

Company Registration No. 11499394 (England and Wales)

**HTS (HOUSING AND REGENERATION) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

# HTS (HOUSING AND REGENERATION) LIMITED

## COMPANY INFORMATION

---

### Directors

Mr M A Harrowven (Appointed 24 June 2020)  
Mr J E C Phillips (Appointed 24 June 2020)  
Councillor A Durcan (Appointed 17 June 2021)  
Councillor N E Purse (Appointed 17 June 2021)  
Councillor C T Souter (Appointed 17 June 2021)  
Councillor J Strachan (Appointed 24 June 2020)

### Secretary

Mr J A Morris

### Company number

11499394

### Registered office

The Civic Centre  
The Water Gardens  
College Square  
Harlow  
Essex  
CM20 1WG

### Auditor

Ensors Accountants LLP  
Cardinal House  
46 St Nicholas Street  
Ipswich  
Suffolk  
IP1 1TT

### Business address

Mead Park Industrial Estate  
River Way  
Harlow  
Essex  
CM20 2SE

---

# HTS (HOUSING AND REGENERATION) LIMITED

## CONTENTS

---

	<b>Page</b>
Directors' report	1
Directors' responsibilities statement	2
Independent auditor's report	3 - 5
Income statement	6
Statement of financial position	7
Statement of changes in equity	8
Notes to the financial statements	9 - 18

---

# HTS (HOUSING AND REGENERATION) LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2021

---

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

#### Principal activities

The company commenced trading during the period. The principal activity of the company is that of housing and regeneration. The company is involved in the purchasing of properties for the purpose of residential lettings across Harlow. The types of properties owned and rented out are categorised as Social, Affordable or Market tenure.

#### Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr M A Harrowven	(Appointed 24 June 2020)
Mr J E C Phillips	(Appointed 24 June 2020)
Councillor J Charles	(Appointed 24 June 2020 and resigned 19 May 2021)
Councillor A Durcan	(Appointed 17 June 2021)
Councillor E Toal	(Appointed 24 June 2020 and resigned 19 May 2021)
Mr B Keane	(Resigned 24 June 2020)
Councillor N E Purse	(Appointed 17 June 2021)
Councillor C T Souter	(Appointed 17 June 2021)
Councillor J Strachan	(Appointed 24 June 2020)

#### Auditor

Ensors Accountants LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board



Mr J A Morris  
**Secretary**

18 June 2021

# HTS (HOUSING AND REGENERATION) LIMITED

## DIRECTORS' RESPONSIBILITIES STATEMENT

*FOR THE YEAR ENDED 31 MARCH 2021*

---

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# HTS (HOUSING AND REGENERATION) LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF HTS (HOUSING AND REGENERATION) LIMITED

---

#### Opinion

We have audited the financial statements of HTS (Housing and Regeneration) Limited (the 'company') for the year ended 31 March 2021 which comprise the income statement, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

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

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 our audit:

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

# HTS (HOUSING AND REGENERATION) LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF HTS (HOUSING AND REGENERATION) LIMITED

---

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we have given consideration to the control environment (including management's own process for identifying and assessing risks) as well as the nature of the entity, the industry in which it operates and the underlying performance. Consideration was also given to the attitudes and incentives of management to commit fraud. We determined that the greatest potential for fraud existed in the following areas: timing of recognition of income, posting of unusual journals and complex transactions. In line with all audits performed under ISAs (UK), we planned and performed specific procedures to respond to the risk of management override of controls.

We also obtained an understanding of the applicable laws and regulations that the company has to abide by, through discussions with management and those charged with governance, as well as commercial knowledge of the sector and statutory legislation. We paid particular focus to those laws and regulations that had the potential to materially impact the amounts and disclosures within the financial statements. The key laws and regulations we identified were the UK Companies Act, employment law, health and safety, tax legislation and landlord regulations.

After our initial risk assessment, we performed the following procedures to detect material misstatements in respect of irregularities arising due to fraud or error:

# HTS (HOUSING AND REGENERATION) LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF HTS (HOUSING AND REGENERATION) LIMITED

---

- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.
- Reviewing financial statement disclosures and testing these against supporting documentation to assess compliance with applicable laws and regulations
- Assessing of key accounting estimates within the financial statements in order to assess their reasonableness and determining whether there were any indications of management bias in the estimates.
- Reviewing minutes of meetings of those charged with governance
- Enquiring of management as to whether they are aware of any alleged, suspected or actual fraud during the year
- Reviewing information provided by management experts against available market data

We also performed procedures to satisfy ourselves regarding compliance with applicable laws and regulations, including:

- Enquiring of management, those charged if there were any actual and potential litigation and claims
- Reviewing minutes of meetings of those charged with governance.
- Reviewing legal expenses for any indicators of litigation or claims against the company

All audit team members were made aware of the applicable laws and regulations, as well as potential fraud risks during the planning stage of the audit and this was discussed at the audit team planning meeting. It was therefore determined that team members all had the relevant awareness and competence to identify any instances of non-compliance with relevant laws and regulations or fraud.

There are, however, inherent limitations to our above audit procedures. Auditing standards only require us to enquire of the directors and management regarding non-compliance with laws and regulations, as well as review regulatory and legal correspondence (if there is any). It is therefore possible that instances of non-compliance could be missed, particularly where the law in itself is far removed from any financial transactions.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Use of our report

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



**Barry Gostling (Senior Statutory Auditor)**  
For and on behalf of Ensors Accountants LLP

22 June 2021

**Chartered Accountants**  
**Statutory Auditor**

Cardinal House  
46 St Nicholas Street  
Ipswich  
Suffolk  
IP1 1TT



# HTS (HOUSING AND REGENERATION) LIMITED

## INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

---

	Notes	2021 £	2020 £
<b>Revenue</b>	<b>3</b>	4,226	-
Cost of sales		(17,104)	-
		<hr/>	<hr/>
<b>Gross (loss)/profit</b>		(12,878)	-
Administrative expenses		(16,667)	-
		<hr/>	<hr/>
<b>Operating (loss)/profit</b>	<b>4</b>	(29,545)	-
Finance costs	<b>6</b>	(16,645)	-
Other gains and losses	<b>7</b>	(31,450)	-
		<hr/>	<hr/>
<b>(Loss)/profit before taxation</b>		(77,640)	-
Tax on (loss)/profit		-	-
		<hr/>	<hr/>
<b>(Loss)/profit and total comprehensive income for the financial year</b>	<b>15</b>	(77,640)	-
		<hr/> <hr/>	<hr/> <hr/>

# HTS (HOUSING AND REGENERATION) LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
<b>Non-current assets</b>					
Investment property	8	1,382,000			-
<b>Current assets</b>					
Trade and other receivables	9	6,357		1	
Cash and cash equivalents		46,730		-	
		53,087		1	
<b>Current liabilities</b>	10	(66,919)		-	
<b>Net current (liabilities)/assets</b>		(13,832)			1
<b>Total assets less current liabilities</b>		1,368,168			1
<b>Non-current liabilities</b>	10	(995,807)			-
<b>Net assets</b>		372,361			1
<b>Equity</b>					
Called up share capital	14	450,001			1
Retained earnings	15	(77,640)			-
<b>Total equity</b>		372,361			1

The financial statements were approved by the board of directors and authorised for issue on 18 June 2021 and are signed on its behalf by:



Mr J E C Phillips  
Director

Company Registration No. 11499394

# HTS (HOUSING AND REGENERATION) LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

---

	Notes	Share capital £	Retained earnings £	Total £
Balance at 1 September 2019		1	-	1
Year ended 31 March 2020:				
Balance at 31 March 2020		<u>1</u>	<u>-</u>	<u>1</u>
Year ended 31 March 2021:				
Loss and total comprehensive income for the year		-	(77,640)	(77,640)
Issue of share capital	14	<u>450,000</u>	<u>-</u>	<u>450,000</u>
Balance at 31 March 2021		<u><u>450,001</u></u>	<u><u>(77,640)</u></u>	<u><u>372,361</u></u>

# HTS (HOUSING AND REGENERATION) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2021

---

#### 1 Accounting policies

##### Company information

HTS (Housing and Regeneration) Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Civic Centre, The Water Gardens, College Square, Harlow, Essex, CM20 1WG. The company's principal activities and nature of its operations are disclosed in the directors' report.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. These financial statements are the first set of financial statements that the company has prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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 £.

The financial statements have been prepared under the historical cost convention, except for the revaluation of Investment Properties. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations. Equivalent disclosures are included in the consolidated financial statements of HTS Group Limited in which the entity is consolidated;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

Where required, equivalent disclosures are given in the group accounts of HTS Group Limited. The group accounts of HTS Group Limited are available to the public and can be obtained as set out in note 17.

#### 1.2 Going concern

A Company's financial statements should be prepared on a going concern basis, that is, the financial statements should be prepared on the assumption that the Company will continue in operational existence for the foreseeable future. This means in particular that the Statement of Comprehensive Income and Balance Sheet assume no intention to curtail significantly the scale of the operation.

The Directors of the Company and Harlow District Council, being the parent entity, believe that the Company is well placed to manage its business risks successfully.

On-going financing arrangements have been agreed with Harlow District Council for existing and future loans.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the Directors continue to adopt the going concern basis in preparing the annual report and accounts.

# HTS (HOUSING AND REGENERATION) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

---

### 1 Accounting policies

(Continued)

#### 1.3 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

The company recognises revenue from one major source, rental income.

The nature, timing of satisfaction of performance obligations and significant payment terms of the rental income is as follows:

Rental income is recognised in line with tenancy agreements set in place for investment properties. It is accounted for on a monthly basis at the rate dictated in the tenancy agreement.

#### 1.4 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially measured at cost and subsequently measured using the fair value model and stated at its fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

The fair value of investment property reflects market conditions at the balance sheet date. This means that a periodic revaluation approach may only be used where the carrying amount does not differ materially from that which would be determined using the fair value at the balance sheet date. An investment property held at fair value is not depreciated.

Investment properties are reviewed annually to determine impairment or other material changes in value.

#### Recognition and Derecognition

Expenditure on the acquisition, creation or enhancement of property is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the asset will flow to the Company and the cost of the asset can be measured reliably. Expenditure that maintains but does not add to the asset's potential to deliver future economic benefits or service potential, i.e. repairs and maintenance, is charged as an expense when it is incurred.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property, is recognised in the income statement in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use

#### 1.5 Cash and cash equivalents

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

# HTS (HOUSING AND REGENERATION) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

---

### 1 Accounting policies

(Continued)

#### 1.6 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Fair value is defined in terms of a price agreed by a willing buyer and a willing seller in an arm's length transaction. The objective of determining fair value for a financial instrument that is traded in an active market is to arrive at the price at which a transaction would occur at the end of the reporting period in that instrument (i.e; without modifying or repackaging the instrument) in the most advantageous active market to which the entity has immediate access. The existence of published price quotations in an active market is the best evidence of fair value and when they exist they are used to measure the financial asset or financial liability.

If the market for a financial instrument is not active, an entity establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Company's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability.

#### ***Financial assets at fair value through profit or loss***

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

#### ***Financial assets held at amortised cost***

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

# HTS (HOUSING AND REGENERATION) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

---

### 1 Accounting policies

(Continued)

#### **Receivables**

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Receivables are recognised on the Balance Sheet when the Company becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are then measured at their amortised cost, less impairment.

Losses arising from impairment are recognised in the Statement of Comprehensive Income

#### **Impairment of financial assets**

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

### 1.7 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

#### **Other financial liabilities**

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

# HTS (HOUSING AND REGENERATION) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 1 Accounting policies (Continued)

#### 1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

### 2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

#### Critical judgements

##### Valuation of Investment Properties

The Investment Properties held by the Company have been revalued to reflect the significant change in value during the year, the movement being recognised in the Income Statement.

The Company engaged independent valuation specialists to determine the fair value of Investment Properties as at 31 March 2021. The carrying amount of Investment Properties at the 31 March 2021 was £1,382,000. As investment properties are few in number, the valuation specialists valued each one individually in arriving at their fair value, this being defined as the existing use value. They also referred to comparable market data to support the valuation of each property.

### 3 Revenue

	2021	2020
	£	£
<b>Revenue analysed by class of business</b>		
Rental income	4,226	-
	<u>          </u>	<u>          </u>

### 4 Operating (loss)/profit

	2021	2020
	£	£
Operating loss for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	1,800	-
	<u>          </u>	<u>          </u>



# HTS (HOUSING AND REGENERATION) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

---

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Total	-	-

### 6 Finance costs

	2021 £	2020 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest payable to group undertakings	16,645	-

### 7 Other gains and losses

	2021 £	2020 £
Changes in the fair value of investment properties	(31,450)	-

### 8 Investment property

	2021 £
<b>Fair value</b>	
At 1 April 2020	-
Additions through acquisition	1,413,450
Fair value adjustment	(31,450)
At 31 March 2021	1,382,000

# HTS (HOUSING AND REGENERATION) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

---

### 8 Investment property

(Continued)

Investment property comprises properties which have been purchased for the purpose of generating rental income and/or capital appreciation.

The fair value of the investment properties has been arrived at on the basis of a valuation carried out by Phillip Smith BSc (Hons) MRICS, a RICS Registered Valuer of Wilks Head and Eve LLP, who are not connected with the company.

The valuation was made on an open market value and in accordance with RICS standards. It was arrived at by reference to market evidence of transactions for similar properties. The valuation performed by the valuer was reviewed internally by Senior Management and other relevant people within the business. This process included discussions of the assumptions used by the valuer, as well as a review of the resulting valuations.

Rental income of £4,226 (2020: £nil) has been generated by Investment Properties and has been recognised in the Income Statement, along with direct operating expenses of £17,104 (2020: £nil) arising from properties that generated or did not generate rental income in the period.

The company is not aware of any events or circumstances which indicate that the amount stated in the Statement of Financial Position for Investment Properties may not be realisable, as at 31/03/2021.

During the year, the company entered into a loan agreement with Harlow District Council. Harlow District Council made available, £1,050,000 (2020: £nil) to the company. The company was bound use any funds drawn down:

- (i) solely in pursuance of its objects (as described in the Articles of Association)
- (ii) to finance the cost of acquisition of the Properties (subject to the terms set out in the loan agreement)
- (iii) to pay any fees, costs and expenses, stamp registration and other Taxes incurred by the Company in connection with the acquisition of the Properties.

At the year end, the company had drawn down £1,011,000 (2020: £nil) of the £1,050,000 (2020: £nil) available.

### 9 Trade and other receivables

	2021	2020
	£	£
Unpaid share capital	1	1
VAT recoverable	2,131	-
Other receivables	4,225	-
	<u>6,357</u>	<u>1</u>

# HTS (HOUSING AND REGENERATION) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 10 Liabilities

	Notes	Current 2021 £	2020 £	Non-current 2021 £	2020 £
Borrowings	11	15,193	-	995,807	-
Trade and other payables	13	51,726	-	-	-
		<u>66,919</u>	<u>-</u>	<u>995,807</u>	<u>-</u>

### 11 Borrowings

	Current 2021 £	2020 £	Non-current 2021 £	2020 £
<b>Borrowings held at amortised cost:</b>				
Loans from parent undertaking	15,193	-	995,807	-
	<u>15,193</u>	<u>-</u>	<u>995,807</u>	<u>-</u>
			<b>2021</b> £	<b>2020</b> £
<b>Secured borrowings included above:</b>				
Loans from parent undertaking			1,011,000	-
			<u>1,011,000</u>	<u>-</u>

Borrowings are secured on the Investment Properties of the company.

Borrowings include the following amounts which fall due after more than five years:

Amounts payable by instalments	934,889	-
	<u>934,889</u>	<u>-</u>

### 12 Fair value of financial liabilities

The directors consider that the carrying amounts of financial liabilities carried at amortised cost in the financial statements approximate to their fair values.

### 13 Trade and other payables

	2021 £	2020 £
Amount owed to parent undertaking	24,891	-
Amounts owed to fellow group undertakings	21,984	-
Accruals and deferred income	4,851	-
	<u>51,726</u>	<u>-</u>

# HTS (HOUSING AND REGENERATION) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 14 Share capital

	2021 Number	2020 Number	2021 £	2020 £
<b>Ordinary share capital</b>				
<b>Authorised</b>				
Ordinary shares of £1 each	450,001	1	450,001	1
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Issued and not fully paid</b>				
Ordinary shares of £1 each	450,001	1	450,001	1

Ordinary shares have full rights in the company with respect to voting, participating in dividends and participating in the distribution of capital in the event of winding up.

At the year end, there were 450,000 (2020: 0) shares issued which were fully paid and 1 (2020: 1) share issued which was not fully paid.

### 15 Retained earnings

Retained earnings represent cumulative profits or losses, net of dividends and other adjustments.

### 16 Other leasing information

#### Lessor

The operating leases represent leases of properties to third parties. There are three types of tenancy tenures in place; social, affordable and market. All tenancy types are in place for a 5 year fixed term and the agreements in place allow either party to end the tenancy agreement, in writing at least 8 weeks before the party wants to end the agreement, and only after the expiry of at least 12 months from the commencement of the term.

If the tenant continues to live in the property after the expiry of the 5 year fixed term and no further tenancy has been entered into, then from the expiry of the term, the tenant shall occupy the property under a statutory periodic tenancy in accordance with section 5(2) of the Housing Act 1988.

For properties of social & affordable tenure, the Company may increase the rent on each Review Date (the first Monday in April in each year of the term) by a maximum of 2%. For market tenure properties, the Company will increase the rent on each Review Date (the first anniversary of the start of the Term and each anniversary of that date) by 2%.

Credit risk is managed by ensuring that where possible, the tenant pays their rent in advance.

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2021 £	2020 £
Within one year	10,250	-
	<u>          </u>	<u>          </u>

### 17 Controlling party

The parent company of HTS (Housing and Regeneration) is HTS Group Ltd and its registered office is The Civic Centre, The Water Gardens, College Square, Harlow, Essex, CM20 1WG.

# HTS (HOUSING AND REGENERATION) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 31 MARCH 2021*

---

### 17 Controlling party

(Continued)

The smallest set of consolidated financial statements which include the company are those prepared by HTS Group Limited, these financial statements can be obtained at Companies House.

The largest of consolidated financial statements are prepared by Harlow District Council and can be obtained at <https://www.harlow.gov.uk/your-council/spending-and-performance/statement-accounts>