

HYDE NEW BUILD LIMITED

REPORT AND FINANCIAL STATEMENTS

31 MARCH 2018

COMPANY REGISTRATION NO. 07250525



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BOARD AND ADVISORS

The Board

David Gannicott (Chair)
Tracy Allison
Simon Ververs
Thomas Shaw
Debbie Small
Mike Johnson (Resigned 31 December 2017)
Ray Christopher (Resigned 31 March 2018)
Peter Denton
Sharon Pearce (Appointed 31 March 2018)

Chair

David Gannicott

Company Secretary

John Edwards (Resigned 1 June 2018)
Kerry Tromanhauser (Appointed 4 June 2018)

Registered Office

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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
30 Finsbury Circus
London Wall
London
EC2M 7DT

Trowers and Hamlins

3 Bunhill Row
London
EC1Y 8YZ

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Internal auditors

Mazars LLP
Tower Bridge House
St Katharine's Way
London
E1W 1DD

DIRECTORS' AND STRATEGIC REPORT

The Directors present their report for the financial year ended 31 March 2018.

Review of the business

The financial results and position are set out on pages 11 and 12. The results show an operating profit for the year of £7.9m (2017: £6.1m) and profit from ordinary activities before taxation of £6.8m (2017: £4.7m).

The Company had design and build and outright sales turnover in the year of £155.4m (2017: £132.1m) and has a strong pipeline of design and build activities for the coming financial year as members of the Hyde Group increasingly use its services and are increasing their development activities. All work is performed in London and the South East of England.

The Company had inventories that are held for sale and work in progress of £70.8m (2017: £58.6m).

Business environment

During the financial year ending 31 March 2018 we have seen a slowdown in house price growth across the areas where Hyde operates. However, the Government's Help to Buy scheme continues to support sales and interest rates remain low, providing confidence to buyers in the mortgage market. We expect conditions to remain challenging, particularly for schemes where prices are above the Government's Help to Buy threshold. Our development strategy to develop an increasing amount of our pipeline outside of Greater London has been successful as we have seen consistent sales rates and healthy increases in values. Our London schemes sit outside of the prime value areas and within the Help to Buy thresholds. This is encouraging as the investor market has shrunk and the first time buyer/owner occupier market has grown.

Business Model and Strategy

Hyde New Build Limited's main activity is to provide composite design and build services to members of the Hyde Group. Hyde New Build Limited is a trading company and will enter into new agreements with external contractors and professionals as required and provide the work and services to the Hyde Group under an Intra-group development agreement.

Hyde New Build Limited may occasionally purchase land as necessary in support of these activities and proceed to construct residential properties. It is intended that these developments would be transferred to other members of the Hyde Group before completion, but on occasion, the company may opt to develop properties to completion for sale to the public.

An additional activity of the Company includes the installation and operation of solar panels.

Hyde New Build Limited's profits are distributed as gift aid to the parent company Hyde Housing Association Limited and used to support the Hyde Group's social objectives.

The Company has no employees (2017: none) and receives logistical support from Hyde Housing Association Limited for which it pays a management fee.

Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact upon Hyde New Build Limited's performance and viability. These risks and uncertainties may cause actual results to differ significantly from expected results or from historical trends. Within Hyde New Build Limited the risk is reviewed and actively managed through regular review of the Risk Map, sensitivity testing at the investment appraisal stage for new developments and reports to the Board/Executives on the property market and the Company's current and projected development and sales activity.

The principal risks inherent in the Hyde New Build Limited business model include the following:

- Lower than expected sales volumes and revenues resulting from a downturn in the property market;
- Deterioration in credit markets resulting in an increase in funding costs;
- A downturn in the economy or a weak economic recovery which will undermine confidence in the housing market, thereby reducing demand and property prices;
- Default by major suppliers or contractors; and
- Government changes to Solar Panel tariffs.

DIRECTORS' AND STRATEGIC REPORT (CONTINUED)

Following the publication of Institute of Chartered Accountants in England and Wales (ICAEW) Technical Alert 16/14 BL, gift-aid payments are treated as distributions of reserves. Distributions of reserves are shown in note 16 - retained earnings.

Post balance sheet events

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

Directors

The Directors of the Company who were in office during the year and up to the date of signing are set out on page 3. The Directors are salaried employees of Hyde Housing Association Limited, and are not remunerated for their services to the Company.

The Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Pensions

There are no direct employees (2017: none) 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 Assurance on page 7.

Future developments

The Company intends to continue the activity of providing composite design and build services 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.

Disclosure of information to auditors

Each of the persons who is a Director at the date of approval of this report confirms that, so far as they 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.

Audit Tender

A resolution to re-appoint PricewaterhouseCoopers LLP (PwC) was passed at the 2017 Annual General Meeting. The tender of the statutory audit is planned and a resolution to appoint the successful applicant will be proposed in due course.

DIRECTORS' AND STRATEGIC REPORT (CONTINUED)**GROUP GOVERNANCE**

The overall governance of the Group and its subsidiaries is summarised as follows:

The Group Board

The Group Board is the ultimate governing body of the Group. It has places for ten non-executive Directors and two executive Directors and meets regularly throughout the year. Four of these meetings are formal business meetings, the remainder are set aside for the Board to consider wider strategic issues. The Group places significant importance in attracting the right mix of skills and members receive remuneration to support this aim and compensate them for their time and effort. Members are drawn from a range of professional and business backgrounds such 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 non-executive member of the Group Board. The functional committees have a Group wide remit.

Functional Committees

There are five main functional committees within the Group: the Group Audit Committee, the Group Housing Services Board, the Group Investment Committee, the Group Treasury Committee and the Group Remuneration and Appointments Committee. Each of these committees is chaired by a non-executive member of the Group Board. The functional committees have a Group wide remit.

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 on internal controls to the Group Board. Through the reports it receives the Audit Committee gains comfort that the Group has applicable systems of internal control and is able to comply with the Regulator of Social Housing expectations in this area.

The Group Housing Services Board

The Group Housing Services Board's (the "GHS Board") role is to scrutinise executive performance in respect of the Group's core business operations. It provides the Group Board with the reassurance that operational performance is subject to effective non-executive oversight.

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

The GHS Board is also the "hub" for the Group's "common board" model of governance for the registered provider subsidiaries in the Group. Its members are also the members of the boards of Martlet Homes Limited, Hyde Southbank Homes Limited and Hillside Housing Trust Limited (being Group subsidiaries). This enables the GHS Board to oversee the operations of these subsidiaries and to meet simultaneously as the relevant Boards where a particular board approval is required.

The Group Investment Committee

The Group Investment Committee oversees and approves the Group's property investment strategies covering acquisition, capital expenditure, development, asset management and disposition. In particular it scrutinises and approves the Group's involvement in substantial urban regeneration and renewal projects.

The Group Treasury Committee

The Group Treasury Committee provides detailed specialist oversight of the Group's corporate finance and treasury related activities and makes recommendations to or endorses courses of actions/proposals to the Group Board or Subsidiary Board for approval or appointment.

DIRECTORS' AND STRATEGIC REPORT (CONTINUED)**The Group Remuneration and Appointments Committee (the Remuneration Committee)**

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

The Subsidiary Framework

The Company's Board of management comprises up to eight 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 as necessary to consider and monitor performance. Day to day management is delegated to the Managing Director.

INTERNAL CONTROLS ASSURANCE

The Group Board (Board) is ultimately responsible for ensuring the Group 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 objectives 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, operation and investment committees;
2. Clearly defined management responsibilities for the identification, evaluation and control of significant risks;
3. Robust strategies and business planning processes, 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. Robust 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 procedures;
9. Group Board approved fraud procedures, covering prevention, detection and reporting together with recoverability of assets;
10. Regular monitoring of loan covenants and requirements for new loan facilities.
11. Annual review of Regulator of Social Housing 'Economic and Consumer Standards'

The Board confirms that it has a strategy and procedure for Anti-Fraud and Corruption.

The system of internal controls is ongoing, and has been in place for the year to 31 March 2018 and up to the date of approval of the annual report and financial statements.

The 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 around external audit, internal control, internal audit, whistle blowing, risk management and performance monitoring.

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

The Board cannot delegate ultimate responsibility for the system of internal control but has delegated authority to the Group Audit Committee to regularly review the effectiveness of the system of internal control. The Board receives Group Audit Committee quarterly reports and meeting minutes. The Group Audit Committee has received the Chief Executive's 'Annual Review of the Effectiveness of the System of Internal Control' for the Group, and the annual report of the internal auditor, and has reported its findings to the Board.

The Board confirms no weaknesses were found in the internal controls for the year ended 31 March 2018 which might otherwise have resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements.

DIRECTORS' AND STRATEGIC REPORT (CONTINUED)**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

The Directors 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.

In the case of each Director in office at the date the Directors' Report is approved:

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

On behalf of the Board



David Gannicott
Chair
16th August 2018

Companies Registered No. 07250525

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HYDE NEW BUILD LIMITED**Report on the financial statements****Opinion**

In our opinion, Hyde New Build Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 March 2018; the statement of income and retained earnings for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform

procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' and Strategic Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' and Strategic Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' and Strategic Report for the year ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' and Strategic Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

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.

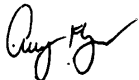
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Guy Flynn (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

17 August 2018

STATEMENT OF INCOME AND RETAINED EARNINGS
For the Year Ended 31 March 2018

	NOTE	YEAR ENDED 31 MARCH 2018 £'000	YEAR ENDED 31 MARCH 2017 £'000
Turnover		155,419	132,148
Cost of sales		(147,515)	(126,030)
Operating profit	2	7,904	6,118
Interest receivable and similar income	3	2	1
Interest payable and similar expenses	4	(1,079)	(1,469)
Profit before taxation	5	6,827	4,650
Tax on profit	5	(11)	-
Profit for the financial year		6,816	4,650
Retained earnings brought forward	16	-	-
Distribution of reserves	16	(6,816)	(4,650)
Retained earnings at 31 March 2018	16	-	-

The Company has no recognised gains and losses other than those presented above and therefore no separate statement of total statement of income and retained earnings is presented.

All results relate to continuing activities.

There is no difference between the profit before taxation and the profit for the financial year and their respective historical cost equivalents.

STATEMENT OF FINANCIAL POSITION
As at 31 March 2018

	NOTE	AS AT 31 MARCH 2018 £'000	AS AT 31 MARCH 2017 £'000
Fixed assets			
Tangible assets	8	673	710
Investments	9	11	-
Current assets			
Inventories	10	70,825	58,632
Debtors: amounts falling due within one year	11	34,894	21,963
Cash and cash equivalents	12	1,175	612
Creditors: amounts falling due within one year	13	(27,449)	(22,226)
Total assets less current liabilities		80,129	59,691
Creditors: amounts falling due after more than one year	14	(80,129)	(59,691)
Net assets		-	-
Reserves			
Called up share capital	15	-	-
Retained earnings	16	-	-
Total equity		-	-

These financial statements on pages 12 to 21 were authorised to issue by the Board on the 16th August 2018 and were signed on its behalf. The notes on pages 14 to 21 form part of the financial statements.


David Gannicott
Chair

COMPANY REGISTRATION NO. 07250525

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

General information

The Company is limited by shares and was incorporated in the United Kingdom. The registered office is 30 Park Street, London, SE1 9EQ. Hyde New Build Limited is a subsidiary of Hyde Housing Association Limited which is a Public Benefit Entity.

Statement of compliance

The financial statements of Hyde New Build Limited have been prepared on a going concern basis, in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102) and Companies Act 2006.

Basis of preparation

The financial statements have been prepared under the historical cost convention. The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the financial statements of Hyde New Build Limited. Hyde New Build Limited has taken advantage of the exemption contained in FRS 102 and has not disclosed transactions or balances with entities which form part of the Group.

Turnover

Turnover is measured at the fair value of the consideration received or receivable as part of the principle design and build activities of the company and represents the amount receivable for goods supplied or services rendered net of value added taxes (VAT). The Company recognises income when the significant risks and rewards have been transferred to the buyer, the Company retains no continuing involvement of or control over the goods, the amount of income can be measured reliably; it is probable that future economic benefits will flow to the entity and when the specific criteria relating to the income have been met; as described below:

- (a) Sales of properties: sales are recognised on completion;
- (b) Construction contracts: within the Company, where one entity is building properties for another, income in relation to these properties are recognised once the total development is completed only if the decision making is with the entity building the properties. If the decision making is with the purchaser, income is recognised on a percentage completion basis. Intra-group income is included in turnover.
- (c) Feed in tariffs for the operation of solar panels, on a receivables basis

Interest

Interest is recognised on a receivable or payable basis

Cost of sales

Cost of sales is measured as the amount of costs incurred to bring the item to completion for property sales and costs incurred to percentage complete for constructions contracts. Cost incurred for solar panels include maintenance.

Stock

Stocks and work in progress are stated at the lower of cost 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. Interest payable is capitalised during the period of construction where a project is financed by the borrowings of the Company. Stocks comprise completed properties held for resale.

Treasury Management / Derivatives

The Company's funding, liquidity and exposure to interest rate risks are managed by the Group's Treasury team. 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.

Taxation

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

NOTES TO THE FINANCIAL STATEMENTS**1. ACCOUNTING POLICIES (CONTINUED)****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.

Cash flow statement

The Company has taken advantage of the exemptions under FRS 102 and has not prepared a cash flow statement.

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 Statement of financial position 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 loans and 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.

Impairment of 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 Statement of Financial Position 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 loans and 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.

Financial liabilities

The Company recognises a financial liability when it becomes a party to the contractual provisions 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 Statement of Financial Position, 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.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. They include

Impairment of stock and work in progress

Impairment reviews are carried out in accordance with FRS 102. The Company's work in progress and land held for future development is reviewed for impairment if there is an indication that impairment may have occurred. Where there is evidence of impairment, assets are written down to their recoverable amount. Any such write down is charged to operating profit.

Depreciation fixed assets

Fixed assets are depreciated on the following basis:

Solar panel components	25 years on a straight line basis
Solar panel power inverters	12 years on a straight line basis

NOTES TO THE FINANCIAL STATEMENTS

2. OPERATING PROFIT

	2018 £'000	2017 £'000
Operating profit (all relating to continuing activities) is stated after charging:		
Depreciation	38	38
Auditors' remuneration (excluding VAT and including expenses):		
As auditors of the financial statements	2	2
<i>Administrative expenses have been incurred from Hyde Housing Association Limited and represent the costs of providing staff, office space and logistical support for the operations of Hyde New Build Limited. These expenses include the cost of audit. No other services were provided by the auditors to Hyde New Build Limited.</i>		

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2018 £'000	2017 £'000
From cash deposits	2	1
	2	1

4. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018 £'000	2017 £'000
Other finance costs	2	1
On loans from other Group undertakings	2,934	2,010
Less capitalised interest	(1,857)	(542)
	1,079	1,469

Interest is capitalised at 5% (2017: 5.5%).

NOTES TO THE FINANCIAL STATEMENTS**5. TAX ON PROFIT**

	2018 £'000	2017 £'000
UK corporation tax charge for the year at 20% (2017: 20%).	-	-
Adjustments in respect of prior year	11	-
Deferred taxation	-	-
Tax on profit	11	-
<i>Factors affecting the tax charge for the current year:</i>		
<i>The tax assessed for the year is lower (2017: lower) than the profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2017: 20%) for the following reasons.</i>		
	2018 £'000	2017 £'000
Reconciliation of total tax charge		
Profit before taxation	6,827	4,650
Tax at 19% thereon: (2017: 20%)	1,297	930
Effects of:		
Gift Aid payments	(1,297)	(930)
Total current tax charge	-	-

6. EMPLOYEE INFORMATION AND COSTS

The Company has no employees (2017: none). Employees' contracts of service are with the parent company and the remuneration is included within the parent company's financial statements. The management charge payable to the parent company includes the costs of these employees but it is impossible to ascertain separately the element of the management charge that relates to staff costs.

7. DIRECTORS' EMOLUMENTS

The Directors of Hyde New Build Limited that are employed by Hyde Housing Association Limited are remunerated by that organisation. No Director received remuneration in respect of their services to the Company during the year (2017: £nil).

NOTES TO THE FINANCIAL STATEMENTS

8. TANGIBLE ASSETS

	Solar Panel Installations £'000
Cost	
As at 1 April 2017	885
As at 31 March 2018	885
Accumulated depreciation	
As at 1 April 2017	(175)
Charge in the year	(37)
As at 31 March 2018	(212)
Net book value as at 31 March 2018	673
Net book value as at 31 March 2017	710

Hyde New Build Limited operates a component accounting policy in relation to the capitalisation and depreciation of its assets where Hyde New Build Limited has the responsibility for maintaining and replacing a component are split between their solar panel components which each having their own periodic replacement. Depreciation is charged so as to write down their cost to their residual value on a straight line basis over their expected useful economic lives on a straight line basis.

9. INVESTMENTS

	2018 £'000	2017 £'000
Investments	11	-

10. INVENTORIES

	2018 £'000	2017 £'000
Work in progress	70,825	58,632

NOTES TO THE FINANCIAL STATEMENTS

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Amounts owed by group undertakings	25,619	20,935
Other debtors	8,249	246
Other taxes	1,026	782
	34,894	21,963

12. CASH AND CASH EQUIVALENTS

	2018 £'000	2017 £'000
Cash at bank	1,175	612

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Trade creditors	377	1,388
Amounts owed to Group undertakings	9,579	9,710
Other creditors and accruals	17,493	11,128
	27,449	22,226

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR – LOANS AND OTHER CREDITORS

	2018 £'000	2017 £'000
Loans		
Amounts owed to Group undertakings	80,129	59,691

The amount owed to Group undertakings falling due after more than one year represents three facilities provided by Martlet Homes Limited, Hyde Southbank Homes Limited and Hillside Housing Trust Limited. Hyde New Build Limited is charged interest at a fixed rate of 5.0% for a £50m revolving facility from Martlet Homes Limited which matures in May 2020. Hyde New Build Limited is charged interest at a fixed rate of 5.5% (2017: 5.5%) for a £50m revolving facility from Hyde Housing Association Limited which matures in March 2019. The facilities from Hyde Southbank Homes Limited and Hillside Housing Trust Limited are both £30m revolving facilities with interest charged at LIBOR + 2.25% margin. These facilities mature in September 2020. The facilities are secured by floating charges over all or substantially all of Hyde New Build Limited's properties, assets and undertakings.

NOTES TO THE FINANCIAL STATEMENTS**15. CALLED UP SHARE CAPITAL**

	2018 No.	2017 No.
At start and end of the year	2	2

Two £1 shares are owned by Hyde Housing Association Limited. The shares carry no dividend rights and are cancelled on cessation of membership of the Association. Each member has the right to vote at members meetings. All shares are fully paid up and are worth £1 each.

16. RETAINED EARNINGS

	2018 £'000	2017 £'000
As at 1 April	-	-
Profit for the financial year	6,816	4,650
Distribution of profits	(6,816)	(4,650)
As at 31 March	-	-

17. CAPITAL COMMITMENTS

	2018 £'000	2017 £'000
Capital expenditure contracted for but not provided for in the financial statements	11,322	14,482
Capital expenditure authorised by the Board but not contracted for	781	849
	12,103	15,331

The commitments relate to the build of housing properties from the period 1 April 2018 to 30 September 2019. There are no performance related conditions attached to the commitments. These commitments will be funded by property sales of £12,103k.

18. OPERATING LEASES

There were no operating leases held during the year (2017: none).

19. CONTINGENT LIABILITIES

There were no material contingent liabilities at the statement of financial position date (2017: none).

NOTES TO THE FINANCIAL STATEMENTS**20. RELATED PARTY TRANSACTIONS**

Hyde New Build Limited has transactions between itself and Hyde Housing Association Limited within the Hyde Group structure. During the year Hyde Housing Association Limited paid Hyde New Build Limited £90.5m (2017: £101.0m) for construction services and had accrued cost as at March 2018 of £17.0m (2017: £5.8m). Hyde New Build Limited has transactions between itself and Hyde Vale Limited within the Hyde Group structure. During the year Hyde Vale Limited paid Hyde New Build Limited £29.3m (2017: £10.6m) for construction services and had accrued cost as at March 2018 of £3.6m (2017: £0.2m). Hyde New Build Limited has transactions between itself and Martlet Homes Limited within the Hyde Group structure. During the year Martlet Homes Limited paid Hyde New Build Limited £12.7m (2017: £6.8m) for construction services and had accrued cost as at March 2018 of £1.4m (2017: £0.0m).

Intercompany lending between Martlet Homes Limited and Hyde New Build Limited totalled £39.8m (2017: £nil) with loan interest of £1,575k (2017: £nil). Intercompany lending between Hyde Housing Association Limited and Hyde New Build Limited totalled £nil (2017: £10.7m) with loan interest of £160k (2017: £591k). Intercompany lending between Hyde Southbank Homes Limited and Hyde New Build Limited totalled £23.1m (2017: £23.0m) with loan interest and costs of £669k (2017: £688k). Intercompany lending between Hillside Housing Trust Limited and Hyde New Build Limited totalled £17.2m (2017: £26.0m) with loan interest of £530k (2017: £672k). All transactions are on an arms-length basis.

21. CONTROLLING PARTY

The ultimate parent Company and controlling party, Hyde Housing Association Limited (Hyde), is a housing association incorporated under the Co-operative and Community Benefit Societies Act 2014 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.