

Registration number: 02448927

H.A.P.M. Management Company Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2019

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H.A.P.M. Management Company Limited

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H.A.P.M. Management Company Limited

Company Information

Directors	R A A Harnal B M Kesterton
Company Secretary	K P Halpenny
Registered office	90 Fenchurch Street London EC3M 4ST

H.A.P.M. Management Company Limited

Strategic Report for the Year Ended 31 December 2019

The Directors present their strategic report for the year ended 31 December 2019.

Principal activity

The principal activity of the company is the management of Housing Association Property Mutual Limited, a mutual insurance company that provides insurance for 20 year policies for new build and rehabilitated social housing, covering structural defects, co-structural defects and other ancillary losses.

Principal risks and uncertainties

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. Due to the nature of the Company's business and the assets and liabilities contained within the Company's Balance Sheet, the only financial risks the Directors consider relevant to this Company are credit risk and liquidity risk. These risks are mitigated by the normal credit control policies put in place by the Directors of the Company.

Taking into account the Company's current position and its principal risks, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over at least the next 12 months. As the result of COVID 19, financial markets have been volatile in the first part of 2020 and it is reasonable to expect this volatility to continue for an indeterminate period in the future. In assessing the prospects of the Company, the Directors noted that such assessment is subject to a degree of uncertainty that can be expected to increase looking out over time and, accordingly, future outcomes cannot be guaranteed or predicted with certainty. The Directors' assessment has taken into account the resources of the Company and that of the wider Thomas Miller Group under the parent company Thomas Miller Holdings Ltd. Where necessary Thomas Miller Holdings Ltd. has indicated it will provide further liquidity or regulatory capital to the Company.

The Directors' assessment has taken into account the resources of the Company and that of the wider Thomas Miller Group under the parent company, Thomas Miller Holdings Ltd. Where necessary, Thomas Miller Holdings

Ltd. has indicated it will provide financial support for a period of not less than 12 months after the date of the approval of these financial statements.

Section 172(1) statement

We provide business-critical services to our clients, often in highly regulated environments. As we grow, our business and our risk environment also become more complex. It is therefore vital that we effectively identify, evaluate, manage and mitigate the risks we face, and that we continue to evolve our approach to risk management.

For details of our principal risks and uncertainties, and how we manage our risk environment, please see the section above.

The Company is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, clients, investors, communities and society as a whole. People are at the heart of our services. For our business to succeed we need to manage our people's performance and develop and bring through talent while ensuring we operate as efficiently as possible. We must also ensure we share common values that inform and guide our behaviour so we achieve our goals in the right way.

Our strategy prioritises business growth. To do this, we need to develop and maintain strong client relationships.

The Company's approach to this area is set at a group level by the ultimate parent company, Thomas Miller Holdings Ltd. which from a position of strength creates a positive change for the people and communities with which it interacts. The Group's expertise enables colleagues to support the communities around us.

H.A.P.M. Management Company Limited

Strategic Report for the Year Ended 31 December 2019 (continued)

The Board recognises the importance of having the right corporate culture. Our long-term success depends on achieving our strategic goals in the right way, so we look after the best interests of our clients, people and other stakeholders.

The Board is committed to regularly engaging with the Board of our ultimate parent company, Thomas Miller Holdings Ltd. as we recognise the importance of a continuing effective dialogue. It is important to us that our strategy and objectives are understood, so these must be explained clearly, feedback heard and any issues or questions raised properly considered.

A Director of a Company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

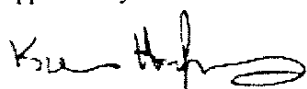
- the likely consequences of any decisions in the long-term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between shareholders of the Company.

As part of their induction, a new Director of the Company is briefed on their duties and they can access professional advice on these, either from the Company Secretary or, if they judge it necessary, from an independent adviser. It is important to recognise that the Directors fulfil their duties partly through a governance framework that delegates day-to-day decision-making to employees all of whom are employed by Thomas Miller & Co. Limited, a fellow subsidiary undertaking. Thomas Miller & Co. Limited provides the personnel and other shared services to the company, for example premises, utilities, facilities management, information technology and human resources which are required for the conduct of the company's business, and charges the company accordingly. Further details can also be found in the Corporate Governance Report of the ultimate parent company Thomas Miller Holdings Ltd.

Engagement with suppliers, customers and other relationships

Thomas Miller & Co. Limited provides the personnel, the office space and other services and equipment required for the conduct of the company's business, and charges the company accordingly. No change is envisaged in these arrangements for 2020 and beyond.

Approved by the Board on 30 September 2020 and signed on its behalf by:



.....
K P Halpenny
Company secretary

H.A.P.M. Management Company Limited

Directors' Report for the Year Ended 31 December 2019

The Directors present their report and the financial statements for the year ended 31 December 2019.

Directors of the Company

The directors who held office during the year were as follows:

R A A Harnal

B M Kesterton

K E Vernau (ceased 30 September 2019)

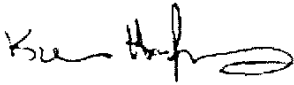
Directors' liabilities

The ultimate parent company Thomas Miller Holdings Ltd. has made qualifying third party indemnity provisions for the benefit of its subsidiaries' directors that remain in force at the date of this report.

Small companies provision statement

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

Approved by the Board on 30 September 2020 and signed on its behalf by:



.....
K P Halpenny
Company secretary

H.A.P.M. Management Company Limited

Statement of Directors' Responsibilities

The Directors acknowledge their responsibilities 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

H.A.P.M. Management Company Limited

Profit and Loss Account for the Year Ended 31 December 2019

	Note	2019 £	2018 £
Turnover	3	<u>349,518</u>	<u>350,000</u>
Gross profit		349,518	350,000
Administrative expenses		<u>(350,000)</u>	<u>(350,000)</u>
Operating loss		<u>(482)</u>	<u>-</u>
Loss before tax		(482)	-
Taxation	5	<u>92</u>	<u>-</u>
Loss for the financial year		<u><u>(390)</u></u>	<u><u>-</u></u>

The above results were derived from continuing operations.

The notes on pages 9 to 13 form an integral part of these financial statements.

H.A.P.M. Management Company Limited

(Registration number: 02448927)
Balance Sheet as at 31 December 2019

	Note	2019 £	2018 £
Current assets			
Debtors	6	173,656	523,564
Creditors: Amounts falling due within one year	7	<u>(174,044)</u>	<u>(523,562)</u>
Net (liabilities)/assets		<u>(388)</u>	<u>2</u>
Capital and reserves			
Called up share capital		2	2
Profit and loss account		<u>(390)</u>	<u>-</u>
Total equity		<u>(388)</u>	<u>2</u>

For the financial year ending 31 December 2019 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

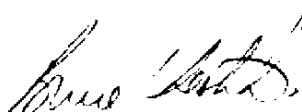
Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved and authorised by the Board on 30 September 2020 and signed on its behalf by:



R A A Harnal
Director



B M Kesterton
Director

The notes on pages 9 to 13 form an integral part of these financial statements.

H.A.P.M. Management Company Limited

Statement of Changes in Equity for the Year Ended 31 December 2019

	Share capital	Profit and loss account	Total
	£	£	£
At 1 January 2019	<u>2</u>	<u>-</u>	<u>2</u>
Loss for the year	<u>-</u>	<u>(390)</u>	<u>(390)</u>
Total comprehensive income	<u>-</u>	<u>(390)</u>	<u>(390)</u>
At 31 December 2019	<u><u>2</u></u>	<u><u>(390)</u></u>	<u><u>(388)</u></u>

	Share capital	Total
	£	£
At 1 January 2018	<u>2</u>	<u>2</u>
At 31 December 2018	<u><u>2</u></u>	<u><u>2</u></u>

H.A.P.M. Management Company Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019

1 General information

The company is a private company limited by share capital, incorporated in the United Kingdom.

The address of its registered office is:
90 Fenchurch Street
London
EC3M 4ST

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Summary of disclosure exemptions

The company as a qualifying entity is exempt from producing a cash flow statement in accordance with FRS 102.1.12(b). The full voting rights of the company are owned by its ultimate parent undertaking whose published, publicly available, accounts include a consolidated cash flow statement.

Name of parent of group

These financial statements are consolidated in the financial statements of Thomas Miller Holdings Ltd..

The financial statements of Thomas Miller Holdings Ltd. may be obtained from the Company Secretary, Thomas Miller Holdings Ltd., 90 Fenchurch Street, London, EC3M 4ST.

H.A.P.M. Management Company Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Going concern

The business activities of the Company are set out in the strategic report.

The company has a long standing relationship with its client and although the company made a small loss in 2019 it expects to return to a small profit in future years. The directors do not foresee any significant change in its level of activity or results as a result of the current economic climate. In addition, the company does not have any long-term commitments that would affect its results.

The Company has net current liabilities. The majority of these consist of deferred income. This balance is readily realisable. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

The Thomas Miller Group has performed a liquidity stress test for the 20 month period ending December 2021 in light of the COVID-19 pandemic including the cessation of certain business and the loss of a major contract. This stress test indicates there is headroom before any mitigating actions. The Group has identified possible mitigating actions which could be taken, including reducing costs, deferring capital expenditure and suspending dividends. Taking account of these potential mitigating actions, this analysis demonstrates that the Group could continue as a going concern for at least the next year given the financial and liquidity strength of the insurance companies managed by Thomas Miller and the notice periods contained in the underlying management contracts. Accordingly, Thomas Miller considers the results of this test support the view that the Group is able to continue as a going concern for the next twelve months.

The Directors' assessment has taken into account the resources of the Company and that of the wider Thomas Miller Group under the parent company, Thomas Miller Holdings Ltd. Where necessary, Thomas Miller Holdings Ltd. has indicated it will provide financial support for a period of not less than 12 months after the date of the approval of these financial statements.

As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully in the current environment.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The Company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the Company's activities.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

H.A.P.M. Management Company Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2019	2018
	£	£
Rendering of services	<u>349,518</u>	<u>350,000</u>

4 Directors' remuneration

The directors of the company include a number of directors who are also directors of other companies within the Thomas Miller Holdings group. The directors do not consider it practicable or appropriate to allocate directors' services between individual subsidiary companies. The directors of the company received aggregate emoluments of £1,796,677 (2018 - £1,458,542) relating to their services to all companies within the Thomas Miller Holdings group.

The value of contributions paid, or treated as paid, by a person other than the director to whom retirement benefits are accruing in respect of directors' qualifying services to the extent that the contributions might lead to money purchase benefits being payable was £30,375 (2018 - £29,000).

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2019	2018
	No.	No.
Received or were entitled to receive shares under long term incentive schemes	3	3
Exercised share options	1	-
Accruing benefits under defined benefit pension scheme	3	3
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>1</u>

5 Taxation

Tax charged/(credited) in the income statement

	2019	2018
	£	£
Current taxation		
UK corporation tax	<u>(92)</u>	<u>-</u>

The standard rate of tax applied to the reported profit on ordinary activities is 19% (2018 - 19%). The Finance Act 2016 included provisions to reduce the main rate of corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the cut in the rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. As this has not been enacted by the balance sheet date, balances as at 31 December 2019 continue to be measured at 17%, the amended tax rate would have no impact on any deferred tax asset or liability.

H.A.P.M. Management Company Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019 (continued)

6 Debtors

	Note	2019 £	2018 £
Amounts owed by related parties	10	173,656	523,564
		<u>173,656</u>	<u>523,564</u>

7 Creditors

	Note	2019 £	2018 £
Due within one year			
Amounts due to related parties	10	-	350,000
Deferred income		174,044	173,562
		<u>174,044</u>	<u>523,562</u>

8 Share capital

Allotted, called up and fully paid shares

	No.	2019 £	No.	2018 £
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

9 Contingent liabilities

Thomas Miller & Co. Limited provides the personnel required for the conduct of the Company's business, and charges the company accordingly. At present the Company is charged a fixed proportion of the annual pension contribution made by Thomas Miller & Co. Limited to the Thomas Miller & Co. Limited Retirement Benefits Scheme ("the Scheme"), which closed to future accruals of benefits on 30 September 2004, in order to eradicate the past service deficit. The Trustee Board of the Scheme can at any time increase the contributions required for that purpose and, in the event of winding up of the Scheme, require that the Company pays that same proportion of any wind up deficit.

10 Related party transactions

The Company is exempt, under Financial Reporting Standard 102 (FRS 102) para 33.1A, from disclosing related party transactions as they are with other Companies that are wholly owned within the Group.

H.A.P.M. Management Company Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019 (continued)

11 Parent and ultimate parent undertaking

The company's immediate parent is Thomas Miller (UK) Holdings Ltd, incorporated in the United Kingdom.

The ultimate parent is Thomas Miller Holdings Ltd., incorporated in Bermuda.

The most senior parent entity producing publicly available financial statements is Thomas Miller Holdings Ltd.. These financial statements are available upon request from the Company Secretary, Thomas Miller Holdings Ltd., 90 Fenchurch Street, London, EC3M 4ST.

The ultimate controlling party is Thomas Miller Holdings Ltd..

The parent of the largest group in which these financial statements are consolidated is Thomas Miller Holdings Ltd, incorporated in Bermuda.

The parent of the smallest group in which these financial statements are consolidated is Thomas Miller Holdings Ltd, incorporated in Bermuda.

12 Non adjusting events after the financial period

On 11 March 2020, COVID-19 was declared a global pandemic because of the rising rate of infections. The Directors of the Company consider the impact of the COVID-19 pandemic to be a non-adjusting post balance sheet event because of the disruption it has caused to economic activity, including the recent falls in equity markets and increased market volatility. In compliance with UK Government guidelines, the Company has invoked its business continuity arrangements. All members of staff deployed within the business are currently working remotely, and continue to provide a full service to clients. Given the continuing uncertainties, it is not practicable to determine the financial impact of the pandemic on the company, although it is not expected to be material in the foreseeable future. The Company has adequate capital to meet its regulatory requirements and benefits from the support of its parent company. The Directors are not aware of any other significant post balance sheet events that require disclosure in these financial statements.