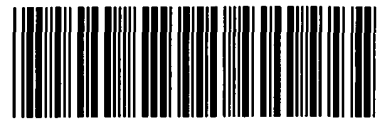


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NHF PROPERTY & SERVICES  
LIMITED

FINANCIAL STATEMENTS

For the Year ended  
31 March 2017

Company no. 04904686

**NHF PROPERTY & SERVICES LIMITED**

**For the year ended 31 March 2017**

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**Company registration number:** 04904686

**Registered office:** NHF Property & Services Limited  
Lion Court  
25 Procter Street  
London  
WC1V 6NY

**Bankers:** Lloyds TSB  
Kings Cross Branch  
344 Gray's Inn Road  
London  
WC1X 8BX

**Auditor:** Grant Thornton UK LLP  
Registered Auditor  
Chartered Accountants  
Grant Thornton House  
Melton Street  
Euston Square  
London  
NW1 2EP

# NHF PROPERTY & SERVICES LIMITED

For the year ended 31 March 2017

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## **REPORT OF THE DIRECTORS**

The directors present their report together with the audited financial statements for the year ended 31 March 2017.

### **Principal activity**

The company's main purpose is renting and providing office space, conference facilities and serviced meeting rooms.

### **Business review**

#### Operations

The company owns the freehold of Lion Court, 25 Procter Street, London, WC1V 6NY. It rents out the building to its holding company the National Housing Federation Limited which in turn has let 61.6% of the usable space to a serviced office provider.

#### Risks and uncertainties

The lease to the serviced office provider is for ten years with no break clause. There is a risk that the serviced office provider may default on the rent however this is mitigated by holding a three month rent deposit.

The company has obtained the support of its parent to ensure that it can meet its cashflow needs for twelve months from date of signing these accounts; the parent has confirmed that it will not demand settlement of the inter-company balance of £6,469k unless the company has the available funds to make the payment.

#### Financial Review

There was a profit for the year after taxation amounting to £2,265k (2016: £4,289k) as shown on page 9.

Movements on fixed assets are disclosed in note 6.

## REPORT OF THE DIRECTORS

The company rents out its freehold property to its holding company the National Housing Federation Limited, which in turn has let 61.6% of the usable space to a serviced office provider on a ten year commercial lease.

The whole property is treated as an investment property and included at valuation. The property was independently valued at 31 March 2017 to £27.84m (2014 £25.98m) by Strutt & Parker LLP, acting as an independent valuer as defined by Professional Standard 2 of the RICS Valuation Professional Standards, January 2014. The basis of valuation was market value of the freehold interest in the property subject to any tenancies.

The accounts have been prepared on a going concern basis and the Director's confirm that there are no material uncertainties that may cast significant doubt of the ability of the company to continue as a going concern.

### Directors

The membership of the Board is set out below. The directors received no fees or remuneration for their services.

Simon Charlick  
Baroness Diana Warwick

### Statement of directors' responsibilities

The directors are responsible for preparing the Report of the Directors 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 laws) including FRS 102 - 'The Financial Reporting Standard applicable in the United Kingdom 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 and 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 judgments 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

## REPORT OF THE DIRECTORS

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.

The directors confirm that:

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

### Auditors

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notification under section 488(1) of the Companies Act 2006.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

BY ORDER OF THE BOARD



Jackie Cunningham  
Secretary

5 July 2017

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NHF PROPERTY & SERVICES LIMITED**

We have audited the financial statements of NHF Property & Services Limited for the year ended 31 March 2017 which comprise the statement of comprehensive income and retained earnings, the balance sheet, the statement of changes in equity, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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.

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 and 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate)

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 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.

**Opinion 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- The Directors' Report has been prepared in accordance with applicable legal requirements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NHF PROPERTY & SERVICES LIMITED (continued)**

**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 any material misstatements in 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; or
- the directors were not entitled to prepare financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Directors' Report.

*Grant Thornton LLP*

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

*6 JULY*

2017



## **PRINCIPAL ACCOUNTING POLICIES**

### **Status**

NHF Property & Services Limited is a private company limited by shares incorporated in England and Wales. It is a wholly owned subsidiary of the National Housing Federation Ltd.

### **Basis of Preparation**

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102- 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS 102) and with the Companies Act 2006. The financial statements have been prepared under the historical cost convention except for the modification to market value of investment properties.

The functional currency of the Financial Statements is Pounds Sterling.

NHF Property & Services Limited has taken advantage of the following disclosure exception in preparing these financial statements, as permitted by FRS102 – the requirement to present a statement of cash flows and related notes.

The directors have assessed the company's future activities and commitments against the working capital in place and access to funds. The directors view the level of working capital as sufficient to ensure future operations. Accordingly, the directors are satisfied that it is appropriate to apply the going concern principle and that there are no material uncertainties that may cast significant doubt of the ability of the company to continue as a going concern.

### **Significant Judgements and estimates**

Preparation of the financial statements requires management to make judgements and estimates. These are evaluated continually and based on historical performance and any other relevant factors. The only judgement or estimate in these accounts which are considered significant is the valuation of investment properties - the company has re-valued its investment property to fair value based on advice from independent experts as detailed in note 6.

### **Turnover**

Turnover is the total amount receivable by the company for services provided, excluding VAT and trade discounts.

All income is accounted for on a receivable basis.

## **PRINCIPAL ACCOUNTING POLICIES**

### **Tangible Fixed Assets and Depreciation**

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provisions for impairment.

Depreciation is provided at rates which are calculated to write off the cost of tangible fixed assets by equal annual instalments over the following estimated useful lives.

Plant and machinery	14 - 20 years
---------------------	---------------

No depreciation is provided on investment properties. Depreciation is charged monthly from the period of acquisition or commencement of use, up until the period of disposal.

### **Investment Properties**

No depreciation is provided in respect of investment properties. Such properties are held for their investment potential and not for consumption within the business. This is a departure from the Companies Act 2006 which requires all properties to be depreciated and the directors consider that to depreciate them would not enable the financial statements to give a true and fair view.

Investment properties are stated at valuation; the basis of which was market value of the freehold interest in the property subject to any tenancies.

### **Taxation**

Provision is made for taxation on rents received, interest and on the trading surplus arising from non mutual trading.

Deferred tax is provided in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. The deferred tax balance has not been discounted.

VAT recovery is accrued on the basis of a partial exemption formula agreed with HM Customs and Excise on 23 August 2004 which was effective from 28 January 2004. Amounts are included in the income and expenditure account and in the balance sheet gross of VAT where the VAT is reclaimable under this formula. The company is in a VAT grouping with its parent company, National Housing Federation Limited.

## **PRINCIPAL ACCOUNTING POLICIES**

### **Financial Instruments**

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, 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.

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow Group companies 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.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

The Company has not issued and is not in receipt of any compound financial instruments.

# NHF PROPERTY & SERVICES LIMITED

For the year ended 31 March 2017

## STATEMENT OF COMPREHENSIVE INCOME AND RETAINED EARNINGS

	Note	2017 £'000	2016 £'000
Turnover	1	<u>1,708</u>	<u>1,708</u>
Administrative expenses	2	(821)	(818)
Other operating income	3	<u>1,860</u>	<u>4,480</u>
<b>Operating profit</b>		<b>2,747</b>	<b>5,370</b>
Interest payable	4	<u>(213)</u>	<u>(220)</u>
<b>Profit on ordinary activities before taxation</b>		<b>2,534</b>	<b>5,150</b>
Tax on profit on ordinary activities	5	<b>269</b>	<b>861</b>
<b>Profit of the financial year</b>		<b>2,265</b>	<b>4,289</b>
Retained profit at 1 April		<b>9,066</b>	<b>4,777</b>
<b>Retained profit transferred to reserves</b>		<b><u>11,331</u></b>	<b><u>9,066</u></b>

All transactions arise from continuing operations.

The principle accounting policies on pages 6 to 8 and the notes on pages 11 to 17 form part of the Financial Statements.

# NHF PROPERTY & SERVICES LIMITED

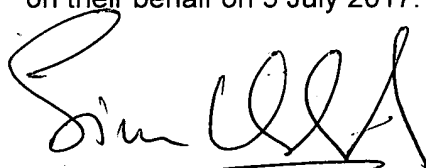
For the year ended 31 March 2017

## BALANCE SHEET AS AT 31 MARCH 2017

	Note	2017 £'000	2016 £'000
<b>Fixed assets</b>	6	<b>28,065</b>	<b>26,234</b>
Tangible assets			
<b>Current assets</b>			
Cash at bank and in hand		<u>46</u>	<u>46</u>
		<b>46</b>	<b>46</b>
<b>Creditors: amounts falling due within one year</b>	7	<u><b>(7,194)</b></u>	<u><b>(7,188)</b></u>
<b>Net current liabilities</b>		<u><b>(7,148)</b></u>	<u><b>(7,142)</b></u>
<b>Total assets less current liabilities</b>		<u><b>20,917</b></u>	<u><b>19,092</b></u>
<b>Creditors: amounts falling due after more than one year</b>	8	<b>(9,586)</b>	<b>(10,026)</b>
<b>Net assets</b>		<u><b>11,331</b></u>	<u><b>9,066</b></u>
<b>Reserves</b>			
Issued share capital	12	-	-
Profit and loss reserve		<u><b>11,331</b></u>	<u><b>9,066</b></u>
<b>Shareholders' funds</b>		<u><b>11,331</b></u>	<u><b>9,066</b></u>

The financial statements have been prepared in accordance with the special provisions applicable to the small companies regime.

The financial statements were approved by the Board of Directors on 5 July 2017 and signed on their behalf on 5 July 2017.



**Simon Charlick**

Company registration no. 04904686

The principle accounting policies on pages 6 to 8 and the notes on pages 11 to 17 form part of the Financial Statements.

# NHF PROPERTY & SERVICES LIMITED

For the year ended 31 March 2017

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Turnover and profit on ordinary activities before taxation

	2017 £'000	2016 £'000
Rental income	1,708	1,708
	<u>1,708</u>	<u>1,708</u>

### 2. Administrative expenses

	2017 £'000	2016 £'000
Depreciation	28	28
Loss on disposal	-	5
Management charge	793	785
	<u>821</u>	<u>818</u>

The company's audit fee is borne by its holding company the National Housing Federation Limited.

### 3. Other income

	2017 £'000	2016 £'000
Gain on revaluation	1,860	4,480
	<u>1,860</u>	<u>4,480</u>

### 4. Interest payable

	2017 £'000	2016 £'000
On bank loans	213	220

**NOTES TO THE FINANCIAL STATEMENTS**

**5. Taxation**

The tax charge is based on the profit / (loss) for the year and represents:

	<b>2017</b> <b>£'000</b>	2016 £'000
UK Corporation tax	-	-
Deferred tax	<b>269</b>	861
Current tax charge for the period	<u><b>269</b></u>	<u>861</u>

The tax assessed for the period is lower than the standard rate of corporation tax in the United Kingdom of 20%. The differences are explained as follows:

Profit / (loss) on ordinary activities before taxation	<u><b>2,534</b></u>	<u>5,150</u>
Tax on profit / (loss) on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 20%	<b>507</b>	1,030
Effect of:		
Difference in deferred tax rate	<b>(109)</b>	(104)
Group relief claimed	<b>(26)</b>	-
Income not taxable for tax purposes	<b>(372)</b>	(896)
Chargeable gain on property revaluation	<b>269</b>	831
Current tax charge for the period	<u><b>269</b></u>	<u>861</u>

## NOTES TO THE FINANCIAL STATEMENTS

## 6. Tangible fixed assets

	Investment Property £'000	Plant and machinery £'000	Total £'000
Cost			
At 1 April 2016	25,980	615	26,595
Revaluation	1,860	-	1,860
At 31 March 2017	<u>27,840</u>	<u>615</u>	<u>28,455</u>
Depreciation			
At 1 April 2016	-	362	362
Provided in the year	-	28	28
At 31 March 2017	<u>-</u>	<u>390</u>	<u>390</u>
Net book amount at 31 March 2017	<u>27,840</u>	<u>225</u>	<u>28,065</u>
Net book amount at 31 March 2016	<u>25,980</u>	<u>254</u>	<u>26,234</u>

On 27 February 2014 three floors of the freehold property Lion Court were let on a ten year commercial lease, the other two floors are leased to the company's ultimate parent undertaking (National Housing Federation Limited).

The whole property was independently valued at 31 March 2017 to £27.84m by Strutt & Parker LLP, acting as an independent valuer as defined by Professional Standard 2 of the RICS Valuation Professional Standards, January 2014.

The basis of valuation was market value of the freehold interest in the property (as defined in the RICS Valuation Professional Standards), subject to any external tenancies.



**NOTES TO THE FINANCIAL STATEMENTS**

**7. Creditors: amounts falling due within one year**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Bank loan (note 9)	<b>709</b>	687
Amounts owed to group undertakings	<b>6,469</b>	6,482
Accruals and deferred income	<b>16</b>	19
	<b><u>7,194</u></b>	<b><u>7,188</u></b>

The parent company has agreed not to recall the intercompany balance of £6,469k for twelve months from the date of signing these accounts unless the company has the available funds to make the payment.

**8. Creditors: amounts falling due after more than one year**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed to group undertakings (note 11)	<b>3,500</b>	3,500
Bank loan (note 9)	<b>4,878</b>	5,587
Deferred Taxation (note 10)	<b>1,208</b>	939
	<b><u>9,586</u></b>	<b><u>10,026</u></b>

**9. Creditors: capital borrowings**

Creditors include bank loans which are due for repayment as follows:

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Amounts repayable:		
In one year or less or on demand	<b>709</b>	687
In more than one year, but not more than two years	<b>730</b>	708
In more than two years, but not more than five years	<b>2,272</b>	2,239
In more than five years	<b>1,876</b>	2,639
	<b><u>5,587</u></b>	<b><u>6,273</u></b>

**NOTES TO THE FINANCIAL STATEMENTS****10. Deferred Tax**

Deferred taxation consists of the tax effect of timing differences in respect of:

	2017 £'000	2016 £'000
Property revaluation	179	733
Accelerated capital allowances	(6)	(13)
Trading losses	96	141
	<u>269</u>	<u>861</u>

	£'000
Balance at 1 April 2015	78
Charge for the year ( note 8)	861
Balance at 1 April 2016	<u>939</u>
Charge for the year	269
Balance at 31 March 2017 ( note 8)	<u>1,208</u>

**11. Financial commitments**

- i) On 29 January 2004, the company purchased Lion Court in Holborn for the sum of £13.74m. The purchase was financed by a 25 year loan from the Bank of Scotland of £11.74m at an interest rate of 1.5% plus base. At 31 March 2016 the amount outstanding was £6.27 m (2014: £6.94m). On 11 June 2004, the company elected to fix the interest rate on £4m of the loan for 5 years at 7.315%, this then reverted to a base rate loan and on 29 July 2011 the outstanding amount of £2.04m was changed to a LIBOR loan repayable at 1.5% over LIBOR. On 11 June 2004 the interest rate on a further £4m of the loan was fixed for 10 years at 7.295% which reverted back to a base rate loan on 11 June 2015. On 22 February 2010, the company elected a further interest fix at 5.595% for 10 years, £3.32m to run from 11 March 2010 and £0.79m to run from 29 April 2010.
- ii) Bank of Scotland holds a first and only debenture over the whole assets and undertakings of NHF Property & Services Limited, and a first legal charge over Lion Court as security against the loan.
- iii) The remaining £2m of the purchase price of Lion Court was raised from the sale of 175 Gray's Inn Road, a property owned by the National Housing Federation Limited, the company's parent. Following the sale, a non-interest bearing deferred loan was made to the company by the National Housing Federation Limited in January 2004, to be repaid 20 years from date of issue. At 31 March 2015 the amount outstanding on the loan was £3.5m (2016: £3.5m).

## NOTES TO THE FINANCIAL STATEMENTS

### 12. Called up Share capital

	2017 £'000	2016 £'000
Authorised 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

### 13. Reserves

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

Statement of Comprehensive Income and Retained Earnings – includes all current and prior period retained profits and losses.

### 14. Capital commitments

The company had no capital commitments at 31 March 2017 or 31 March 2016.

### 15. Contingent liabilities

There were no contingent liabilities at 31 March 2017 or 31 March 2016.

### 16. Ultimate parent undertaking

The company's immediate and ultimate parent undertaking and controlling party is the National Housing Federation Limited, which owns 100% of the allotted, called up and fully paid share capital. The largest and smallest group of undertakings for which group accounts are prepared is that headed by the National Housing Federation Limited. Consolidated financial statements are available from the National Housing Federation Limited's registered address, Lion Court, 25 Procter Street, London, WC1V 6NY.

### 17. Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard 102 from the requirement to disclose transactions with the National Housing Federation Limited on the grounds that consolidated financial statements are prepared by that organisation.

## NOTES TO THE FINANCIAL STATEMENTS

### 18. Financial risk management

The company has exposure to three main areas of risk:

#### **Customer credit exposure**

The company has leased 3 floors of its freehold property to a serviced office provider is for ten years with no break clause. There is a risk that the serviced office provider may default on the rent however this is mitigated by holding a three month rent deposit.

#### **Liquidity risk**

The company has obtained the support of its parent to ensure that it can meet its cashflow needs for twelve months from date of signing these accounts; the parent has confirmed that it will not demand settlement of the inter-company balance of £6,513k unless the company has the available funds to make the payment.

#### **Interest rate risk**

The company financed the purchase of its freehold property by way of a term loan from the Bank of Scotland and is therefore subject to interest rate changes. This is mitigated by fixing the interest on a portion of the loan as disclosed in note 11.