

Company Registration No. 07460024 (England and Wales)

**JLW EXCELLENT HOMES FOR LIFE LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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# JLW EXCELLENT HOMES FOR LIFE LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	V Everett J Sutcliffe
<b>Secretary</b>	HCP Management Services Limited
<b>Company number</b>	07460024
<b>Registered office</b>	8 White Oak Square London Road Swanley Kent BR8 7AG
<b>Auditor</b>	BDO LLP 55 Baker Street London W1U 7EU
<b>Banker</b>	Norddeutsche Landesbank One Wood Street London EC2V 7WT

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# **JLW EXCELLENT HOMES FOR LIFE LIMITED**

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# **JLW EXCELLENT HOMES FOR LIFE LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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The Directors present their annual report and audited financial statements for the year ended 31 December 2019.

#### **Principal activities**

The principal activity of the Company is the build, lifecycle maintenance and management of 140 new build homes for older people within three extra care housing schemes offering care and support, 291 one and two bedroom homes for small households, and 35 homes specifically designed for wheelchair users. The new homes are built on 27 sites across Kirklees.

There have not been any significant changes in the Company's principal activities in the year under review.

#### **Directors**

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

V Everett  
J Sutcliffe

#### **Going concern and Covid-19**

The Directors assessment of going concern and the impact of Covid-19 can be found in the accounting policies note in the financial statements.

The Directors have considered the potential impact to the business from the effects of the current pandemic (Covid-19) and have put in place plans to mitigate the currently known, and potential risks to business continuity. The unitary charge income received from the local authority is highly predictable and the content of the Cabinet Office Policy Note PPN 02/20 indicates that public bodies will continue to pay their suppliers, the Directors do not believe that there is any material risk to income or cashflows. On this basis, the Directors anticipate that the Company will continue to be able to meet its business obligations as they fall due over the coming twelve months. The Directors therefore consider it appropriate to continue to prepare the financial statements on a going concern basis.

#### **Results and dividends**

The results for the year are set out on page 6.

#### **Qualifying third party indemnity provisions**

The Company has made qualifying third party indemnity provisions for the benefit of its Directors during the year. These provisions remain in force at the reporting date.

#### **Financial risk management objectives and policies**

##### **Liquidity Risk**

The Company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the Company has sufficient liquid resources to meet the operating needs of the business. At the start of the PFI contract, the Company negotiated debt facilities with an external party to ensure that the Company has sufficient funds over the life of the PFI concession.

##### **Interest Rate Risk**

The Company's borrowings expose it to cash flow risk primarily due to the financial risks of changes in interest rates. The Company uses interest rate swaps to manage the risk and reduce its exposure to changes in interest rates.

# **JLW EXCELLENT HOMES FOR LIFE LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### ***Credit Risk***

The Company's principal financial assets are cash, financial assets and trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables which are with one counterparty, although in the opinion of the board of directors this risk is limited as the receivables are with a local government authority.

### ***Lifecycle Risk***

Lifecycle expenditure is the main risk to the business. The risk being that the allowance for lifecycle costs factored into the financial model is insufficient to cover future lifecycle expenditure, thus resulting in lower profitability and reduced distributions. This is mitigated by regular lifecycle reviews undertaken by the management services provider and a detailed lifecycle review performed every five years.

### **Future developments**

The Directors are not aware, at the date of this report, of any major changes in the Company's activities in the next year.

### **Auditor**

BDO LLP were appointed as auditor to the Company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

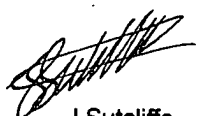
### **Statement of disclosure to auditor**

Each of the Directors in office at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the board



J Sutcliffe

**Director**

29 June 2020

# **JLW EXCELLENT HOMES FOR LIFE LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2019***

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The Directors are responsible for preparing the annual report 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 law), including FRS 102, "The Financial Reporting Standard applicable in the UK 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 of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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. 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.

# JLW EXCELLENT HOMES FOR LIFE LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF JLW EXCELLENT HOMES FOR LIFE LIMITED

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#### Opinion

We have audited the financial statements of JLW Excellent Homes for Life Limited (the 'company') for the year ended 31 December 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and 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, including 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 December 2019 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

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

- 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.

#### Other information

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

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect 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 our audit:

- the information given in the Directors' report 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.

# JLW EXCELLENT HOMES FOR LIFE LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF JLW EXCELLENT HOMES FOR LIFE LIMITED

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#### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare 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 3 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 these financial statements.

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

#### Use of our 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.



Cassie Forman-Kotsapa (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, United Kingdom

29 June 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



# JLW EXCELLENT HOMES FOR LIFE LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £'000	2018 £'000
Turnover	3	2,345	2,707
Cost of sales		(2,148)	(2,446)
<b>Gross profit</b>		<u>197</u>	<u>261</u>
Interest receivable and similar income	7	3,943	4,075
Interest payable and similar expenses	8	(2,939)	(3,104)
<b>Profit before taxation</b>		<u>1,201</u>	<u>1,232</u>
Tax on profit	9	(228)	(234)
<b>Profit for the financial year</b>		<u>973</u>	<u>998</u>
<b>Other comprehensive income</b>			
Cash flow hedges (loss)/gain arising in the year	12	(1,350)	1,326
Tax relating to other comprehensive income	9	229	(225)
<b>Total comprehensive income for the year</b>		<u>(148)</u>	<u>2,099</u>

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

# JLW EXCELLENT HOMES FOR LIFE LIMITED

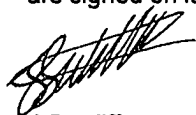
## BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £'000	£'000	Restated 2018 £'000	£'000
<b>Current assets</b>					
Debtors falling due after more than one year	10	58,030		59,519	
Debtors falling due within one year	10	3,680		2,455	
Cash at bank and in hand		1,925		3,369	
		<u>63,635</u>		<u>65,343</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(6,494)</u>		<u>(6,380)</u>	
<b>Net current assets</b>			57,141		58,963
<b>Creditors: amounts falling due after more than one year</b>	12		(61,923)		(63,597)
<b>Net liabilities</b>			<u>(4,782)</u>		<u>(4,634)</u>
<b>Capital and reserves</b>					
Called up share capital	15		50		50
Hedging reserve	15		(4,918)		(3,797)
Profit and loss reserves	15		86		(887)
<b>Total shareholders' funds</b>			<u>(4,782)</u>		<u>(4,634)</u>

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 29 June 2020 and are signed on its behalf by:



J Sutcliffe  
Director

Company Registration No. 07460024

# JLW EXCELLENT HOMES FOR LIFE LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Hedging reserve	Profit and loss reserves	Total
	£'000	£'000	£'000	£'000
<b>Balance at 1 January 2018</b>	50	(4,898)	(1,885)	(6,733)
<b>Year ended 31 December 2018:</b>				
Profit for the year	-	-	998	998
Other comprehensive income:				
Cash flow hedges gains	-	1,326	-	1,326
Tax relating to other comprehensive income	-	(225)	-	(225)
<b>Total comprehensive income for the year</b>	-	1,101	998	2,099
<b>Balance at 31 December 2018</b>	50	(3,797)	(887)	(4,634)
<b>Year ended 31 December 2019:</b>				
Profit for the year	-	-	973	973
Other comprehensive income:				
Cash flow hedges losses	-	(1,350)	-	(1,350)
Tax relating to other comprehensive income	-	229	-	229
<b>Total comprehensive income for the year</b>	-	(1,121)	973	(148)
<b>Balance at 31 December 2019</b>	50	(4,918)	86	(4,782)

# **JLW EXCELLENT HOMES FOR LIFE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **1 Accounting policies**

#### **Company information**

JLW Excellent Homes for Life Limited is a private company limited by shares, domiciled and incorporated in the United Kingdom and registered in England and Wales. The registered office is 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in pounds sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value and in accordance with FRS 102. The principal accounting policies adopted are set out below.

This Company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this Company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. The Company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the Company are consolidated in the financial statements of of JLW Excellent Homes for Life Holding Company Limited. Copies of the consolidated accounts are available from Companies House.

# JLW EXCELLENT HOMES FOR LIFE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

#### 1.2 Going concern

The financial statements have been prepared on the going concern basis which assumes that the Company will be able to continue in operation for the foreseeable future.

The Directors have considered the available funding facilities, cash flow projections and financial projections that are agreed as part of the long term financial model for the project. In addition the Company has in place SWAP arrangements with the funders that protect against interest rate fluctuations. The current swap valuations are liabilities which give rise to a net liability position as at 31 December 2019, however, the cash flow forecasts demonstrate satisfactory headroom to enable the Company to meet the forecast cash outflows for the foreseeable future.

The Directors have considered the potential impact to the business from the effects of the current pandemic (Covid-19) and have put in place plans to mitigate the currently known, and potential risks to business continuity. The unitary charge income received from the local authority is highly predictable and the content of the Cabinet Office Policy Note PPN 02/20 indicates that public bodies will continue to pay their suppliers, the Directors do not believe that there is any material risk to income or cashflows. The Directors have also looked at the effect of possible downside scenarios with reduced level of income and cashflows and are satisfied that no default on lending covenants would arise. On this basis, the Directors anticipate that the Company will continue to be able to meet its business obligations as they fall due over the coming twelve months. The Directors therefore consider it appropriate to continue to prepare the financial statements on a going concern basis.

After considering these matters and in light of the current forecasts for the Company, the Directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

#### 1.3 Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Income received in respect of the service concession is allocated between revenue and capital repayment of, and interest income on, the PFI financial asset using the effective interest rate method. Service revenue is recognised as a margin on non-pass-through operating and maintenance costs.

Pass through income represents the direct pass through of recoverable costs, as specified in the Project Agreement.

Variation income relates to the recharge of costs incurred for the alteration of the facilities or the services provided, requested by the Authority.

#### 1.4 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# JLW EXCELLENT HOMES FOR LIFE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 1 Accounting policies

(Continued)

#### 1.5 Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the balance sheet, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors, cash and bank balances and other financial assets, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **Loans and Receivables**

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

##### **Service concession**

The Company is a special purpose entity that has been established to provide services under certain private finance agreements with Kirklees Council (the Council). Under the terms of these Agreements, the Council (as grantor) controls the services to be provided by the Company over the contract term. Based on the contractual arrangements the Company has classified the project as a service concession arrangement, and has accounted for the principal assets of, and income streams from, the project in accordance with FRS 102, Section 34.12 Service Concession Arrangements.

The Company has chosen to adopt the transitional arrangements available within FRS 102, Section 35.10 (i) and as such the service concession arrangement has continued to be accounted for using the same accounting policies being applied prior to the date of transition to FRS 102 (1 January 2014). The nature of the asset has therefore not changed; however, there was a change in the description from Finance Debtor to Financial Asset.

Under the terms of the arrangement, the Company has the right to receive a baseline contractual payment stream for the provision of the services from or at the direction of the grantor (the Trust), and as such the asset is accounted for as a financial asset. The financial asset has initially been recognised at the fair value of the consideration received, based on the fair value of the construction (or upgrade) services, plus any directly attributable transaction costs, provided in line with FRS 102.

# JLW EXCELLENT HOMES FOR LIFE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1 Accounting policies

(Continued)

##### ***Impairment of financial assets***

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

##### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

##### ***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. The effective interest rate method is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### ***Other financial liabilities***

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

# JLW EXCELLENT HOMES FOR LIFE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

#### **1.6 Equity instruments**

Equity instruments issued by the Company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

#### **1.7 Derivatives**

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in the statement of comprehensive income immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the statement of comprehensive income depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

The Company does not hold or issue derivative financial instruments for speculative purposes.

#### **1.8 Hedge accounting**

The Company designates certain hedging instruments, including derivatives, embedded derivatives and non-derivatives, as either fair value hedges or cash flow hedges.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item along with risk management objectives and strategy for undertaking various hedge transactions. At the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

#### ***Cash flow hedges***

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income.

The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to the statement of comprehensive income in the periods when the hedged item is recognised in the statement of comprehensive income in the same line as the recognised hedged item. However when the forecast transaction that is hedged results in the recognition of a non-financial asset or liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability concerned.

#### **1.9 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.



# JLW EXCELLENT HOMES FOR LIFE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

#### **1.10 Reclassification of comparative information**

The following reclassification of comparative information has been made to more appropriately reflect its nature:

Note 11 – The amount payable in respect derivative financial instruments within one year has been separately disclosed.

# **JLW EXCELLENT HOMES FOR LIFE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **2 Judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### ***Hedge Accounting***

The Directors consider the Company to have met the criteria for cash flow hedge accounting; the Company has therefore recognised fair value movements on derivatives in effective hedging relationships through other comprehensive income as well as the deferred tax thereon.

#### **Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

#### ***Valuation of derivative financial instruments***

The Directors use their judgement in selecting a suitable valuation technique for derivative financial instruments. All derivative financial instruments are valued at the mark to market valuation provided by the derivative counterparty. In these cases, the Company uses valuation techniques to assess the reasonableness of the valuation provided by the derivative counterparty. These techniques use a discounted cash flow analysis based on market observable inputs derived from similar instruments in similar and active markets. The fair value of derivative financial instruments at the balance sheet date was a liability of £6,147,000 (2018: £4,813,000 liability). The Directors do not consider the impact of own credit risk to be material.

#### ***Service concession arrangement***

As disclosed in Note 1, the Company accounts for the project as a service concession arrangement. The Directors use their judgement in selecting the appropriate financial asset rate to be applied in order to allocate the income received between revenue, and capital repayment of and interest income on the financial asset; and also the service margin that is used to recognise service revenue. The Directors have also used their judgement in assessing the appropriateness of the future maintenance costs that are included in the Company's forecasts. The Directors will continue to monitor the condition of the assets and undertake a regular review of maintenance spend.

# JLW EXCELLENT HOMES FOR LIFE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 3 Turnover and other revenue

An analysis of the Company's turnover is as follows:

	2019 £'000	2018 £'000
<b>Turnover analysed by class of business</b>		
Service fee income	2,227	2,561
Variation income	118	130
Passthrough income	-	16
	<u>2,345</u>	<u>2,707</u>
<b>Turnover analysed by geographical market</b>		
United Kingdom	<u>2,345</u>	<u>2,707</u>

### 4 Auditor's remuneration

	2019 £'000	2018 £'000
Fees payable to the Company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the Company and the Company's parent company	<u>12</u>	<u>12</u>

Auditor's remuneration is payable to BDO LLP (2018: Deloitte LLP).

### 5 Employees

The Company had no employees during the current or prior year.

### 6 Directors' remuneration

No directors received any remuneration for services to the Company during the current or prior year.

### 7 Interest receivable and similar income

	2019 £'000	2018 £'000
<b>Interest income</b>		
Interest on bank deposits	1	-
Interest receivable from group companies	82	72
Interest receivable on financial asset	3,860	4,003
Total income	<u>3,943</u>	<u>4,075</u>

# JLW EXCELLENT HOMES FOR LIFE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 8 Interest payable and similar expenses

	2019 £'000	2018 £'000
Interest on bank overdrafts and loans	2,173	2,322
Interest payable to parent undertakings	766	782
Total interest expense	<u>2,939</u>	<u>3,104</u>

#### 9 Taxation

	2019 £'000	2018 £'000
<b>Current tax</b>		
UK corporation tax on profits for the current period	<u>228</u>	<u>234</u>

For the year ended 31 December 2019, the UK corporation tax rate of 19% is applied.

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 15 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. The UK deferred tax asset/(liability) as at 31 December 2019 has been calculated based on 17%.

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £'000	2018 £'000
Profit before taxation	<u>1,201</u>	<u>1,232</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	<u>228</u>	<u>234</u>
Taxation charge in the financial statements	<u>228</u>	<u>234</u>

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2019 £'000	2018 £'000
Deferred tax arising on:		
Revaluation of financial instruments treated as cash flow hedges	<u>(229)</u>	<u>225</u>

# JLW EXCELLENT HOMES FOR LIFE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 10 Debtors

		2019 £'000	2018 £'000
<b>Amounts falling due within one year:</b>			
Trade debtors		-	20
Corporation tax recoverable		198	-
Financial asset		2,388	2,235
Other financial assets		814	-
Other debtors		210	127
Prepayments and accrued income		70	73
		<u>3,680</u>	<u>2,455</u>
<b>Amounts falling due after more than one year:</b>	<b>Notes</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
Amounts owed by group undertakings		2,790	1,810
Financial asset		54,233	56,621
		<u>57,023</u>	<u>58,431</u>
Deferred tax asset	14	1,007	1,088
		<u>58,030</u>	<u>59,519</u>
<b>Total debtors</b>		<u>61,710</u>	<u>61,974</u>

Amounts owed by group undertakings comprises of an upstream loan of £2,790,000 to JLIF Holdings (Regeneration and Social Housing) Limited. The loan is subject to an agreed interest of 4% and are repayable in installments.

Other financial assets include amounts held within deposit accounts with a maturity of not less than three months from the initial deposit.

# JLW EXCELLENT HOMES FOR LIFE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 11 Creditors: amounts falling due within one year

		2019	Restated 2018
	Notes	£'000	£'000
Bank loans	13	3,000	3,278
Trade creditors		58	181
Gross amounts owed to contract customers		-	305
Amounts owed to parent undertakings	13	299	314
Taxation		374	349
Derivative financial instruments measured at fair value through profit or loss		766	866
Bank loan accrued interest		288	323
Unitary charge control account		1,437	569
Accruals and deferred income		272	195
		<u>6,494</u>	<u>6,380</u>

Derivative financial instruments have been reclassified to separately disclose amounts payable within one year.

#### 12 Creditors: amounts falling due after more than one year

		2019	Restated 2018
	Notes	£'000	£'000
Bank loans	13	50,206	53,206
Amounts owed to parent undertaking	13	6,336	6,444
Derivative financial instruments measured at fair value through profit or loss		5,381	3,947
		<u>61,923</u>	<u>63,597</u>

#### Derivative Financial Instruments

The swaps have a fixed interest rate of 1.587% (Mitsubishi UFJ Securities International Plc) & 2.994% (Nord LB) and both expire in June 2033. The interest rate swaps settle on a semi-annual basis. The floating rate on the interest rate swaps is six months' Libor. The Company will settle the difference between the fixed and floating interest rate on a net basis.

All interest rate swap contracts are designated as hedges of variable interest rate risk of the Company's floating rate borrowings. The hedged cash flows are expected to occur and to affect profit or loss over the period to maturity of the interest rate swaps.

The fair value of the derivative financial instrument above comprises the fair value of the interest rate swap designated in an effective hedging relationship. The change in fair value of the interest rate swap that was recognised in other comprehensive income in the period was a loss of £1,350,000 (2018: gain of £1,326,000).

# JLW EXCELLENT HOMES FOR LIFE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 12 Creditors: amounts falling due after more than one year (Continued)

Amounts included above which fall due after five years are as follows:

	2019 £'000	2018 £'000
Payable by instalments	36,423	39,870
Payable other than by instalments	6,179	6,204
	<u>42,602</u>	<u>46,074</u>

### 13 Loans and overdrafts

	2019 £'000	2018 £'000
Bank loans	53,206	56,484
Loans from parent undertakings	6,443	6,562
	<u>59,649</u>	<u>63,046</u>
Payable within one year	3,107	3,396
Payable after one year	56,542	59,650
	<u>59,649</u>	<u>63,046</u>

The loans are secured by a fixed and floating charge over all the assets of the Company and a charge over the shares of the Company.

#### Bank Loans

The Company has facilities provided by Norddeutsche Landesbank Girozentrale and Bank of Tokyo Mitsubishi UFG in order to finance the project.

The facility financing fees were capitalised and are amortised over the loan repayment period.

The loan is repayable in instalments based on an agreed percentage amount of the total facilities per annum until the end of 2033.

Interest on the facility is charged at rates linked to LIBOR. The Company has entered into fixed interest rate swaps to mitigate its interest rate exposure. The fixed interest rate on the Senior Term Facility, including all margins, is 4.294%.

#### Subordinated debt loan

At the year end the Company owed £6,443,000 (2018: £6,562,000) in loans and accrued interest of £192,000 (2018: £196,000) to the parent company, split £1,289,000 (2018: £1,312,000) 'A' Loan Notes and £5,154,000 (2018: £5,250,000) 'B' Loan Notes. The subordinated debt is unsecured and is subject to interest at 10.99% on the 'A' Loan Notes and 11.93% on the 'B' Loan Notes. The debt is repayable by instalments from surplus funds to 30th June 2034.

# JLW EXCELLENT HOMES FOR LIFE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 14 Deferred taxation

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2019 £'000	Assets 2018 £'000
<b>Balances:</b>		
Tax losses	-	310
Deferred tax on interest rate swap fair value	1,007	778
	<u>1,007</u>	<u>1,088</u>
<b>Movements in the year:</b>		<b>2019 £'000</b>
Asset at 1 January 2019		(1,088)
Charge to profit or loss		228
Credit to other comprehensive income		(229)
Other		82
Asset at 31 December 2019		<u>(1,007)</u>

The deferred tax asset in relation to the interest rate swap liability is expected to affect profit or loss over the period to maturity of the interest rate swap.

### 15 Share capital

	2019 £'000	2018 £'000
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
50,000 ordinary shares of £1 each	50	50

#### Other reserves

The Company's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses.

The hedging reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective in hedging variable interest rate risk of recognised financial instruments. Amounts accumulated in this reserve are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.



# **JLW EXCELLENT HOMES FOR LIFE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **16 Related party transactions**

As a wholly owned subsidiary of Jura Acquisition Limited, the Company has taken advantage of the exemption under FRS 102 Section 33 not to provide information on related party transactions with other undertakings in the Jura Acquisition group. A copy of the financial statements of Jura Acquisition Limited can be obtained from its registered office at 1st Floor, Albert House, South Esplanade, St Peter Port, Guernsey, GY1 1AJ.

### **17 Ultimate controlling party**

The Company's immediate parent company is JLW Excellent Homes for Life Holding Company Limited, a company incorporated in Great Britain and registered in England and Wales, with a registered address of 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG. The smallest and largest group in which its results are consolidated is JLW Excellent Homes for Life Holding Company Limited. Copies of the consolidated accounts are available from Companies House.

The Company's ultimate parent and controlling entity is Jura Holdings Limited.

### **18 Subsequent events**

Subsequent to the year end the COVID-19 pandemic has developed rapidly and the UK Government has enacted emergency measures to contain the spread of the virus, which have adversely impacted economic activity in the UK. The Directors continue to monitor the situation and have put in place plans to mitigate the currently known, and potential risks to business continuity. They have assessed the potential impact of the COVID-19 pandemic on going concern and their statement is provided in note 1.2 to the financial statements.