.44

The increase in cost from 2018/19 to 2019/20 reflects the increased expenditure associated with the Covid pandemic

Metric 6 – Operating Margin

The Operating Margin demonstrates the profitability of operating assets before exceptional expenses are taken into account. Increasing margins are one way to improve the financial efficiency of a business. The table below shows the operating margin for Hyelm as a whole. In addition to increased costs during the year in relation to the Covid pandemic, the preparatory works for the new development at Colindale have had an impact on the operating margin for the year.

	2016/17	2017/18	2018/19 actual	2019/20 actual
Operating Margin				
Overall	10.84%	16.28%	9.01%	-0.69%

Metric 7 – Return on Capital Employed (ROCE)

This metric compares operating surplus to total assets less current liabilities and is a measure assess the efficient investment of capital resources. The results show that historically Hyelm has improved the return on capital, but the impact of higher costs and reduced rent in 2019/20 has seen the rate of return continue to fall.

	2016/17	2017/18	2018/19 actual	2019/20 actual
ROCE	0.29%	0.49%	0.30%	-0.02%

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Value For Money for 2020/21

Hyelm is in a period of transition and the Value for Money metrics will reflect this until the new development at Colindale and the fire safety works at the Old Street building are completed. During this period the Value for money metrics will be measured against budgets and business plans and future reports will reflect this approach. When the Colindale development is complete and the remedial works at Old Street are finished, it is our aim to be in the top quartile for both financial and operational performance, and to see our performance improve each year.

We will be undertaking further work over the next year to support our aim of improving value for money for our existing residents by:

- Re-tender for the supply of electricity, gas, insurances and our cleaning contract.
- 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.
- Implement a new housing management system.

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. This cover is being discontinued from 31 March 2021 and alternative cover arrangements are being established.

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 2019 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.

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- 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. 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 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019. 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.

Statement of Compliance

The directors have undertaken an assessment of compliance with the governance and financial viability standard as required by the Accounting Direction 2019. The directors can confirm that no evidence of no-compliance has been identified since the last report. In preparing the strategic report the directors have followed the principles set out in the Statement of Recommended Practice for Registered Social Landlords (SORP 2018).

Hyelm

Report and Financial Statements for the year ended 30 September 2020

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:

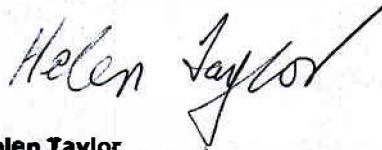
- So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- Each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors 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 23 March 2021 and signed on its behalf by:



Vanessa James
Chair



Helen Taylor
Vice Chair

Hyelm

Report and Financial Statements for the year ended 30 September 2020

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

Opinion

We have audited the financial statements of Hyelm (the 'company') for the year ended 30 September 2020 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 2020 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 2019; 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 enough and appropriate to provide a basis for our opinion.

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:

Hyelm

Report and Financial Statements for the year ended 30 September 2020

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

- 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
- the trustees' annual report has 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 13, 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

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Report and Financial Statements for the year ended 30 September 2020

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

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.

- 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.

Use of our report

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.



Luke Holt (Senior Statutory Auditor)

for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

31 March 2021

Devonshire House
60 Goswell Road
London
EC1M 7AD

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

Hyelm

Report and Financial Statements for the year ended 30 September 2020

Statement of Comprehensive Income for the year ended 30 September 2020

	Note	Group		Association	
		2020	2019	2020	2019
		£	Restated £	£	Restated £
Turnover	2	1,422,173	1,427,980	1,441,173	1,395,333
Operating expenditure	2	(1,431,926)	(1,285,328)	(1,431,926)	(1,254,192)
Other income		-	-	-	-
Operating surplus / (deficit)	3	(9,753)	142,652	9,247	141,141
Loss relating to Fire Safety works	10	(453,290)	(456,908)	(453,290)	(456,908)
Interest receivable	4	95,426	124,546	95,426	124,546
Interest and financing costs	5	(363,123)	(359,934)	(363,123)	(359,934)
Movement in fair value of financial instruments		-	-	-	-
Surplus / (deficit) before and after tax		<u>(730,740)</u>	<u>(549,644)</u>	<u>(711,740)</u>	<u>(551,155)</u>

The notes on pages 21 to 35 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 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019. 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 23 March 2021.

Vanessa James
Chair



Helen Taylor
Vice Chair



Hyelm

Report and Financial Statements for the year ended 30 September 2020

Statement of Changes in Reserves for the year ended 30 September 2020

Group	General Reserve Restated £	Designated Reserves £	Endowment Fund £	Total Restated £
Balance at 1 October 2018	27,463,288	97,937	6,048,160	33,609,385
Surplus / (Deficit) for the year	(583,405)	-	33,761	(549,644)
Transfer to designated reserves	-	-	-	-
Balance at 30 September 2019	26,879,883	97,937	6,081,921	33,059,741
Surplus / (Deficit) for the year	(749,590)	-	18,850	(730,740)
Transfer from designated reserves	-	-	-	-
Reversal of Gift Aid from AWH Ltd	-	-	-	-
Balance at 30 September 2020	26,130,293	97,937	6,100,771	32,329,001

Association

	General Reserve Restated £	Designated Reserves £	Endowment Fund £	Total Restated £
Balance at 1 October 2018	27,464,799	97,937	6,048,160	33,610,896
Surplus / (Deficit) for the year	(584,916)	-	33,761	(551,155)
Transfer to designated reserves	-	-	-	-
Balance at 30 September 2019	26,879,883	97,937	6,081,921	33,059,741
Surplus / (Deficit) for the year	(730,590)	-	18,850	(711,740)
Transfer from designated reserves	-	-	-	-
Balance at 30 September 2020	26,149,293	97,937	6,100,771	32,348,001

Hyelm
Report and Financial Statements for the year ended 30 September 2020

Statement of Financial Position as at 30 September 2020
Company No: 00244598

	Note	Group		Association	
		2020 £	Restated 2019 £	2020 £	Restated 2019 £
Fixed assets					
Property, plant and equipment	8	24,237,287	24,331,062	24,256,808	24,345,227
Other tangible fixed assets	9	87,566	117,377	87,566	117,377
		24,324,853	24,448,439	24,344,374	24,462,604
Current Assets					
Investments	11	-	-	100,000	100,000
Debtors	12	108,265	206,564	145,141	192,080
Cash and cash equivalents		19,147,027	19,796,939	19,034,212	19,698,127
		19,255,292	20,003,503	19,279,353	19,990,207
Creditors: Amounts falling due within one year	13	(8,998,678)	(2,772,189)	(9,023,260)	(2,773,058)
Net current assets / liabilities		10,256,614	17,231,314	10,256,093	17,217,149
Total assets less current liabilities		34,581,467	41,679,753	34,600,467	41,679,753
Creditors: amounts falling due after more than one year	14	(2,252,466)	(8,620,012)	(2,252,466)	(8,620,012)
Total net assets		32,329,001	33,059,741	32,348,001	33,059,741
Share Capital					
Reserves					
Unrestricted fund		26,130,293	26,879,883	26,149,293	26,879,883
Designated fund	18	97,937	97,937	97,937	97,937
Endowment fund	19	6,100,771	6,081,921	6,100,771	6,081,921
Total Reserves		32,329,001	33,059,741	32,348,001	33,059,741

The notes on pages 21 to 37 form part of these financial statements.


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 financial statements were approved by the Board on 23 March 2021.

Vanessa James
Chair



Helen Taylor
Vice Chair



Hyelm
Report and Financial Statements for the year ended 30 September 2020

Statement of Cash Flows for the year ended 30 September 2020

Group	Note	2020	2019
		£	Restated £
Net cash generated from operating activities	20	440,434	417,367
Purchase of tangible fixed assets		(271,773)	(555,204)
Costs of fire safety work		(453,290)	(456,908)
Interest received		95,426	124,546
		(629,637)	(887,566)
Cash flow from financing activities			
Interest paid		(363,123)	(358,534)
Repayment of borrowings		(97,586)	(91,466)
		(460,709)	(450,000)
Net change in cash and cash equivalents		(649,912)	(920,199)
Cash and cash equivalents at beginning of year		19,796,939	20,717,138
Cash and cash equivalents at end of year		19,147,027	19,796,939

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Notes to the Financial Statements for the year ended 30 September 2020

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 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

The charitable company is a public benefit entity for the purposes of FRS 102.

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 Group's 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 COVID-19 pandemic has had an impact on rent receipts, arrears and bad debt levels as well as increased costs on cleaning and other associated costs. At the year end the company breached the EBITDA covenant on its bank loan and is in discussion with its bankers to discuss the implications of this breach. The Board has considered detailed forecasts under various scenarios, including the repayment of the bank loan. These demonstrate that due to the substantial cash balances held by the company, it is able to settle its debts as they fall due for at least 12 months from the approval of the financial statements. Accordingly the financial statements continue to be prepared on the going concern basis.

Turnover and revenue recognition

Turnover comprises rental income from residents' receivable in the year and income from the provision of sporting, recreational or social facilities.

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.

Hyelm

Notes to the Financial Statements for the year ended 30 September 2020

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.

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% - 33%

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, or to depreciated replacement cost. Any such write down is charged to the 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.

Hyelm

Notes to the Financial Statements for the year ended 30 September 2020

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.

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.

Hyelm

Notes to the Financial Statements for the year ended 30 September 2020

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 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 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 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 preparing these financial statements judgements have been made in respect of the recoverability of the amounts expended on fire safety works as explained in Note 26 and the accounting treatment of these works which are not considered enhance the carrying value of the Od Street property and have therefore been written off in the Statement of Comprehensive Income.

Hyelm

Notes to the Financial Statements for the year ended 30 September 2020

2. Particulars of turnover, operating costs and operating surplus

Group	The Group 2020			Group 2019		
	Turnover	Operating costs	Operating deficit	Restated Turnover	Operating costs	Operating deficit
	£	£	£	£	£	£
Letting of residential accommodation	<u>1,074,133</u>	<u>1,269,333</u>	<u>(195,200)</u>	<u>1,101,582</u>	<u>1,207,380</u>	<u>(105,798)</u>
Other residential accommodation activities						
Other income	3,017	-	3,017	5,041	-	5,041
	<u>3,017</u>	<u>-</u>	<u>3,017</u>	<u>5,041</u>	<u>-</u>	<u>5,041</u>
Non-residential accommodation activities	345,023	162,593	182,430	321,357	77,948	243,409
	<u>1,422,173</u>	<u>1,431,926</u>	<u>(9,753)</u>	<u>1,427,980</u>	<u>1,285,328</u>	<u>142,652</u>
	Association 2020			Association 2019		
	Turnover	Operating costs	Operating deficit	Turnover	Operating costs	Operating deficit
	£	£	£	£	£	£
Letting of residential accommodation	<u>1,074,133</u>	<u>1,269,333</u>	<u>(195,200)</u>	<u>1,101,582</u>	<u>1,207,380</u>	<u>(105,798)</u>
Other residential accommodation activities						
Other income	3,017	-	3,017	5,041	-	5,041
	<u>3,017</u>	<u>-</u>	<u>3,017</u>	<u>5,041</u>	<u>-</u>	<u>5,041</u>
Non-residential accommodation activities	364,023	162,593	201,430	288,710	46,812	241,898
	<u>1,441,173</u>	<u>1,431,926</u>	<u>9,247</u>	<u>1,395,333</u>	<u>1,254,192</u>	<u>141,141</u>

Hyelm

Notes to the Financial Statements for the year ended 30 September 2020

2 (ii) Particulars of income and expenditure from the letting of intermediate and sub market rent accommodation

Group and Association			2020	Restated	Restated	2019
	Private Rented	Intermediate Rent	Total	Private Rented	Intermediate Rent	Restated Total
	£	£	£	£	£	£
Rent receivable net of identifiable service charges	358,236	511,330	869,566	373,552	512,272	885,824
Service Charge income	58,983	85,584	144,567	63,549	92,209	155,758
Other revenue grants - SHG released	-	60,000	60,000	-	60,000	60,000
Turnover from the letting of residential accommodation	417,219	656,914	1,074,133	437,101	664,481	1,101,582
Management	191,256	272,990	464,246	191,572	260,542	452,114
Service charge costs	79,758	113,843	193,601	74,076	107,483	181,559
Other service costs	69,130	98,673	167,803	49,223	62,253	111,476
Routine maintenance	16,100	22,980	39,080	15,435	21,168	36,603
Planned maintenance	18,183	25,953	44,136	29,174	40,009	69,183
Major repairs expenditure	-	-	-	-	-	-
Bad debts	-	-	-	-	-	-
Depreciation on housing properties	148,502	211,965	360,467	150,313	206,132	356,445
Impairment of housing properties	-	-	-	-	-	-
Loss on disposal of fixed assets	-	-	-	-	-	-
Other costs	-	-	-	-	-	-
Operating costs on residential lettings	522,929	746,404	1,269,333	509,793	697,587	1,207,380
Operating surplus / (loss) on residential lettings	(105,710)	(89,490)	(195,200)	(72,692)	(33,106)	(105,798)
Void Losses	39,448	57,239	96,687	16,243	23,568	39,811

Housing accommodation 125 bed spaces (2019: 125 bed spaces)

Hyelm

Notes to the Financial Statements for the year ended 30 September 2020

3. Operating Surplus/(Deficit)	Group		Association	
	2020	2019	2020	2019
	£	£	£	£
Operating surplus/(deficit) for the year is after charging:				
Depreciation on housing properties	360,467	356,445	360,467	356,445
Depreciation on tangible, owned fixed assets	30,551	26,492	30,551	26,492
	<u>391,018</u>	<u>382,937</u>	<u>391,018</u>	<u>382,937</u>
Auditor's remuneration (excluding VAT)				
- Fees payable for the audit of the financial statements	10,000	9,695	10,000	9,695
- Fees payable for the audit of the accounts of subsidiaries	4,500	4,250	4,500	-
Total audit Services	<u>14,500</u>	<u>13,945</u>	<u>14,500</u>	<u>9,695</u>
- Tax compliance services	1,560	1,620	810	810
Total non-audit services	<u>1,560</u>	<u>1,620</u>	<u>810</u>	<u>810</u>

4. Interest receivable and other income - Group and Association

	2020	2019
	£	£
Interest receivable and similar income	95,426	142,225
Less: Notional RCGF interest (note 16)	-	(17,679)
	<u>95,426</u>	<u>124,546</u>

5. Interest and financing costs - Group and Association

	2020	2019
	£	£
Loans and bank overdrafts	352,414	358,534
Amortisation of loan issue costs	1,400	1,400
Notional RCGF interest (note 16)	9,309	-
	<u>363,123</u>	<u>359,934</u>

Hyelm

Notes to the Financial Statements for the year ended 30 September 2020

6. Employees – Group and Association

	2020 Number	2020 FTE	2019 Number	2019 FTE's
The average monthly number of employees (including the Chief Executive) and expressed as full-time equivalents based on a 35-hour week.	<u>6.2</u>	<u>5.8</u>	<u>6.2</u>	<u>5.8</u>
Administration	4	3.6	4	3.6
Housing	<u>2.2</u>	<u>2.2</u>	<u>2.7</u>	<u>2.2</u>
	<u>6.2</u>	<u>5.8</u>	<u>6.7</u>	<u>5.8</u>

Hyelm

	2020 £	2019 £
Employee Costs:		
Wages and salaries	129,722	204,853
Social security costs	13,250	21,766
Other pension costs	<u>10,389</u>	<u>15,614</u>
	<u>153,361</u>	<u>242,233</u>

The Group

	2020 £	2019 £
Employee Costs:		
Wages and salaries	241,605	233,541
Social security costs	26,227	24,941
Other pension costs	<u>19,795</u>	<u>18,169</u>
	<u>287,627</u>	<u>276,651</u>

7. Board members and executive directors – Group and Association

	2020 £	2019 £
Emoluments of the Company's Chief Executive, Director of Finance & Director of Operations including pension contributions.	<u>196,039</u>	<u>183,393</u>
Emoluments of the Chief Executive, who was the highest paid "Director", excluding pension contributions.	<u>68,000</u>	<u>64,503</u>
Contributions to the Chief Executive's personal pension plan.	<u>6,800</u>	<u>6,450</u>

No members of staff were paid more than £60,000 in the current or previous year 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 £3,131 (2019: £2,641).

Hyelm

Notes to the Financial Statements for the year ended 30 September 2020

8. Fixed Assets – housing properties – Group

	Housing properties held for letting Restated £	Housing properties for letting under construction Restated £	Total housing properties £
Cost			
At 1 October 2019	16,050,363	11,205,691	27,256,054
Work in progress	-	239,459	239,459
Works to existing properties	27,233	-	27,233
At 30 September 2020	<u>16,077,596</u>	<u>11,445,150</u>	<u>27,522,746</u>
Depreciation			
At 1 October 2019	2,924,992	-	2,924,992
Depreciation charged during year	360,467	-	360,467
At 30 September 2020	<u>3,285,459</u>	<u>-</u>	<u>3,285,459</u>
Net book value			
At 30 September 2020	<u>12,792,137</u>	<u>11,445,150</u>	<u>24,237,287</u>
At 30 September 2019	<u>13,125,371</u>	<u>11,205,691</u>	<u>24,331,062</u>

Fixed assets - housing properties - The Association

	Housing properties held for letting £	Housing properties for letting under construction £	Total housing properties £
Cost			
At 1 October 2019	16,050,363	11,219,856	27,270,219
	-	244,815	244,815
	27,233	-	27,233
At 30 September 2020	<u>16,077,596</u>	<u>11,464,671</u>	<u>27,542,267</u>
Depreciation and Impairment			
At 1 October 2019	2,924,992	-	2,924,992
Depreciation charged during year	360,467	-	360,467
At 30 September 2020	<u>3,285,459</u>	<u>-</u>	<u>3,285,459</u>
Net book value			
At 30 September 2020	<u>12,792,137</u>	<u>11,464,671</u>	<u>24,256,808</u>
At 30 September 2019	<u>13,125,371</u>	<u>11,219,856</u>	<u>24,345,227</u>

Hyelm

Notes to the Financial Statements for the year ended 30 September 2020

8. Fixed Assets – housing properties *continued*

Expenditure on works to existing properties - The Group and Hyelm

	2020	2019
	£	£
Improvement works capitalised	27,233	38,194
Components capitalised	-	-
Amounts charged to income and expenditure	-	-
	<u>27,233</u>	<u>38,194</u>

Social housing assistance - The Group and Hyelm

	2020	2019
	£	£
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

	Group	Association	Group	Association
	2020	2020	2019	2020
	£	£	£	£
Freehold land and buildings	<u>24,237,287</u>	<u>24,256,808</u>	<u>24,345,227</u>	<u>24,345,227</u>

Hyelm

Notes to the Financial Statements for the year ended 30 September 2020

9. Tangible fixed assets - other - The Group and Hyelm

	Furniture & equipment	Computer equipment	Total
	£	£	£
Cost at 1 October 2019	656,759	49,668	706,427
Additions	-	5,081	5,081
Eliminated on disposal	-	(4,341)	(4,341)
Cost at 30 September 2020	<u>656,759</u>	<u>50,408</u>	<u>707,167</u>
Depreciation at 1 October 2019	562,937	26,113	589,050
Charged during year	20,782	10,946	31,728
Eliminated on Disposal	-	(1,177)	(1,177)
Depreciation at 30 September 2020	<u>583,719</u>	<u>35,882</u>	<u>619,601</u>
Net book value:			
At 30 September 2020	<u>73,040</u>	<u>14,526</u>	<u>87,566</u>
At 1 October 2019	<u>93,822</u>	<u>23,555</u>	<u>117,377</u>

10. Costs associated with Fire Safety works

	2020	2019 Restated
	£	£
Work in Progress - abortive costs	453,290	456,908
Loss in respect of Fire Safety Works	<u>453,290</u>	<u>456,908</u>

11. Investments

	Group		Association	
	2020	2019	2020	2019
	£	£	£	£
Investment in subsidiary	-	-	100,000	100,000
	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>

Arthur West House Limited is a wholly owned subsidiary of Hyelm. At the 30 September 2020 Hyelm held 100,000 ordinary shares of £1 each (2019: £100,000).

Hyelm

Notes to the Financial Statements for the year ended 30 September 2020

12. Debtors

	Group		Association	
	2020	2019	2020	2019
	£	£	£	£
Due within one year				
Rent and service charge receivable	35,078	13,002	35,078	13,002
Provision for bad and doubtful debts	(29,532)	(13,002)	(29,532)	(13,002)
	<u>5,546</u>	<u>-</u>	<u>5,546</u>	<u>-</u>
Other debtors	71,878	99,926	71,878	99,926
Prepayments	20,008	11,521	20,008	11,521
VAT due	2,773	14,484	-	-
Accrued income	8,060	80,633	47,709	80,633
Total debtors	<u>108,265</u>	<u>206,564</u>	<u>145,141</u>	<u>192,080</u>

13. Creditors amounts falling due within one year - The Group and Hyelm

	Group		Association	
	2020	2019	2020	2019
	£	£	£	£
Recycled capital grant fund (note 16)	2,384,226	2,374,916	2,384,226	2,374,916
Debt (note 17)	6,328,604	97,586	6,328,604	97,586
Loan issue costs	(21,058)	(1,400)	(21,058)	(1,400)
Trade creditors	57,332	130,728	44,475	71,664
Rent and service charges paid in advance	8,000	8,000	8,000	8,000
Due to subsidiary (note 24)	-	-	37,439	64,620
Deferred capital grant (note 15)	60,000	60,000	60,000	60,000
Other taxation and social security	20,798	13,438	20,798	13,438
Other creditors	6,694	6,102	6,694	6,102
Accruals and deferred income	154,082	82,819	154,082	78,132
	<u>8,998,678</u>	<u>2,772,189</u>	<u>9,023,260</u>	<u>2,773,058</u>

14. Creditors falling due after more than one year - The Group and Hyelm

	2020	2019
	£	£
Debt (note 17)	-	6,328,604
Loan issue costs (note 17)	-	(21,058)
Deferred capital grant (note 15)	2,252,466	2,312,466
	<u>2,252,466</u>	<u>8,620,012</u>

Hyelm

Notes to the Financial Statements for the year ended 30 September 2020

15. Deferred capital grant – Group and Association

	2020	2019
	£	£
At 1 October 2019	2,372,466	2,432,466
Released to income in year	<u>(60,000)</u>	<u>(60,000)</u>
At 30 September 2020	<u>2,312,466</u>	<u>2,372,466</u>

	2020	2019
	£	£
Amounts to be released within one year	60,000	60,000
Amounts to be released in more than one year	<u>2,252,466</u>	<u>2,312,466</u>
	<u>2,312,466</u>	<u>2,372,466</u>

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

16. Recycled capital grant fund – Group and Association

	2020	2019
	£	£
At 1 October 2019	2,374,916	2,357,237
Interest accrued (note 4)	<u>9,309</u>	<u>17,679</u>
	<u>2,384,225</u>	<u>2,374,916</u>
Repayment of grant	-	-
At 30 September 2020	<u>2,384,225</u>	<u>2,374,916</u>

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

Hyelm

Notes to the Financial Statements for the year ended 30 September 2020

17. Debt analysis – Group and Association

	2020	2019
	£	£
Due within one year		
Bank loans	6,328,604	97,586
Less: issue costs	-	-
	<u>6,328,604</u>	<u>97,586</u>
Due after more than one year		
Bank loans	-	6,328,604
Less: issue costs	-	(21,058)
	<u>-</u>	<u>6,307,546</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. As the Association was in breach of its EBITDA banking covenant at the year end the loan has been categorised as payable within one year.

	2020	2019
	£	£
Within one year or on demand	6,328,604	97,586
One year or more but less than two years	-	104,057
Two years or more but less than five years	-	580,481
Five years or more	-	5,644,066
	<u>6,328,604</u>	<u>6,426,190</u>

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 2018	97,937
Transfers in year	-
Balance at 30 September 2019	<u>97,937</u>
Transfers in year	-
Balance at 30 September 2020	<u><u>97,937</u></u>

Hyelm

Notes to the Financial Statements for the year ended 30 September 2020

19. 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 2018	6,048,160
Surplus for the year	33,761
Balance at 30 September 2019	6,081,921
Surplus for the year	18,850
Balance at 30 September 2020	6,100,771

20. Consolidated cash flow from operating activities

	2020	2019
	£	£
(Deficit)/ Surplus for the year	(9,753)	156,817
Adjustments for non-cash items		
Depreciation/impairment of tangible fixed assets	391,018	382,937
Fixed asset cost eliminated on disposal	4,341	-
(Increase)/decrease in debtors	98,299	(39,914)
(Decrease) / increase in creditors	16,529	(22,473)
Government grants utilised in the year	(60,000)	(60,000)
Net cash generated from operating activities	440,434	417,367

21. Capital commitments

The Board have agreed to a programme for the provision of new accommodation following the sale of Arthur West House and during the course of the year Hyelm entered an agreement with Arthur West House Limited to deliver the Colindale development which gained planning approval on 4th November 2019. For the scheme to be delivered, the total costs are expected to be in the region of £36m.

The company had no operating lease commitments at 30 September 2019 (2018: £NIL).

22. Post balance sheet events

On the 26 November 2020, the Hyelm Board agreed to instruct Arthur West House Limited to issue a formal instruction to Charles Edward Limited to commence the JCT Design & Build contract for the planned scheme in Colindale, North West London. Construction on the scheme will commence in 2021 with practical completion anticipated in Summer 2023.

The scheme will deliver 156 bed spaces in cluster apartment for Hyelm use with 26 s106 affordable units which will be financed by a third-party registered provider.

Since the year-end the company has breached its EBITDA covenant and is in discussion with AiB regarding the consequences of this breach. As the company has significant cash balances the breach will not have an impact on the going concern position of the company or the Group.

Hyelm

Notes to the Financial Statements for the year ended 30 September 2020

23. Legislative provisions

Hyelm is incorporated under the Companies Act.

24. Related parties

Arthur West House limited is a wholly owned subsidiary of Hyelm, a charitable company registered in England and Wales. Hyelm is considered to be the ultimate controlling party. The sum of £37,439 excluding VAT (2019: £64,620) was due to Arthur West House Limited at the end of the financial year in respect of development services provided during the year.

25. Financial instruments

	Group		Association	
	2020 £	2019 £	2020 £	2019 £
Carrying amount of financial assets measured at amortised cost	<u>104,787</u>	<u>195,043</u>	<u>141,663</u>	<u>180,559</u>
Carrying amount of financial assets measured at amortised cost	<u>6,541,656</u>	<u>6,623,381</u>	<u>6,566,238</u>	<u>6,621,630</u>

26. Contingent asset

Following the Grenfell Tower tragedy, the external wall system of the Old Street scheme was investigated to determine whether the building met the required fire safety standards. The investigation revealed that the fire safety measures in place fell short of the standards required by the Building Regulations in place at the time of the construction of the building. A number of interim safety measures have been put in place to ensure the safety of our residents, who are aware of the issues, and a programme of works will be undertaken to address the issues identified and ensure that the building meets the requirements of the Building Regulations in terms of fire safety.

The total cost of works undertaken at the balance sheet date, including consequential losses, amounts to £800,607. The contract to address the first Phase of the remedial works is nearing completion and the second phase of the works will start in the summer of 2021.

We have been advised that the deficiencies identified are a result of shortcomings in the design and build process, and as a result Hyelm is seeking to recover the costs of the remedial works from the original contractor and the NHBC under a latent defects insurance policy. While the process of recovering costs from both parties has begun, at this stage it is not possible to accurately quantify the value of the costs that may be recovered.

27. Operating leases

Residents in Hyelm's properties 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 third parties.

	Group		Association	
	2020 £	2019 £	2020 £	2019 £
Not later than 1 year	192,365	317,185	192,365	317,185
Later than 1 year and not later than 5 years	-	77,416	-	77,416
	<u>192,365</u>	<u>394,601</u>	<u>192,365</u>	<u>394,601</u>

Hyelm

Notes to the Financial Statements for the year ended 30 September 2020

28. Prior year adjustment

The accounting policy applied to the remedial fire safety works being undertaken to the Old Street property has been changed. In the financial statements for the year ended 30 September 2019 these costs were considered to be capital in nature and were included in fixed asset values shown on the Statement of Financial Position. This accounting policy has been reviewed and it is now considered that these costs should more prudently be regarded as revenue in nature and expensed through the Statement of Comprehensive income. The 2019 fixed asset values have also been restated to remove the intercompany profit element. The effect of these restatements has been to reduce the value of fixed assets and general reserves by £471,073 as illustrated in the table below.

	As previously stated 2019 £	Prior year adjustment 2019 £	As restated 2019 £
Fixed assets			
Property, plant and equipment	24,802,135	(471,073)	24,331,062
Other tangible fixed assets	117,377	-	117,377
	<u>24,919,512</u>	<u>(471,073)</u>	<u>24,448,439</u>
Current Assets			
Trade and other debtors	206,564	-	206,564
Cash and cash equivalents	19,796,939	-	19,796,939
	<u>20,003,503</u>	<u>-</u>	<u>20,003,503</u>
Creditors: Amounts falling due within one year	(2,772,189)	-	(2,772,189)
Net current assets / liabilities	17,231,314	-	17,231,314
Total assets less current liabilities	<u>42,150,826</u>	<u>(471,073)</u>	<u>41,679,753</u>
Creditors: amounts falling due after more than one year	(8,620,012)	-	(8,620,012)
Total net assets	<u>33,530,814</u>	<u>(471,073)</u>	<u>33,059,741</u>
Reserves			
Unrestricted fund	27,350,956	(471,073)	26,879,883
Designated fund	97,937	-	97,937
Endowment fund	6,081,921	-	6,081,921
Total Reserves	<u>33,530,814</u>	<u>(471,073)</u>	<u>33,059,741</u>