

Registration number: 04726480



# Mears Housing Management (Holdings) Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2021

FRIDAY



A8 \*ABB05UVM\* 02/09/2022 #51  
COMPANIES HOUSE

**Mears Housing Management (Holdings) Limited**  
**Contents**

Company Information	
Strategic Report	1
Directors' Report	2
Profit and Loss Account	3
Balance Sheet	4
Statement of Changes in Equity	5
Notes to the Unaudited Financial Statements	6
	7 to 13

## **Mears Housing Management (Holdings) Limited**

### **Company Information**

<b>Directors</b>	A C M Smith
	B R Westran
	J K Taylor
<b>Company secretary</b>	B R Westran
<b>Registered office</b>	1390 Montpellier Court Gloucester Business Park Brockworth Gloucester GL3 4AH
<b>Solicitors</b>	Travers Smith 10 Snow Hill London EC1A 2AL
<b>Bankers</b>	Barclays Bank PLC Corporate Banking 4th Floor Bridgewater House Counterslip, Finzels Reach Bristol BS1 6BH

## Mears Housing Management (Holdings) Limited

# Strategic Report for the Year Ended 31 December 2021

The Directors present their report for the year ended 31 December 2021.

### Fair review of the business

Throughout the report and financial statements, the term "Company" is used to refer to Mears Housing Management (Holdings) Limited and "Group" is used to refer to Mears Group PLC and its subsidiaries.

The Company is the holding company for a Group which is a leading private sector provider of residential lettings and management services to the Social Housing market, with a portfolio of around 4,500 properties.

There has been no income or expenditure in the Company itself during the year other than interest and dividends received from subsidiary undertakings. Any expenses have been met by the parent company.

### Principal risks and uncertainties

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

- *Reputation*  
The ultimate success of Mears relies upon maintaining a positive reputation in the public and amongst all stakeholders. Negative actions, behaviour, service and results will damage the business reputation and will affect the future of the Company. This includes risk of negative publicity from actions of employees and suppliers. The Company is dependent on its strong management team and a skilled and motivated workforce, to deliver business objectives.
- *Liquidity*  
There is a clear client and market focus on the financial strength of the Company's trading due to a number of main peer contractors going into administration. Various stakeholders require reassurance that the Company has strong liquidity risk management including access to the Group's long term funding facility agreement and the generation of sufficient cash from trading.  
  
Risks arise from short term cash flow movements and renewal risk on maturity of facilities. The Company is part of a Group banking facility and its working capital requirements are managed at a Group level. The facility has currently been agreed until December 2025.  
  
Both short term and long term liquidity are monitored through the use of various tools including cashflow forecasts and proactive response to variances identified.
- *Integrity, ethics, anti-bribery and corruption*  
There are inherent risks of bribery, fraud and corruption in some of the sectors the Company operates in. It is important that the Company has an internal control framework and means of communication to be pro-active where any risks materialise.

Approved by the Board on 25 August 2022 and signed on its behalf by:

*Ben Westran*

.....  
B R Westran  
Director

**Mears Housing Management (Holdings) Limited**

**Directors' Report for the Year Ended 31 December 2021**

The Directors present their report and the unaudited financial statements for the year ended 31 December 2021.

**Directors' of the company**

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

A C M Smith

B R Westran

J K Taylor

**Principal activity**

The principal activity of the company during the year was that of a holding company. Its subsidiaries were principally involved in the supply of housing management services for Local Authorities.

**Going concern**

The Company reported a profit for the period of £3,933,213 (2020: loss of £1,040,768). The balance sheet shows net assets of £3,061,714 (2020: net liabilities of £871,499).

The principal risks and uncertainties of the Company are managed at a Group level. However, the Company itself has a positive balance sheet and the Directors believe that the Company will be in a position to settle its debts as they fall due. The Board believes that the Company has adequate resources to continue in operational existence until at least 31 August 2023.

On this basis, the Directors consider it appropriate to adopt the going concern basis for preparing the financial information.

**Directors' liabilities**

Directors are granted an indemnity from the Company in respect of liabilities incurred as a result of their position in office. However, the indemnity does not cover Directors or officers in the event of being proven of acting dishonestly or fraudulently.

Approved by the Board on 25 August 2022 and signed on its behalf by:

*Ben Westran*

.....  
B R Westran  
Director

**Mears Housing Management (Holdings) Limited**

**Profit and Loss Account for the Year Ended 31 December 2021**

	Note	2021 £	2020 £
Turnover		-	-
Exceptional items	4	<u>5,000,000</u>	<u>-</u>
Operating profit		5,000,000	-
Income from participating interests		-	89,681
Interest payable and similar charges	5	<u>(1,066,787)</u>	<u>(1,130,449)</u>
Profit/(loss) before tax		3,933,213	(1,040,768)
Tax on profit/(loss) on ordinary activities	6	<u>-</u>	<u>-</u>
Profit/(loss) for the year		<u><u>3,933,213</u></u>	<u><u>(1,040,768)</u></u>

The results above are in respect of continuing operations.

**Mears Housing Management (Holdings) Limited**  
**(Registration number: 04726480)**  
**Balance Sheet as at 31 December 2021**

	Note	31 December 2021 £	31 December 2020 £
<b>Fixed assets</b>			
Investments	7	16,800,000	41,800,000
<b>Current assets</b>			
Debtors due after more than one year		-	3,676,925
<b>Total assets less current liabilities</b>		16,800,000	45,476,925
<b>Creditors: Amounts falling due after more than one year</b>			
Amounts due to related parties	11	(13,738,286)	(46,348,424)
<b>Net assets/(liabilities)</b>		<u>3,061,714</u>	<u>(871,499)</u>
<b>Capital and reserves</b>			
Called up share capital	9	1	1
Profit and loss account		<u>3,061,713</u>	<u>(871,500)</u>
Shareholders' funds/(deficit)		<u>3,061,714</u>	<u>(871,499)</u>

For the financial year ending 31 December 2021 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 by the Board on 25 August 2022 and signed on its behalf by:

*Ben Westran*

.....  
B R Westran  
Director

The notes on pages 7 to 13 form an integral part of these financial statements.

**Mears Housing Management (Holdings) Limited**

**Statement of Changes in Equity for the Year Ended 31 December 2021**

	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2020	1	169,268	169,269
Loss for the year	-	(1,040,768)	(1,040,768)
Total comprehensive income	-	(1,040,768)	(1,040,768)
At 31 December 2020	1	(871,500)	(871,499)

	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2021	1	(871,500)	(871,499)
Profit for the year	-	3,933,213	3,933,213
Total comprehensive income	-	3,933,213	3,933,213
At 31 December 2021	1	3,061,713	3,061,714

The notes on pages 7 to 13 form an integral part of these financial statements.



## **Mears Housing Management (Holdings) Limited**

# **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021**

### **1 General information**

The financial statements present the results and financial position of Mears Housing Management (Holdings) Limited ("the Company") for the year ended 31 December 2021.

The Company is a private company limited by share capital, incorporated in England and Wales and domiciled in United Kingdom.

The address of its registered office is:

1390 Montpellier Court  
Gloucester Business Park  
Brockworth  
Gloucester  
GL3 4AH  
United Kingdom

These financial statements were authorised for issue by the Board on 25 August 2022.

### **2 Accounting policies**

#### **Basis of preparation**

The financial statements of the Company have been prepared in accordance with applicable accounting standards, including FRS 101, and with the Companies Act 2006. The functional currency of the Company is Sterling (£), which is also the currency in which the financial statements are presented, rounded to the nearest pound.

The Company has taken advantage of the reduced disclosures for subsidiaries provided for in FRS 101 and the specific exemptions that the Company has taken advantage of are set out in 'Summary of disclosure exemptions', as the Company is a member of a group where the parent of that group prepares publicly available financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit and loss of the group.

#### **Exemption from preparing group accounts**

The financial statements contain information about Mears Housing Management (Holdings) 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 United Kingdom.

#### **Going concern**

On the basis of their assessment of the Company's financial position, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future.

The principal risks and uncertainties of the Company are managed at a Group level. However, the Company itself has a positive balance sheet and the Directors believe that the Company will be in a position to settle its debts as they fall due. The Board believes that the Company has adequate resources to continue in operational existence until at least 31 August 2023.

On this basis, the Directors consider it appropriate to adopt the going concern basis for preparing the financial information.

**Mears Housing Management (Holdings) Limited**

**Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)**

**2 Accounting policies (continued)**

**Summary of disclosure exemptions**

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2021. The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) The requirements of IFRS 2 Share-based Payments;
- b) The requirements of IFRS 3 Business Combinations;
- c) The requirements of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations;
- d) The requirements of IFRS 7 Financial Instruments: Disclosures;
- e) The requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- f) The requirements of IFRS 15 Revenue from Contracts with Customers;
- g) The requirements of IFRS 16 Leases;
- h) The requirements of paragraph 58 of IFRS 16;
- i) The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
  - (iii) paragraph 118(e) of IAS 38 Intangible Assets;
- j) The requirements of paragraph 10(d) and 134 to 136 of IAS 1 Presentation of Financial Statements;
- k) The requirements of IAS 7 Statement of Cash Flows;
- l) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- m) The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- n) 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;
- o) The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
- p) The requirements of paragraph 5(c) of the FRS 101 Reduced Disclosure Framework.

**Exceptional items**

Exceptional items are disclosed on the face of the Profit and Loss Account where these are material and considered necessary to explain the underlying financial performance of the Company. They are either one off in nature or necessary elements of expenditure to derive future benefits for the Company which have not been capitalised in the Balance Sheet.

Costs of restructure are only considered to be exceptional where the restructure is transformational and the resultant cost is significant.

**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.

**Reserves**

Share capital is determined using the nominal value of shares that have been issued.

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

## **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)**

### **2 Accounting policies (continued)**

#### **Share capital**

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.

#### **Financial assets and liabilities**

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, loans and receivables***

The assets generated from goods or services transferred to customers are presented as either receivables or contract assets, in accordance with IFRS 15. The assessment of impairment of receivables or contract assets is in accordance with IFRS 9 'Financial Instruments'.

All cash flows from customers are solely payments of principal and interest, and do not contain a significant financing component. Financial assets generated from all of the Company's revenue streams are therefore initially measured at their fair value, which is considered to be their transaction price (as defined in IFRS 15) and are subsequently remeasured at amortised cost.

Under IFRS 9, the Company recognises a loss allowance for expected credit losses (ECL) on financial assets subsequently measured at amortised cost using the 'simplified approach'. Individually significant balances are reviewed separately for impairment based on the credit terms agreed with the customer. Other balances are grouped into credit risk categories and reviewed in aggregate.

Trade receivables, contract assets and cash at bank and in hand are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables and contract assets are initially recorded at fair value net of transaction costs, being invoiced value less any provisional estimate for impairment should this be necessary due to a loss event. Trade receivables are subsequently remeasured at invoiced value, less an updated provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the Profit and Loss Account.

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.

Following initial recognition, financial assets are subsequently remeasured at amortised cost using the effective interest rate method.

**Mears Housing Management (Holdings) Limited**

**Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)**

**2 Accounting policies (continued)**

**Financial Liabilities**

The Company's financial liabilities are overdrafts, trade and other payables including accrued expenses, and amounts owed to Group companies.

All interest related charges are recognised as an expense in 'Interest payable and similar charges' in the Profit and Loss Account with the exception of those that are directly attributable to the construction of a qualifying asset, which are capitalised as part of that asset.

Bank and other borrowings are initially recognised at fair value net of transaction costs. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognised respectively in finance income and finance costs. Borrowing costs are recognised as an expense in the period in which they are incurred with the exception of those which are directly attributable to the construction of a qualifying asset, which are capitalised as part of that asset.

Trade payables on normal terms are not interest bearing and are stated at their fair value on initial recognition and subsequently at amortised cost.

Contingent consideration is initially recognised at fair value and is subsequently measured at fair value through the Profit and Loss Account.

**3 Critical accounting judgements and key sources of estimation uncertainty**

The preparation of financial statements requires management to make estimates and judgements that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reported period. The estimates and associated judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying judgements 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.

**4 Exceptional items**

Exceptional items of £(5,000,000) were in respect of impairment of investments (expense of £25,000,000) and of the write off of a balance owed to Mears Group PLC (income of £30,000,000).

**5 Interest payable and similar expenses**

	2021	2020
	£	£
Interest paid to group undertakings	1,066,787	1,130,449

**Mears Housing Management (Holdings) Limited**

**Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)**

**6 Income tax**

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit/(loss) before tax	3,933,213	(1,040,768)
Corporation tax at standard rate	747,310	(197,746)
Decrease from effect of expenses not deductible in determining tax loss	(950,000)	-
Increase arising from group relief	202,690	197,746
Total tax charge/(credit)	-	-

**Factors that may affect future tax charges**

The UK Budget 2021 announcements on 3 March 2021 included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were substantively enacted at the balance sheet date and hence have been reflected in the measurement of deferred tax balances at the period end, to the extent those balances are expected to impact on current tax after 1 April 2023.

**7 Investments**

Subsidiaries	£
<b>Cost or valuation</b>	
At 1 January 2021	41,800,000
Impairment	(25,000,000)
At 31 December 2021	16,800,000
<b>Carrying amount</b>	
At 31 December 2021	16,800,000

**Mears Housing Management (Holdings) Limited**

**Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)**

**7 Investments (continued)**

Details of the subsidiaries as at 31 December 2021 are as follows:

Name of subsidiary	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				2021	2020
Mears Housing Management Limited	Provision of Housing Management services	1390 Montpellier Court, Gloucester Business Park, Brockworth, Gloucester, GL3 4AH United Kingdom	Ordinary shares	100%	100%
Omega Housing Limited	Provision of Housing Management services	1390 Montpellier Court, Gloucester Business Park, Brockworth, Gloucester, GL3 4AH United Kingdom	Ordinary shares	100%	100%
Let to Birmingham Limited	Unregistered social landlord	1390 Montpellier Court, Gloucester Business Park, Brockworth, Gloucester, GL3 4AH United Kingdom	Ordinary shares	100%	100%
MHM Property Services Limited	Provision of maintenance services	1390 Montpellier Court, Gloucester Business Park, Brockworth, Gloucester, GL3 4AH United Kingdom	Ordinary shares	100%	100%
Mears Housing Portfolio (Holdings) Limited	Holding company	1390 Montpellier Court, Gloucester Business Park, Brockworth, Gloucester, GL3 4AH United Kingdom	Ordinary shares	100%	100%

**8 Contingent liabilities**

Mears Housing Management (Holdings) 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.

**9 Share capital**

**Allotted, called up and fully paid shares**

	31 December 2021		31 December 2020	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

**Mears Housing Management (Holdings) Limited**

**Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)**

**10 Parent and ultimate parent undertaking**

The Company's immediate parent is Mears Group PLC by virtue of its 100% shareholding.

Mears Group PLC prepares Group financial statements which include this Company and are the smallest and largest consolidated accounts that the Company are included in. These financial statements are available upon request from The Company Secretary, Mears Group PLC, 1390 Montpellier Court, Gloucester Business Park, Brockworth, Gloucester, GL3 4AH.

**11 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.