



**Mears Housing Management Limited (formerly Omega
Lettings Limited)**

Financial Statements

For the year ended 31 December 2017

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COMPANIES HOUSE

Company No. 03662604

Company information

Company registration number	03662604
Registered office	1390 Montpellier Court Gloucester Business Park Brockworth Gloucester GL3 4AH
Directors	J K Taylor Mears Group PLC
Secretary	B R Westran
Bankers	NatWest Commercial Banking 2 Gladbeck Way 3rd Floor Lough Point Enfield Middlesex EN2 7JA
Solicitors	BPE St James' House St James' Square Cheltenham Gloucestershire GL50 3PR
Auditor	Grant Thornton UK LLP Chartered Accountants 30 Finsbury Square London EC2A 1AG

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Strategic Report

Business review

Review of the year

The Company is a leading private sector provider of residential lettings and management services to the Social Housing market, with a portfolio of circa 1,623 properties.

The Directors are pleased to report another successful year for the Company. The Company is increasingly able to combine its strengths in housing management with the other services offered by the wider Mears Group, of which the Company became a member in 2014. This has resulted in new opportunities for the Company through its ability to access a broader service offering for clients. In early 2018, the Company acquired the remaining 25% of the share capital of Tando Property Service Limited, O&T Developments Limited and Tando Homes Limited, which are now 100% subsidiaries.

Turnover has remained relatively flat year on year as the Company has consolidated its position, whilst efforts to implement efficiency savings have resulted in a small increase in gross profit margin.

There has been an increase in the administrative costs of the Company, largely driven by the occurrence of specific bad debts relating to the Company's residential lettings portfolio. These were debts with a large number of individual tenants that were identified as having a low prospect of recovery during the year.

The directors have identified the following key performance indicators:

	2017	2016
Turnover	£23,003,000	£25,311,000
Gross profit %	19.9%	19.2%
Operating profit %	0.5%	8.8%
% (decrease)/increase in turnover on the previous year	(9.1%)	14.3%

Principle Risks and uncertainties

The effective management of risks is a key feature to the continuing success of our Company. Our approach is to identify principal risks and robustly mitigate the impact of these risks through a Group-wide risk management process.

The Company's financial risk management is based upon sound economic objectives and good corporate practice. The Directors have overall responsibility for risk management and internal control within the context of achieving the Company's objectives. The key risks and mitigating factors are set out below.

- Operational**

The principal risks and uncertainties that the business faces are operational risks, most importantly welfare reforms. As the majority of business is generated through local authority contracts, government public spending cuts may have affected trading had it not been for the Directors prudent approach to income generation.

The company has limited exposure to these risks by negotiating and tendering for council contracts in a variety of different ways, ranging from yearly as well as long term contracts. In addition, other services and revenue streams have been developed in order to limit reliance on one source of income. During the life of contracts could have a detrimental effect on the Company's business. Having an awareness of, and being responsive to, market developments by, for example, developing managed insourcing and Joint Venture products to give choice to clients, is essential to mitigate these risks.

Strategic Report - continued

- **Financial**

The Company seeks to manage financial risk, to ensure sufficient liquidity is available to meet the identifiable needs of the Company and to invest cash assets safely and profitably.

Risks arise from short term cash flow movements and renewal risk on maturity of facilities. The Company is part of a Group banking facility. Our bank funding facility was recently extended to service the Group's needs until July 2020.

Both short term and long term liquidity are monitored through the use of various tools including cashflow forecasts and proactive response to variances identified.

The Company does not undertake any trading activity in financial instruments. All activities are transacted in Sterling. The Company does not engage in any hedging activities.

- **Integrity, ethics, anti-bribery and corruption**

There are inherent risks of bribery, fraud and corruption in some of the sectors we work in. It is important that we have an internal control framework and means of communication to be pro-active where any risks materialise.

This report was approved by the Board on 28 September 2018 and is signed on its behalf by:



.....
B R Westran
Company secretary

Report of the Directors

The directors present their report and the financial statements of the Company for the year ended 31 December 2017.

Principal activities

The principal activity of the Company during the year continued to be as letting agents.

Results and dividends

The trading results for the year and the Company's financial position at the end of the year are shown in the attached financial statements and discussed in the strategic review. The Company made a profit for the year of £1,303,000 (2016: £5,916,000).

The directors have recommended a dividend of £8,000,000 for 2017 (2016: £nil). Particulars of dividends paid and proposed are detailed in note 7 to the financial statements.

Directors

The directors who served the Company during the year were as follows:

D Antoniou (resigned 1 April 2017)
H Z Antoniou (resigned 1 April 2017)
Z Antoniou (resigned 13 February 2017)
J K Taylor
Mears Group PLC

Directors' responsibilities

The directors are responsible for preparing the Strategic Report and the Directors' 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, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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.

Report of the Directors - continued

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern consideration

Mears Group PLC, the parent company, has a centralised treasury arrangement and so shares banking arrangements with its subsidiaries.

After making enquiries, the Directors believe that the Group and Company have adequate resources to continue in operational existence for the foreseeable future, and they have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Group to continue as a going concern or its ability to continue with the current banking arrangements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Auditor

Grant Thornton UK LLP offers itself for re-appointment as auditor in accordance with Section 489 of the Companies Act 2006.

This report was approved by the Board on 28 September 2018 and is signed on its behalf.



B R Westran
Company secretary

Independent auditor's report to the member of Mears Housing Management Limited

Opinion

We have audited the financial statements of Mears Housing Management Limited for the year ended 31 December 2017 which comprise the Profit and loss account, the Balance sheet, the Statement of changes in equity 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (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 December 2017 and of its profit 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.

Who we are reporting to

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.

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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

Independent auditor's report to the member of Mears Housing Management Limited

Other information

The directors are responsible for the other information. The other information comprises the information included in the strategic report and report of the directors on pages 3 to 6, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matter on which we are required to report under the Companies Act 2006

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 Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 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.
- the Directors were not entitled to take advantage of the small companies' exemption from preparing a Strategic Report.

Independent auditor's report to the member of Mears Housing Management Limited

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 5, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Elizabeth Collins
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

28 September 2018

Principal accounting policies

Statement of compliance

Mears Housing Management Limited is a limited liability company incorporated in the United Kingdom. Its registered office is 1390 Montpellier Court, Gloucester Business Park, Brockworth, Gloucester, GL3 4AH.

The Company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Company for the year ended 31 December 2017.

Basis of accounting

The financial statements of Mears Housing Management Limited have been prepared in accordance with applicable accounting standards, including FRS 102, and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for any modification to a fair value basis for certain financial instruments specified in the accounting policies below. The financial statements are presented in Sterling (£).

Cash flow statement

The Company has taken advantage of the exemption in FRS 102 from including a cash flow statement in the financial statements on the grounds that it is a subsidiary of Mears Group PLC, which publishes a consolidated cash flow statement.

Related parties transactions

The Company is a wholly owned subsidiary of Mears Group PLC, the consolidated accounts of which are publicly available. Accordingly, the Company has taken advantage of the exemption from disclosing transactions with members or investees of Mears Group PLC group.

Summary of disclosure exemptions

The Company has taken advantage of the reduced disclosures for subsidiary entities provided for in FRS 102 and has therefore not provided a Statement of Cash Flows or certain disclosures in respect of share based payments. The Company has also taken advantage of the exemption from disclosing key management personnel compensation.

Name of parent of group

These financial statements are consolidated in the financial statements of Mears Group PLC.

The financial statements of Mears Group PLC may be obtained from The Company Secretary, Mears Group PLC, 1390 Montpellier Court, Gloucester Business Park, Gloucester, GL3 4AH.

Exemption from preparing group accounts

The financial statements contain information about Mears Housing Management Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Mears Group PLC, a company incorporated in the United Kingdom.

Judgements

In calculating the fair value of derivative financial instruments, the Directors have made a judgement that the Company's cost of capital is not materially different from that of the Group, of which the Company is a member.

Principal accounting policies - continued

Turnover

Turnover represents net invoiced services and fees excluding value added tax.

Rental income relating to Housing Management activities is recognised in the Profit and loss account on a straight-line basis over the term of the lease.

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Tangible assets

Tangible assets is stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Leasehold property improvements	-	over the period of the lease
Motor vehicles	-	25% per annum, reducing balance
Fixtures, fittings and equipment	-	25% per annum, reducing balance

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Taxation

The tax expense for the period comprises deferred 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.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only where it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Principal accounting policies - continued

Forward dated share purchase agreement

The Company has entered into a forward dated share purchase agreement for 25% of the share capital of its three subsidiaries: Tando Property Services Limited, Tando Homes Limited and O&T Developments Limited. This agreement is a derivative financial instrument recognised at fair value through profit and loss.

The obligation to pay cash to acquire the shares is recognised as a financial liability, at fair value, which is considered to be the amount due discounted by the Company's cost of capital. The right to receive the shares is recognised as a financial asset at fair value, assessed by the Directors as equal to the fair value of the obligation.

Financial instruments

Financial assets and liabilities are recognised in the Balance Sheet when the Company becomes party to the contractual provisions of the instrument. The principal financial assets and liabilities of the Company are as follows:

Financial assets

Basic financial assets, including trade and other debtors, amounts owed by Group companies, cash and cash equivalents, are initially recognised at transaction price, 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. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Cash and cash equivalents include cash at bank and in hand and bank deposits available with no notice or less than three months' notice from inception that are subject to an insignificant risk of changes in value. Bank overdrafts are presented as current liabilities to the extent that there is no right of offset with cash balances.

Financial liabilities

Basic financial liabilities, including trade and other creditors, accrued expenses, and amounts owed to Group companies 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 receipts discounted at a market rate of interest.

Financial liabilities are derecognised when the liability is extinguished; that is, when the contractual obligation is discharged, cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Principal accounting policies - continued

Shares

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Reserves

Called up share capital represents the nominal value of shares that have been issued.

Profit and loss account includes all current and prior period retained profits and losses.

Profit and loss account

	Note	2017 £ 000	2016 £ 000
Turnover	1	23,003	25,311
Cost of sales		<u>(18,432)</u>	<u>(20,441)</u>
Gross profit		4,571	4,870
Other operating charges		<u>(4,462)</u>	<u>(2,648)</u>
Operating profit	2	109	2,222
Income from fixed asset investments		1,280	3,057
Net interest	5	<u>(100)</u>	<u>(109)</u>
Profit on ordinary activities before tax		1,289	5,170
Tax on profit on ordinary activities	6	<u>14</u>	<u>746</u>
Profit for the financial year		<u>1,303</u>	<u>5,916</u>

All of the activities of the Company are classed as continuing. There was no other comprehensive income.

The accompanying accounting policies and notes form an integral part of these financial statements.

Balance sheet

	Note	2017 £ 000	2016 £ 000
Fixed assets			
Tangible assets	8	291	384
Investments	9	<u>6,163</u>	<u>6,163</u>
		6,454	6,547
Current assets			
Debtors	10	15,052	11,391
Cash at bank and in hand		<u>2,447</u>	<u>6,319</u>
		17,499	17,710
Creditors: amounts falling due within one year	11	<u>(9,282)</u>	<u>(2,487)</u>
Net current assets		<u>8,217</u>	<u>15,223</u>
Total assets less current liabilities		14,671	21,770
Creditors due after more than one year	12	<u>(10,082)</u>	<u>(10,484)</u>
		<u>4,589</u>	<u>11,286</u>
Capital and reserves			
Called up share capital	17	-	-
Profit and loss account		<u>4,589</u>	<u>11,286</u>
Shareholder's funds		<u>4,589</u>	<u>11,286</u>

The financial statements were approved and authorised for issue by the Directors and are signed on their behalf on 28 September 2018.



Mears Group PLC
Director

Statement of changes in equity

	Profit and loss account £ 000
At 1 January 2016	5,370
Profit for the year	<u>5,916</u>
At 31 December 2016	<u>11,286</u>
	Profit and loss account £ 000
At 1 January 2017	11,286
Profit for the year	1,303
Dividends	<u>(8,000)</u>
At 31 December 2017	<u>4,589</u>

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the Company. All turnover is derived from within the United Kingdom.

2 Operating profit

Operating profit is stated after charging:

	2017 £ 000	2016 £ 000
Depreciation of tangible fixed assets	97	65
Profit on disposal of fixed assets	(5)	(1)
Hire of plant and equipment	4	-
Operating lease rentals:		
- land and buildings	142	183
- motor vehicles	119	-
	<u>119</u>	<u>-</u>

3 Auditors' remuneration

Fees payable to the auditor for the period:

	2017 £ 000	2016 £ 000
For the audit of the Company's financial statements	<u>6</u>	<u>8</u>

4 Employees

The average number of staff employed by the Company, including directors, during the financial year amounted to:

	2017 No.	2016 No.
Administrative staff	63	70
Operatives	<u>2</u>	<u>1</u>
	<u>65</u>	<u>71</u>

Notes to the financial statements

4 Employees (continued)

The aggregate payroll costs of the above were:

	2017	2016
	£ 000	£ 000
Wages and salaries	2,112	1,816
Social security costs	203	171
Other pension costs	<u>23</u>	<u>5</u>
	<u>2,338</u>	<u>1,992</u>

The Directors were remunerated through other Group companies during the period and no remuneration was paid in respect of their positions as Directors of Omega Lettings Limited.

5 Net interest

	2017	2016
	£ 000	£ 000
Unwinding of discount on finance liability	(151)	(146)
Interest payable on loans from group undertakings	<u>(100)</u>	<u>(109)</u>
	(251)	(255)
Unwinding of discount on finance asset	<u>151</u>	<u>146</u>
Net interest (payable)/receivable	<u>(100)</u>	<u>(109)</u>

6 Taxation on ordinary activities

	2017	2016
	£ 000	£ 000
Analysis of charge in the year		
Current tax:		
Adjustment in respect of prior periods	-	(746)
Deferred tax:		
Accelerated Capital allowances	<u>(14)</u>	<u>-</u>
Tax on profit on ordinary activities	<u>(14)</u>	<u>(746)</u>

Notes to the financial statements

6 Taxation on ordinary activities (continued)

Factors affecting tax charge for the year

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK. During the period the average corporation tax rate was 19.25% (2016: 20%).

	2017 £ 000	2016 £ 000
Profit on ordinary activities before taxation	<u>1,289</u>	<u>5,170</u>
Profit on ordinary activities multiplied by standard rate of tax	248	1,034
Effects of:		
Expenses not deductible for tax purposes	68	1
Depreciation for period in excess of capital allowances	(3)	9
Tax increase (decrease) arising from group relief	(158)	(433)
Tax increase (decrease) from effect of dividends from UK companies	(246)	(611)
Timing differences on provisions	77	-
Adjustment to tax in respect of prior periods	-	(746)
Total tax credit for the year	<u>(14)</u>	<u>(746)</u>

7 Dividends on ordinary shares classed as equity

	2017 £ 000	2016 £ 000
Declared at the year-end:		
Equity dividends of £26,667 per share	<u>8,000</u>	<u>-</u>

Notes to the financial statements

8 Tangible fixed assets

	Leasehold property improvements £ 000	Motor vehicles £ 000	Furniture, fittings and equipment £ 000	Total £ 000
Cost or valuation				
At 1 January 2017	369	113	350	832
Additions	<u>2</u>	<u>-</u>	<u>2</u>	<u>4</u>
At 31 December 2017	<u>371</u>	<u>113</u>	<u>352</u>	<u>836</u>
Depreciation				
At 1 January 2017	80	101	267	448
Charge for the year	<u>73</u>	<u>3</u>	<u>21</u>	<u>97</u>
At 31 December 2017	<u>153</u>	<u>104</u>	<u>288</u>	<u>545</u>
Carrying amount				
At 31 December 2017	<u>218</u>	<u>9</u>	<u>64</u>	<u>291</u>
At 31 December 2016	<u>289</u>	<u>12</u>	<u>83</u>	<u>384</u>

9 Investments

Subsidiaries	£ 000
Cost or valuation	
At 1 January 2017	<u>6,163</u>
At 31 December 2017	<u>6,163</u>
Carrying amount	
At 31 December 2017	<u>6,163</u>
At 31 December 2016	<u>6,163</u>

Notes to the financial statements

9 Investments (continued)

Details of undertakings

Subsidiary	Nature of business	Holding %	Net assets £ 000	Profit for the period £ 000
Tando Property Services Limited	Management of property on a fee or contract basis	100	3,923	2,292
O & T Developments Limited	Management of property on a fee or contract basis	100	1,014	231
Tando Homes Limited	Management of property on a fee or contract basis	100	473	314

All of the above subsidiaries have a period end of 31 December.

On 19 October 2015, the Company entered into a forward purchase agreement to acquire the remaining 25% of Tando Property Services Limited, O&T Developments Limited and Tando Homes Limited in January 2018 for total consideration of £6.2m.

10 Debtors

	Note	2017 £ 000	2016 £ 000
Trade debtors		5,021	2,633
Other debtors		7	9
Amounts recoverable on contracts		2,280	768
Prepayments and accrued income		244	60
Deferred tax assets	6	14	-
Amounts owed by group undertakings		1,324	1,909
Derivative financial investments		6,162	6,012
		<u>15,052</u>	<u>11,391</u>

The debtors above include the following amounts falling due after more than one year:

Amounts owed by group undertakings	1,324	1,909
Derivative financial investments	6,162	6,012
Deferred tax assets	14	-
	<u>7,500</u>	<u>7,921</u>

Derivative financial investments of £6.2m (2016: £6.0m) represents a forward purchase agreement as detailed in note 9.

Notes to the financial statements

11 Creditors: amounts falling due within one year

	2017 £ 000	2016 £ 000
Trade creditors	1,179	1,884
Other taxation and social security	41	372
Other creditors	505	99
Accrued expenses	1,394	132
Deferred consideration	6,163	-
	<u>9,282</u>	<u>2,487</u>

12 Creditors: amounts falling due after more than one year

	2017 £ 000	2016 £ 000
Amounts owed to group undertakings	10,082	4,472
Deferred consideration	-	6,012
	<u>10,082</u>	<u>10,484</u>

Deferred consideration falling due within one year of £6.2m (2016 falling due after more than one year: £6.0m) represents a forward purchase agreement as detailed in note 9.

13 Financial instruments

The Company has the following financial instruments:

	2017 £ 000	2016 £ 000
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	5,021	2,633
Amounts owed by group undertakings	1,324	1,909
Other debtors	7	9
Amounts recoverable on contracts	2,280	768
Derivative financial instruments	6,162	6,012
	<u>14,794</u>	<u>11,331</u>
Financial liabilities measured at amortised cost		
Trade creditors	1,179	1,884
Amounts owed to group undertakings	10,082	4,472
Other creditors	505	99
	<u>11,766</u>	<u>6,455</u>

Notes to the financial statements

13 Financial instruments (continued)

	2017 £ 000	2016 £ 000
Other financial liabilities measured at fair value		
Deferred consideration	<u>6,163</u>	<u>6,012</u>

The Company uses financial instruments, comprising borrowings, cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to finance the Company's operations. The Company has no interests in the trade of financial instruments, interest rate swaps or forward interest rate agreements.

The Company had deferred consideration for the acquisition in January 2018 of the remaining 25% of the share capital of Tando Property Services Limited, O&T Developments Limited and Tando Homes Limited.

The Company charges or pays interest at market rate on intragroup loans classified as financing transactions.

The main risks arising from the Company's financial instruments are liquidity risk and credit risk.

The Company seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Company has no overdraft.

Trade debtors are normally due within 30 to 60 days. All trade debtors are subject to credit risk exposure. However there is no specific concentration of credit risk as the amounts recognised represent a large number of receivables from various customers.

14 Leasing commitments

Operating leases

The total of future minimum lease payments is as follows:

	2017 £ 000	2016 £ 000
Not later than one year	9,228	10,685
Later than one year and not later than five years	11,384	8,268
Later than five years	<u>3,667</u>	<u>-</u>
	<u>24,279</u>	<u>18,953</u>

Operating lease payments represent rentals payable by the Company for certain of its office properties, the hire of vehicles and the hire of other equipment. These leases have durations ranging from three to 15 years. No arrangements have been entered into in respect of contingent rental payments.

15 Contingent liabilities

Mears Housing Management Limited and the other companies in the group headed by Mears Group PLC have entered into a Composite Accounting Agreement with the Bank, whereby each Company has provided a guarantee to the Bank and, under the terms of the guarantees, the Bank is authorised to allow set-off for interest purposes and in certain circumstances to set-off debit and credit balances within the Composite Accounting System. The Bank has a fixed and floating charge over the assets of Mears Housing Management Limited in respect of this arrangement.

Notes to the financial statements

16 Related party transactions

The Group of which the Company is a member has a central treasury arrangement in which all Group companies participate and procures a number of goods and services centrally which are recharged to its subsidiaries at cost. The Directors do not consider it meaningful to set out details of transfers made in respect of this treasury arrangement, nor the recharge of centrally procured goods and services, nor do they consider it meaningful to set out details of interest or dividend payments made within the Group.

Summary of transactions with subsidiaries

During the year the Company made sales of construction services, project management and consultancy of £nil (2016: £115,419) to Tando Homes Limited, a 75% subsidiary. At the year end, the Company was owed £122,508 by Tando Homes Limited (2016: £122,508), in respect of the transactions described above.

17 Share capital

Allotted, called up and fully paid share capital

	2017	2016
	£	£
300 ordinary shares of £1 each	<u>300</u>	<u>300</u>

18 Ultimate parent company

The Directors consider that the ultimate parent undertaking and controlling related party of this Company is its parent undertaking Mears Group PLC by virtue of its 100% shareholding.

The largest and smallest group of undertakings for which Group accounts have been drawn up is that headed by Mears Group PLC. The accounts are available from The Company Secretary, Mears Group PLC, 1390 Montpellier Court, Gloucester Business Park, Brockworth, Gloucester GL3 4AH.
