

NHF PROPERTY & SERVICES
LIMITED

FINANCIAL STATEMENTS

For the Year ended
31 March 2023

Company no. 04904686



NHF PROPERTY & SERVICES LIMITED

For the year ended 31 March 2023

Company registration number:	04904686
Registered office:	NHF Property & Services Limited Lion Court 25 Procter Street London WC1V 6NY
Banker:	Lloyds Camden Town Branch 140 Camden High Street London NW1 0NG
Auditor:	Mazars LLP Registered Auditor Chartered Accountants 6 Sutton Plaza Sutton Court Road Sutton SM1 4FS

NHF PROPERTY & SERVICES LIMITED

For the year ended 31 March 2023

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NHF PROPERTY & SERVICES LIMITED

For the year ended 31 March 2023

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 31 March 2023.

Principal activity

The company's main purpose is renting and providing office space.

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 lets 79.8% of the usable space.

Risks and uncertainties

The first and part of the third floor are serviced office spaces. These are short-term leases, which can be cancelled at one month's notice. There is a risk that tenants may default on the rent; however, this is mitigated by holding one month's rent deposit for each. There is also a risk that income will not cover costs if a number of these tenancies finish and are not renewed. This is mitigated by ensuring that we are able to reduce or stop discretionary expenditure with one months' notice.

The rest of the space is let on medium to long-term leases between two and ten years in length. The difference in lease durations removes the risk of more than one floor becoming vacant at the same time. In addition, there is a risk that the tenants may default on the rent however; this is mitigated by holding rent deposits equivalent to between 2.5 and 6 months rent.

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 £8,515k unless the company has the available funds to make the payment.

Financial Review

There was a profit for the year after taxation amounting to £50k (2022: £137k) as shown on page 11.

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 79.8% of the usable space to commercial tenants on a mix of serviced office lettings and two to ten year commercial leases.

The whole property is treated as an investment property and included at valuation. The property was independently valued at 31 March 2023 at £20.62m (2022 £21m) by BNP Paribas Real Estate, acting as an independent valuer as defined by Professional Standard 2 of the RICS Valuation Global Standards 2017. The valuation report includes commentary in respect of the location and situation of Lion Court, the floor area of useable space, the nature of the leases and sub-leases (full repairing leases), current rental income and “tenant covenant” (Dun and Bradstreet credit rating) of the tenants. The valuation methodology has been based on a yield approach to the income producing accommodation and a similar nominal yield equivalent approach to the space utilised by the National Housing Federation itself.

The accounts have been prepared on a going concern basis. The after effect of the Coronavirus crisis continues to have the potential to adversely affect our commercial trading particularly in relation to office space requirements and hybrid working over the next twelve months. As a result, we have undertaken a detailed options analysis, diversified our letting tenancies, reviewed and revised our plans, and are continually monitoring, reviewing and updating our forecasts and have taken swift action to reduce the possible impact. Cashflow forecasts show we will remain within our banking facilities. Given this, the Directors are confident that the going concern principle is appropriate.

Directors

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

Katharine Henderson
Margaret Galliers CBE (appointed 29 September 2022)
Baroness Diana Warwick (resigned 29 September 2022)

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:

NHF PROPERTY & SERVICES LIMITED

For the year ended 31 March 2023

REPORT OF THE DIRECTORS

- 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.

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 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.

Auditor

Mazars 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 (Jul 14, 2023 11:01 GMT+1)

Jackie Cunningham
Company Secretary

6 July 2023

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

Opinion

We have audited the financial statements of NHF Property & Services Limited (the 'company') for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income and Retained Earnings, the Balance sheet and the 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, FRS 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 March 2023 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.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the

other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of 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; and
- the Directors' Report has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In 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.

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

- adequate accounting records have not been kept by the company, 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 the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 2, 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: health and safety regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pin pointed to the cut off assertion) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:


- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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.

Use of the audit report

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


Nicola Wakefield (Oct 13, 2023 11:33 GMT+1)

Nicola Wakefield (Partner) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
6 Sutton Plaza
Sutton Court Road
Sutton
SM1 4FS

Date Oct 13, 2023

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.

Going Concern

The continued after effect of the Coronavirus crisis in particular concerning office space requirements, hybrid working and the current economic environment has the potential to adversely affect our commercial trading over the next twelve months. As a result we have undertaken a detailed options analysis, diversified our rental tenancies, reviewed and revised our plans, and are continually monitoring, reviewing and updating our forecasts and have taken swift action to reduce the possible impact. Cashflow forecasts show we will remain within our banking facilities. Given this the Directors are confident that the going concern principle is appropriate.

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 is considered significant is the valuation of investment property - The company has obtained a 3rd party RICS valuation report performed by BNP Paribas Real Estate which has valued the market value of the freehold interest of Lion Court, 25 Proctor Street, at £20,620,000. The valuation report includes commentary in respect of the location and situation of Lion Court, the floor area of useable space, the nature of the leases and sub-leases (full repairing leases), current rental income and "tenant covenant" (Dun and Bradstreet credit rating) of the tenants. The valuation methodology has been based on a yield approach to the income producing accommodation and a similar nominal yield equivalent approach to the space utilised by the National Housing Federation itself.

NHF PROPERTY & SERVICES LIMITED

For the year ended 31 March 2023

PRINCIPAL ACCOUNTING POLICIES

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.

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
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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 2023

STATEMENT OF COMPREHENSIVE INCOME AND RETAINED EARNINGS

	Note	2023 £'000	2022 £'000
Turnover	1	1,903	1,580
Administrative expenses	2	(1,490)	(1,347)
(Deficit) on revaluation of investment properties	3	(380)	-
Operating profit		33	233
Interest payable	4	(28)	(44)
Profit on ordinary activities before taxation		5	189
Tax credit/(charge) on profit on ordinary activities	5	55	(52)
Profit for the financial year		60	137
Retained profit at 1 April		7,587	7,450
Retained profit transferred to reserves		7,647	7,587

All transactions arise from continuing operations.

The principal accounting policies on pages 8 to 10 and the notes on pages 13 to 19 form part of the Financial Statements

NHF PROPERTY & SERVICES LIMITED

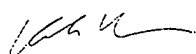
For the year ended 31 March 2023

BALANCE SHEET AS AT 31 MARCH 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Tangible assets	6	20,821	21,147
Current assets			
Debtors	7	175	1
Cash at bank and in hand		246	116
		<u>421</u>	<u>117</u>
Creditors: amounts falling due within one year	8	<u>(9,930)</u>	<u>(8,838)</u>
Net current liabilities		<u>(9,509)</u>	<u>(8,721)</u>
Total assets less current liabilities		<u>11,312</u>	<u>12,426</u>
Creditors: amounts falling due after more than one year	9	(3,665)	(4,839)
Net assets		<u>7,647</u>	<u>7,587</u>
Reserves			
Issued share capital	13	-	-
Profit and loss reserve		7,647	7,587
Shareholders' funds		<u>7,647</u>	<u>7,587</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 6 July 2023 and signed on their behalf on 6 July 2023.



Kate Henderson

Company registration no. 04904686

The principal accounting policies on pages 8 to 10 and the notes on pages 13 to 19 form part of the Financial Statements.

NHF PROPERTY & SERVICES LIMITED

For the year ended 31 March 2023

NOTES TO THE FINANCIAL STATEMENTS

1. Turnover

	2023 £'000	2022 £'000
Rental Income		
Commercial Leases	1,316	1,103
Serviced office income	587	477
	<u>1,903</u>	<u>1,580</u>

2. Administrative expenses

	2023 £'000	2022 £'000
Depreciation	42	32
Serviced office running costs	444	308
Management charge	1,004	1,007
	<u>1,490</u>	<u>1,347</u>

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

3. Other income/expenditure

	2023 £'000	2022 £'000
Deficit on revaluation of investment property	(380)	-
	<u>(380)</u>	<u>-</u>

4. Interest payable

	2023 £'000	2022 £'000
On bank loans	28	44

NOTES TO THE FINANCIAL STATEMENTS

5. Taxation

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

	2023	2022
	£'000	£'000
UK Corporation tax	2	(2)
Deferred tax	(57)	54
	<u>(55)</u>	<u>52</u>

The tax assessed for the period is lower than the standard rate of corporation tax in the United Kingdom of 19%. The differences are explained as follows:

Profit on ordinary activities before taxation	<u>5</u>	<u>189</u>
Tax on profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 19%.	1	36
Effect of:		
Difference in deferred tax rate	(53)	53
Group relief claimed	(72)	(34)
Adjustment to prior period tax charge	(2)	(2)
Expenses not deductible for tax purposes	72	-
Fixed asset differences	(1)	(1)
Current tax (credit)/charge for the period	<u>(55)</u>	<u>52</u>

NHF PROPERTY & SERVICES LIMITED

For the year ended 31 March 2023

NOTES TO THE FINANCIAL STATEMENTS

6. Tangible fixed assets

	Investment Property £'000	Fixtures and fittings £'000	Plant and machinery £'000	Total £'000
Cost				
At 1 April 2022	21,000	-	688	21,688
Revaluation	(380)	-	-	(380)
Additions	-	96	-	96
At 31 March 2023	<u>20,620</u>	<u>96</u>	<u>688</u>	<u>21,404</u>
Depreciation				
At 1 April 2022	-	-	541	541
Provided in the year	-	9	33	42
At 31 March 2023	<u>-</u>	<u>9</u>	<u>574</u>	<u>583</u>
Net book amount at 31 March 2023	<u>20,620</u>	<u>87</u>	<u>114</u>	<u>20,821</u>
Net book amount at 31 March 2022	<u>21,000</u>	<u>-</u>	<u>147</u>	<u>21,147</u>

The Investment property relates to Lion Court in Holborn. The first floor and part of the third floor are serviced offices. These are short-term leases, which can be cancelled at one month's notice.

The remainder of the third floor was let in October 2022 on a 3 year commercial lease and the second floor was let in January 2023 and February 2023 on 5 year and 4 year commercial leases respectively. The fourth floor was let in January 2019 on a ten-year commercial lease.

The remaining floor is let to the company's ultimate parent undertaking (National Housing Federation Limited).

The whole property was independently valued at 31 March 2023 at £20.62m by BNP Paribas Real Estate, acting as an independent valuer as defined by Professional Standard 2 of the RICS Valuation Global Standards 2017.

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.

7. Debtors

	2023 £'000	2022 £'000
Prepayments and accrued income	<u>175</u>	<u>1</u>
	<u>175</u>	<u>1</u>

NHF PROPERTY & SERVICES LIMITED

For the year ended 31 March 2023

NOTES TO THE FINANCIAL STATEMENTS

8. Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Bank loan (note 10)	1,117	893
Amounts owed to group undertakings	8,515	7,645
Accruals and deferred income	296	300
Taxation (note 5)	2	-
	<u>9,930</u>	<u>8,838</u>

The parent company has agreed not to recall the intercompany balance of £8,515k for twelve months from the date of signing these accounts unless the company has the available funds to make the payment.

9. Creditors: amounts falling due after more than one year

	2023 £'000	2022 £'000
Amounts owed to group undertakings (note 12)	3,500	3,500
Bank loan (note 10)	-	1,117
Deferred Taxation (note 11)	165	222
	<u>3,665</u>	<u>4,839</u>

10. Creditors: capital borrowings

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

	2023 £'000	2022 £'000
Amounts repayable:		
In one year or less or on demand	1,117	893
In more than one year, but not more than two years	-	1,117
	<u>1,117</u>	<u>2,010</u>

NHF PROPERTY & SERVICES LIMITED

For the year ended 31 March 2023

NOTES TO THE FINANCIAL STATEMENTS

11. Deferred Tax

Deferred taxation creditor (note 9) consists of the tax effect of timing differences in respect of:

	2023 £'000	2022 £'000
Accelerated capital allowances	165	222
	<u>165</u>	<u>222</u>

Deferred taxation credit/(charge) consists of the tax effect of timing differences in respect of:

	2023 £'000	2022 £'000
Prior period adjustments	(2)	-
Effect of rate change	(53)	53
Accelerated capital allowances	(2)	1
	<u>(57)</u>	<u>54</u>

	£'000
Balance at 1 April 2021	168
Charge for the year	54
Balance at 1 April 2022 (note 9)	<u>222</u>
Credit for the year	(57)
Balance at 31 March 2023 (note 9)	<u>165</u>

NOTES TO THE FINANCIAL STATEMENTS

12. Financial commitments

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.

On the 10th March 2022 the outstanding amount of the Bank of Scotland loan (£2.9m) was repaid and replaced with a facility with Lloyds Bank consisting of a 3 year £2.9m term loan and a £3m revolving credit facility. The loan was initially at a variable interest rate of 1.5% plus base. On 30 April 2022 the whole amount was fixed at the rate of 1.837% until it is fully repaid on 19 February 2024.

- i) Lloyds Bank Plc 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.

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. In 2023 this loan was extended for 5 years with repayment being the earlier of January 2029 or on the sale of the building. At 31 March 2023 the amount outstanding on the loan was £3.5m (2022: £3.5m).

13. Called up Share capital

	2023 £'000	2022 £'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>

14. 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.

NOTES TO THE FINANCIAL STATEMENTS

15. Capital commitments

The company had no capital commitments at 31 March 2023 or 31 March 2022.

16. Contingent liabilities

There were no contingent liabilities at 31 March 2023 or 31 March 2022.

17. 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.

18. 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.

19. Financial risk management

The company has exposure to three main areas of risk:

Customer credit exposure

The company has leased one floor of its freehold property by way of a commercial ten-year lease with a break clause after five years and the other floors on three to five year commercial leases or as short-term office lets. There is a risk that a tenant may default on the rent however, this is mitigated by holding rent deposits of between one and six months on all lets.

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 £8,515k unless the company has the available funds to make the payment.

Interest rate risk

The company re-financed the mortgage of its freehold property by way of a term loan from the Lloyds PLC and is therefore subject to interest rate changes. This is mitigated by fixing the interest on the loan as disclosed in note 12.