

HYDE NEW BUILD LIMITED

REPORT & FINANCIAL STATEMENTS

31ST MARCH 2011

COMPANY REGISTRATION NO 07250525

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BOARD AND ADVISORS

THE BOARD

Ray Christopher	(appointed 11 May 2010)
Michael Amoah	(appointed 11 May 2010)

EXECUTIVE MANAGEMENT OFFICER

Ray Christopher	(appointed 11 May 2010)
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SECRETARY

John Edwards	(appointed 11 May 2010)
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REGISTERED OFFICE

30 Park Street
London
SE1 9EQ
Tel 020 3207 2600
Web www.hyde-housing.co.uk

BANKERS

National Westminster Bank Plc
143 High Street
Bromley
BR1 1JH

SOLICITORS

Devonshires	Trowers and Hamlins
30 Finsbury Circus	Sceptre Court
London Wall	40 Tower Hill
London	London
EC2M 7DT	EC3N 4DX

AUDITORS

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

REPORT OF THE DIRECTORS

The Board presents its report and the audited financial statements for the period from incorporation to 31 March 2011. The company was incorporated on 11 May 2010.

Managing Director

The Managing Director is Ray Christopher.

Principal Activities

Hyde New Build Limited (the Company) was originally formed to further the non-charitable housing activities of the Hyde Group (the Group). The principal activity of the Company for the year was the design and build of residential property on behalf of Hyde Housing Association.

Review of the Business

The operating profit for the year was £nil. The net profit for the year after interest, Gift Aid and taxation was £nil.

The directors do not recommend the payment of a dividend.

The company has no employees and receives logistical support from Hyde Housing Association Limited for which it pays a management fee.

The company does not produce an Operating and Financial review. Please refer to the parent company – Hyde Housing Association Limited for a detailed overview of the Group, of which Hyde New Build Limited forms a part.

Principal risks and uncertainties

The key risk facing the Company is lower than expected sales volumes and revenues resulting from a downturn in the property market. This risk is managed through regular review of the Risk Map, sensitivity testing at the investment appraisal stage for new developments and reports to the Board on the property market and the Company's current and projected development and sales activity.

Future developments

The company intends to continue the activity of developing housing for private sale as part of the overall Group strategy for delivering sustainable mixed tenure communities. It aims to do so principally, but not exclusively, as part of major developments in regeneration areas.

Political and charitable contributions

The Company did not make any political donations during the year.

Post balance sheet events

The Company considers there have been no events since the year end that have had a significant effect on its financial position.

Health and safety

The Group (of which the Company is a member) is aware of its responsibilities on all matters relating to health and safety. The company takes advantage of the Group's detailed health and safety policies and provision to those Hyde staff who provide services to the Company with training and education on health and safety matters.

REPORT OF THE DIRECTORS (CONTINUED)**Board members and executive directors**

The present Board members and the members of the executive management team of the Company are set out on page 3. The Board members are salaried employees of Hyde, and are not remunerated for their services to the Company.

No members of the executive management team hold any interest in the Company's shares and act as executives within the authority delegated by the Board.

Dividends

There have been no dividends paid during the period.

Pensions

There are no direct employees of Hyde New Build Limited and no pension obligations as a result.

Going Concern

The Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. These financial statements are prepared on a going concern basis.

Internal Controls Assurance

The Company's system of internal control for reviewing its effectiveness falls under the overall Group framework for internal controls. This is set out in the Statement of Internal Controls on page 8.

Disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware.

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 Company's auditors are aware of that information.

Auditors

The Company has passed an elective resolution which has dispensed with the need to appoint auditors annually at the Annual General Meeting. PricewaterhouseCoopers LLP continue as the Company's auditors.



Ray Christopher
Chair

~~27 June 2011~~

4th July 2011

STATEMENT OF GROUP CORPORATE GOVERNANCE

The Company falls under the wider corporate governance framework of The Hyde Group. The Group Board is thus ultimately responsible for corporate governance of all subsidiaries within the Group. The governance of the Group and its subsidiaries is carried out as set out in the Governance Manual and is summarised in the following paragraphs.

The Group's Framework

The Group Board

The Group Board is the ultimate governing body of the Company and the Hyde Group. It comprises eleven non-executive directors and three executive directors and meets ten times per year. Members receive remuneration to compensate them for their time and effort they put in and to attract the skills the Group requires. Members are drawn from a wide range of backgrounds so that there is an optimum mix of skills and expertise to fulfil the function of the Group Board.

Delegation

The Group Board delegates some of its responsibilities to functional committees. Each of these committees has clear terms of reference and delegated authority. They report back to the Group Board after each meeting, where their recommendations are fully considered and approved where appropriate. Each of these committees is chaired by a member of the Group Board. The functional committees have a Group wide remit.

Functional Committees

There are four main functional committees within the Group, the Group Audit Committee, the Group Operations Committee, the Group Investment Committee and the Group Remuneration and Appointments Committee.

The Group Audit Committee

The role of this committee is to oversee the work of both the internal and external audit function and to oversee the risk management framework and internal control framework for the Group. The Committee reviews the audited financial statements for all parts of the Group and recommends them to the relevant Boards for approval. It is also responsible for recommending to the Group and subsidiary Boards the appointment of internal and external auditors and investigating any activity it thinks fit, or as may be referred to it. It submits an annual report to the Group Board. Through the reports it receives the Audit Committee gains comfort that the Group has systems of internal control and to comply with the Tenant Services Authority's expectations in this area.

The Group Operations Committee

The Group Operations Committee's role is to scrutinise executive performance in respect of the Group's core operations. It provides the Group Board with the reassurance that operational performance is subject to effective non executive oversight.

In particular the Committee scrutinises delivery of the Group's service promise and local offer, scrutinises progress against ongoing operational work programmes, oversees the development of appropriate benchmarking criteria for internal and external validation of service performance, oversees the identification and mitigation of statutory and regulatory risk (including health and safety) and oversees the people issues as they affect operational delivery.

The Group Investment Committee

The Group Investment Committee oversees and approves the Group's investment in major projects and approves other significant capital commitments. In particular it scrutinises and approves the Group's participation in substantial urban regeneration and renewal projects.

STATEMENT OF GROUP CORPORATE GOVERNANCE (CONTINUED)

The Group Remuneration and Appointments Committee (the Remuneration Committee) is responsible for setting the remuneration of board members and of the Executive Management Team. In addition the Remuneration Committee oversees the process for board member appraisal and reviews the process for board member appointment.

The subsidiary framework

The Company's Board of management at Hyde New Build Limited comprises up to five non-executive directors and two executive directors bringing together professional skills and support from the Group. The Board is responsible for the overall strategy and policy of the Company and meets formally 6 times a year to consider and monitor performance. Day to day performance management is delegated to the Managing Director.

INTERNAL CONTROLS ASSURANCE

The Group Board is ultimately responsible for ensuring the Company establishes and maintains a system of internal control appropriate to the various business environments in which it operates. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objects and can only provide reasonable and not absolute assurance against material misstatement or loss.

The key elements in exercising control include:

- 1 Group Board approved terms of reference and delegated authorities for audit, housing and finance committees,
- 2 Clearly defined management responsibilities for the identification, evaluation and control of significant risks,
- 3 Robust strategies and business planning process, with detailed financial budgets and forecasts,
- 4 Formal recruitment, retention, training and development policies for all staff,
- 5 Established authorisation and appraisal procedures for significant new initiatives and commitments,
- 6 A sophisticated approach to treasury management which is subject to external review each year,
- 7 Regular reporting to the appropriate committee on key business objectives, targets and outcomes,
- 8 Group Board approved whistle-blowing and anti-theft and corruption policies,
- 9 Group Board approved fraud policies, covering prevention, detection and reporting together with recoverability of assets,
- 10 Regular monitoring of loan covenants and requirements for new loan facilities

The Group Board confirms that it has a strategy and policy on fraud and the Anti Fraud and Corruption Policy was reviewed and re-issued in the year.

The system of internal controls has been in place for the year to 31 March 2011 and up to the date of approval of the annual report and accounts.

The Group Board recognises its responsibility for the system of internal control and for reviewing its effectiveness.

The Group produces an annual review of internal controls. This provides assurances in external audit, internal control, internal audit, whistle blowing, risk management and performance monitoring.

The Group Board reviews annually the effectiveness of the system of internal controls in existence in the Company. This review includes a review of the fraud register. The Company Board confirms that all necessary actions are taken to remedy any significant failings or weaknesses which may have been identified during the review.

The Group Board confirms no weaknesses were found in the internal controls for the year ended 31 March 2011 which might otherwise have resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements.

STATEMENT OF THE BOARD'S RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit and loss for that year. In preparing those financial statements, the directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent,
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business,
- So far as the directors are 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 as a Board member in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to 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. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The report has been prepared in accordance with the special provision of Part 15 of the Companies Act 2006 (concessions on the directors).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HYDE NEW BUILD LIMITED FOR THE YEAR ENDED 31 MARCH 2011

We have audited the financial statements of Hyde New Build Limited for the year ended 31 March 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011 and of its affairs and cash flows 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.

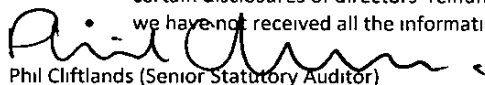
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.



Phil Cliftlands (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
7 July 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011 £'000
Turnover		280
Cost of sales		(280)
Operating profit	2	-
Taxation	3	-
Revenue reserve carried forward	11	-

The Company has no recognised gains and losses other than those presented above and therefore no separate statement of recognised gains and losses is presented

The turnover and profit for the current and previous year relate to continuing activities

There is no difference between the profit on ordinary activities and the retained profit for the year and their respective historical cost equivalents

BALANCE SHEET AS AT 31 MARCH 2011

	Note	2011 £'000
Current assets		
Stock	6	2,503
Debtors due within one year	7	547
		3,050
Creditors: amounts falling due within one year	8	(3,050)
Net current assets		-
Net assets		-
Capital and reserves		
Called up share capital	10	-
Revenue reserve	11	-
Total capital and reserves		-

4 July X

These financial statements were approved by the Board on ~~27 June~~ 2011. The notes on pages 14 to 18 form part of the financial statements.



Ray Christopher
Chair

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

	2011 £'000
Net cash flow from operating activities	(13)
Decrease in cash	(13)

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

	2011 £'000
A. Reconciliation of operating profit to net cash inflow from operating activities	
Operating profit after Gift Aid	-
Increase in stocks	(2,503)
Increase in debtors	(547)
Increase in creditors	3,037
	(13)

	2011 £'000
B. Reconciliation of net cash flow to movement in net debt	
Decrease in cash in the year	(13)
Net debt at 31 March	(13)

	Cash Flow £'000	31 March 2011 £'000
C. Reconciliation of net debt to related items on the balance sheet		
Cash balances	(13)	(13)
Net debt	(13)	(13)

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historic cost convention, as modified by the accounting for derivative financial instruments. The accounts have been prepared under the historical cost convention as modified by derivative financial instruments. The following accounting policies have been applied consistently, except for the adoption of Financial Reporting Standard 26 – *Financial Instruments Recognition and Measurement* (FRS 26) in the period, in dealing with items which are considered to be material in relation to the accounts of Hyde New Build Limited.

The Company has taken advantage of the exemption contained in Financial Reporting Standards 8 *Related Party Disclosures* (FRS 8), and has therefore not disclosed transactions or balances with entities which form part of the Group. The Company has also taken advantage of the exemption of *Financial Instruments Disclosure* (FRS 29) not to present separate financial instrument disclosures for the Foundation, as financial instrument disclosures are presented in the Group accounts.

Turnover

Turnover comprises of design and build services included at the invoiced value (excluding VAT) of goods and services supplied in the year. All income is recognised on a receivable basis. Included in the invoiced value is a management fee to cover overhead charges received from the Parent.

Stock and work in progress

Stocks and work in progress are stated at the lower of costs and net realisable value. Land includes undeveloped land and land under development, but excludes land being developed under licence agreements and land option payments.

Work in progress comprises site acquisition and development costs including direct materials, labour costs, site overheads, associated professional charges and other attributable overheads. Stock comprises of development resale.

Treasury Management

The Company's funding, liquidity and exposure to interest rate risks are managed by the Group Board. Treasury operations are conducted on a Group basis within a framework of policies and guidelines authorised by the Group Board. To manage interest rate risk the Group manages its proportion of fixed to variable rate borrowings within approved limits and where appropriate utilises interest rate swap agreements. Amounts payable or receivable in respect of these agreements are recognised as adjustments to interest expense over the period of the agreement.

Financial assets

The Company recognises a financial asset when it gains a contractual right to the asset. The exception is where the financial asset is consideration from customers for services provided. In these cases we recognise the financial asset when the revenue recognition criteria are met. The Company removes a financial asset from its balance sheet when it no longer has a contractual right to the asset, or when the asset is transferred to another party. The Company's financial assets are classified as receivables and on initial recognition are measured at fair value. Subsequent to initial recognition the Company's loans and receivables are measured at amortised cost. The Company's financial assets consist of intercompany loan and applicable interest.

NOTES TO THE ACCOUNTS**1 ACCOUNTING POLICIES (CONTINUED)****Impairment of financial assets**

The Company assesses, at each balance sheet date, whether there is objective evidence that its financial assets are impaired. Assets are impaired if the future cash flows associated with the asset have been reduced by events before the balance sheet date, and if the effect on future cash flows can be reliably estimated. Events that could trigger impairments include a breach of terms or default by a counter-party on a contract, significant financial hardship of a counter party or an emerging pattern of lower than expected recovery on a class of assets. The Company measures the amount of impairment loss as the difference between the asset's carrying amount and the revised recoverable amount. The amount of the loss is recognised in the Company's Income and Expenditure Account in the period of impairment.

Financial liabilities

The Company recognises a financial liability when it becomes a party to the contractual positions of the financial instrument. The exception is any liability related to the purchase of goods or services in the normal course of the Company's business. In these cases the financial liability is recognised when, and to the extent that, the goods or services are provided. The Company removes a financial liability from its balance sheet, when it is extinguished, i.e. when the obligation in the contract is paid, is cancelled or expires. The Company's financial liabilities are its trade payables, accruals and inter-company loans. On recognition we recognise them at fair value and subsequently at amortised cost.

Taxation

The Company is registered to pay Corporation tax on net profits after Gift Aid payments made to the parent Company.

VAT

The Company's VAT affairs are dealt with under a registration in the name of Hyde New Build Limited. Expenditure is shown exclusive of VAT.

2 PROFIT ON ORDINARY ACTIVITIES

	2011
	£'000
The profit on ordinary activities is stated after charging/(crediting)	
Auditor's remuneration (including VAT)	
As auditor of the financial statements	1

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

There was no corporation tax paid or received during the year.

NOTES TO THE ACCOUNTS**4. EMPLOYEE INFORMATION AND COSTS**

The Company has no employees

5. DIRECTORS' EMOLUMENTS

The directors of Hyde New Build Limited that are employed by Hyde Housing Association Limited are remunerated by that organisation. No Board member received remuneration in respect of their services to the Company during the year.

6. STOCK

	2011
	£'000
Work in progress	1,905
Properties held for resale	598
	2,503

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011
	£'000
Amounts due from Group undertakings	71
Other debtors	390
Prepayments and accrued income	86
	547

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011
	£'000
Overdraft	13
Trade creditors	115
Amounts due to Group undertakings	2,908
Other creditors and accruals	14
	3,050

9. PROVISIONS FOR LIABILITIES AND CHARGES

There were no provisions for liabilities and charges during the year.

NOTES TO THE ACCOUNTS**10. CALLED UP SHARE CAPITAL**

	2011
	£'000
At start and end of year	-

Only Board members of the Company can be shareholders. These shares carry no dividend rights and are cancelled on cessation of membership of the Company. Each member has the right to vote at members meetings. All shares are fully paid up.

11. REVENUE RESERVES

	2011
	£'000
Profit for the year	-
At 31 March 2011	-

12. CAPITAL COMMITMENTS

	2011
	£'000
Capital expenditure contracted for but not provided for in the financial statements	-
Capital expenditure authorised by the Board but not contracted for	-
	-

Capital commitments will be financed via Hyde Housing Association Limited loan facilities

13. OPERATING LEASES

There were no operating leases held during the year

14. CONTINGENT LIABILITIES

There were no contingent liabilities at the balance sheet date

15. CONTROL

The ultimate parent Company and controlling entity, Hyde Housing Association Limited (Hyde), is a registered charitable housing association incorporated under the Industrial and Provident Societies Act 1965 which is registered in England and Wales. The composition of the Board of Directors of the Company is determined by Hyde. A copy of Hyde's financial statements can be obtained from 30 Park Street, London, SE1 9EQ.

16. PAYMENTS TO CREDITORS

The Company has a policy of paying suppliers within agreed payment terms. Subject to resolution of any queries or discrepancies on specific invoices, payment terms within the year were approximately 30 days.