

Housing Growth Partnership Limited

(England & Wales: 09504850)

Annual Report and Financial Statements

For the year ended 31 March 2023

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GENERAL INFORMATION

Directors	V Hepburn K Packard AT Rougier
Secretary	P Gittins
Registered Office	25 Gresham Street London, EC2V 7HN
Investment Manager	Housing Growth Partnership Manager Limited 25 Gresham Street London, EC2V 7HN
Solicitors	Pinsent Masons LLP 30 Crown Place London, EC2A 4ES
Bankers	Lloyds Banking Group Plc 25 Gresham Street London, EC2V 7HN
Independent Auditor	Deloitte LLP 1 New Square Street London, EC4A 3HQ

DIRECTORS' REPORT

The Directors submit their report together with the audited Financial Statements of Housing Growth Partnership Limited (the 'Company') for the year ended 31 March 2023.

The Company was incorporated on 23 March 2015. The Company is limited by shares, as per the certificate of incorporation filed at Companies House.

Dividends

No dividends were paid or proposed during or in respect of the year ended 31 March 2023 (2022: £nil).

Business Review

The Company is an investment holding company with investments in subsidiaries and joint ventures.

The profit for the year ended 31 March 2023 was £426,992 (2022: £150,552) and total assets as at 31 March 2023 were £2,275,404 (2022: £4,320,816), driven by the realisation of investments. The Directors are satisfied that the financial position of the Company will enable it to continue with its principal activity as investment holding company to Housing Growth Partnership LP.

The Directors expect the business to remain unchanged in the coming year.

Going Concern

The Directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future, being at least 12 months from the date of approval. The Company's income arises from the investments it makes in UK housing developments. The Directors have noted that the investments of the Company are due to be realised within the next 12 months and there are no plans for further investments to be made by this Company. The Company is therefore required by IAS 1 to prepare financial statements using a basis other than going concern but the Directors note that there would be no difference to asset values between these two bases under the historical cost convention. While the Directors do not intend to liquidate the Company it would cease to trade once the existing investments are realised and will remain dormant until utilised in the future. As such the financial statements have been prepared on a basis other than going concern.

Current and Future Developments

The current conflict between Russia and Ukraine, which has led to sanctions being imposed on Russia and Belarus has the potential to affect UK and world economies in the coming months. There have been changes to the macro-economic environment with interest rate increases and inflationary pressure in the year. The current macro-economic and geo-political environment are not expected to result in any changes to the Company's activities.

Directors

The Directors of the Company who were in office during the year end and up to the date of signing the Financial Statements are shown on page 3.

The Directors have not received any remuneration in the year (2022: £nil).

Directors' indemnities

Lloyds Banking Group plc has granted to the Directors of the Company a deed of indemnity which constitutes 'qualifying third party indemnity provisions' for the purposes of the Companies Act 2006. The deed was in force during the whole of the financial year and at the date of approval of the financial statements. Directors no longer in office but who served on the Board of the Company at any time in the financial year had the benefit of this deed of indemnity during that period of service. The Deed for existing Directors is available for inspection at the registered office of Lloyds Banking Group plc. In addition, the Group has in place appropriate Directors and Officers Liability Insurance cover which was in place throughout the financial year.

DIRECTORS' REPORT (continued)

Basis of Preparation

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

The Company has taken the exemption under section 414B of the Companies Act 2006 for the requirements to prepare a Strategic Report for the financial year.

Streamlined Energy and Carbon Reporting

The Company has taken an exemption from Streamlined Energy and Carbon Reporting (SECR) in its own Directors' Report as it is included within SECR report given in the Lloyds Banking Group plc 2022 Annual Report and Accounts, available on the Lloyds Banking Group plc website.

Financial Risk Management Objectives and Policies

The Company is exposed to a variety of financial risks as a result of its activities. These risks include market risk (including changes in asset values), credit risk and liquidity risk. These risks have been considered by the Directors in forming their judgement to adopt a basis other than going concern in preparing the Financial Statements of the Company. These risks are further detailed in Note 4.

Employees

The Company has no employees during the year ended 31 March 2023 (2022: none). The key management personnel have been identified as the Directors of the Company.

Disclosure of Information to the Auditor

Each of the persons who is a Director at the date of this report confirms that:

- as far as each of them is aware, there is no information relevant to the audit of the Company's Financial Statements for the year ended 31 March 2023 of which the auditor is unaware; and
- the Director has taken all steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors confirm that the requirements in the Statement of Directors' Responsibilities have been met in preparing these Financial Statements.

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

Independent Auditor

Deloitte LLP are deemed to be re-appointed as auditor under section 487(2) of the Companies Act 2006.

Approved by the Board of Directors and signed on its behalf by:



V Hepburn
Director

8 December 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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 adopted international accounting standards. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

Independent auditor's report to the members of Housing Growth Partnership Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Housing Growth Partnership Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB)); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law, and United Kingdom adopted international accounting standards and IFRSs as issued by the IASB.

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 Financial Reporting Council's (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.

Emphasis of matter – Financial statements prepared other than on a going concern basis

We draw attention to note 2(e) in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including the valuation specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our procedures performed to address it are as described below:

- Expected credit loss on shareholders' loans: Due to the nature of loans given by the entity, which are interest free shareholders' loans to associates and joint ventures for the real estate property development, we identified a risk of fraud in the valuation and allocation due to Significant increase in credit risk ("SICR") identification criteria in compliance with IFRS 9 and the risk that SICR criteria is not applied properly during individual loan assessment. Our procedures included evaluating the controls in place over the review of the impairment workings, involvement of specialists in the planning and risk assessment and review of Partnership's ECL policy and methodology and ensuring that Significant increase in credit risk ("SICR") criteria is in line with the requirement of IFRS 9. We also tested sample of loans for the individual assessment performed by management to ensure that Significant increase in credit risk ("SICR") criteria is properly

applied. We tested validity of the inputs used in the calculation by tracing them to the relevant documents and management IFRS 9 policy.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

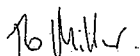
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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 take advantage of the small companies' exemption from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

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.



Tom Millar, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
8 December 2023

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

		Year Ended 31 March 2023	Year Ended 31 March 2022
	Note	£	£
Interest income on shareholders' loans		50,243	189,354
Investment income		1,198,022	-
Total income		1,248,265	189,354
Administrative expenses	5	(34,409)	(38,802)
Impairment of investments in subsidiary	7	(765,658)	-
Impairment of investments in joint ventures	8	(21,206)	-
Profit before tax		426,992	150,552
Taxation	14	-	-
Profit for the year		426,992	150,552
Other comprehensive income		-	-
Total other comprehensive income for the year		-	-
Total comprehensive income for the year		426,992	150,552

The accompanying Notes on pages 14 to 21 form an integral part of these Financial Statements.

All the above items relate to continuing operations. There is no other comprehensive income during the current or prior year.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

ASSETS	Note	As at 31 March 2023 £	As at 31 March 2022 £
Non-current assets			
Investment in subsidiary	7	-	765,659
Investments in joint ventures	8	237,513	258,719
Shareholders' loans	9	-	1,776,363
Total non-current assets		237,513	2,800,741
Current assets			
Shareholders' loans	9	883,357	-
Trade and other receivables	9	100	100
Cash and cash equivalents	10	1,154,434	1,519,975
Total current assets		2,037,891	1,520,075
Total assets		2,275,404	4,320,816
EQUITY AND LIABILITIES			
Equity			
Share capital	15	100	100
Accumulated losses		(154,547)	(581,539)
Total equity		(154,447)	(581,439)
Non-current liabilities			
Loans and borrowings	13	1,366,829	3,608,171
Total non-current liabilities		1,366,829	3,608,171
Current liabilities			
Trade and other payables	11	1,063,022	1,294,084
Total current liabilities		1,063,022	1,294,084
Total equity and liabilities		2,275,404	4,320,816

These Financial Statements have been prepared in accordance with the Companies Act 2006 as applicable to companies using IFRS.

The accompanying Notes on pages 14 to 21 form an integral part of these Financial Statements.

The Financial Statements on pages 10 to 21 were approved by the Board on 8 December 2023.

Signed for and on behalf of the Board of Directors



V Hepburn
Director

8 December 2023

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31 MARCH 2023

	Share capital	Accumulated losses	Total equity
	£	£	£
As at 1 April 2021	100	(732,091)	(731,991)
Total comprehensive income for the year	-	150,552	150,552
As at 31 March 2022	<u>100</u>	<u>(581,539)</u>	<u>(581,439)</u>
Total comprehensive income for the year	-	426,992	426,992
As at 31 March 2023	<u><u>100</u></u>	<u><u>(154,547)</u></u>	<u><u>(154,447)</u></u>

The accompanying Notes on pages 14 to 21 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	Note	Year ended 31 March 2023 £	Year ended 31 March 2022 £
Operating activities			
Profit before tax		426,992	150,552
<i>Adjustments for:</i>			
Impairment of investments in subsidiary	7	765,658	-
Impairment of investments in joint ventures	8	21,206	-
Operating cash flows before movements in working capital		1,213,856	150,552
Decrease/(increase) in shareholder loans	9	893,006	(1,776,363)
Decrease in trade and other receivables	9	-	1,900,010
(Decrease)/increase in trade and other payables	11	(231,062)	920,189
Net cash flow generated from operating activities		1,875,800	1,194,388
Investing activities			
Repayment of investments in subsidiaries	7	1	-
Advances to investments in joint ventures	8	-	(258,719)
Net cash flow generated from/(used in) investment activities		1	(258,719)
Financing activities			
Repayment of borrowings	13	(2,241,342)	(14,859)
Net cash flow used in financing activities		(2,241,342)	(14,859)
Net (decrease)/increase in cash and cash equivalents		(365,541)	920,810
Cash and cash equivalents at the beginning of the year		1,519,975	599,165
Cash and cash equivalents at the end of the year	10	1,154,434	1,519,975

The accompanying Notes on pages 14 to 21 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1 GENERAL INFORMATION

Housing Growth Partnership Limited (the Company) is a company limited by shares incorporated, domiciled in the United Kingdom and registered at 25 Gresham Street, London, EC2V 7HN.

The Company's activity is to make, hold, monitor and realise investments, being principally equity and equity-related investments in projects developed in conjunction with UK based house-builders. The Company seeks to support the regional housebuilding community in growing its capacity and increasing the number of new homes built.

2 ACCOUNTING POLICIES

a) Basis of preparation

The Financial Statements of the Company have been prepared on a basis other than going concern, applying the historical cost basis. The Financial Statements are presented in Great British Pounds (£), which is the functional and presentational currency. The Financial Statements have been prepared in accordance with the Companies Act 2006 as applicable to companies using IFRS as issued by the IASB.

These separate Financial Statements contain information about the Company only and do not contain consolidated financial information. The Company has taken advantage of the exemptions under IFRS 10 Consolidated Financial Statements, IAS 28 Investments in Associates and Joint Ventures and Section 400 of the Companies Act 2006 from the requirement to prepare consolidated Financial Statements and from accounting for its equity investments in joint ventures by the equity method. The Company and its investees are included in the consolidated Financial Statements of the Company's ultimate parent company.

b) Cash flow statement

The Company reports cash flows from operating activities using the indirect method. Interest received and paid is presented within financing cash flows.

c) New and amended standards adopted by the Company

The Company has adopted all the Standards and Interpretations of the IASB and the IFRS Interpretations Committee of the IASB that are relevant to its operations and effective for accounting periods beginning from 1 April 2022.

d) New standards, amendments and interpretations issued but not yet effective

As at 31 March 2023, the following new or amended standards and interpretations had been issued by the IASB but are yet to become effective.

Standard	Content	Effective Date
Amendments to IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9	Annual periods beginning on or after 1 January 2023
Amendments to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021	Annual periods beginning on or after 1 April 2021
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	Annual periods beginning on or after 1 January 2024
IFRS 17	Insurance Contracts	Annual periods beginning on or after 1 January 2023
Amendments to IFRS 17	Initial Application of IFRS 17 and IFRS 9 — Comparative Information	Annual periods beginning on or after 1 January 2023
Amendments to IAS 1	Non-current Liabilities with Covenants	Annual periods beginning on or after 1 January 2024
Amendments to IAS 1	Classification of liabilities as Current or Non-current	Annual periods beginning on or after 1 January 2023

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (Continued)

2 ACCOUNTING POLICIES (Continued)

Standard	Content	Effective Date
Amendments to IAS 1	Classification of Liabilities as Current or Non-current — Deferral of Effective Date	Annual periods beginning on or after 1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	Annual periods beginning on or after 1 January 2023
Amendments to IAS 8	Definition of accounting estimates	Annual periods beginning on or after 1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Annual periods beginning on or after 1 January 2023

The Company will consider the impact of these new financial standards and amendments in the next financial year.

e) Going concern – Principles underlying going concern assumption

The Directors have considered a range of criteria including operational resilience, future operations and funding requirements and have received a letter of support from Housing Growth Partnership LP confirming that its subsidiaries, including the Company, will continue to have access to liquidity and capital resources for the foreseeable future being twelve months from the date of approval. However, as the Company expects to realise its investments within the next 12 months and may not make any additional investments, it will cease to trade once the existing investments are realised. Accordingly, the Financial Statements have been prepared on a basis other than going concern but the Directors note there would be no difference to asset values between these two bases under the historical cost convention.

f) Investment in joint ventures and subsidiaries

Investments in joint ventures and subsidiaries are initially recognised at cost and held at cost less any adjustments required by annual impairment reviews.

g) Trade and other receivables

Trade and other receivables are recognised and carried at amortised cost.

The Company recognises lifetime ECLs for trade and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

h) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash in hand and at bank.

i) Loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

j) Financial assets

All loans to subsidiaries are initially recognised at fair value less directly attributable transaction costs. Loans to subsidiaries that bear no interest but have a fixed date for repayment are initially recognised at the present value of future payments discounted at a market rate of interest for similar debt instruments. A difference between the cash paid and present value on initial recognition is recognised as an addition to its investment in its subsidiary. In subsequent periods, interest is recognised on the loans in the Statement of Comprehensive Income using the effective interest method. The interest recognised will be the unwinding of the difference between present value on initial recognition and the cash received. There are no set payment terms, but the loans have a maximum maturity of 5 years. There are no significant judgments within the income recognition policy.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (Continued)

2 ACCOUNTING POLICIES (Continued)

k) Trade and other payables

Trade and other payables are recognised and carried at amortised cost. Where the time value of money is material, payables are subsequently carried at amortised cost. Generally this results in their recognition at their nominal value.

l) Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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 is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is not recognised for the following temporary differences:

- the initial recognition of assets and liabilities in a transaction that is not a business combination, which affects neither accounting nor taxable profits or losses; and
- investments in subsidiaries where the Company controls the timing of the reversal of temporary differences and it is probable that these differences will not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the asset or liability and is not discounted.

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses and other temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

m) Capital

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern and provide an adequate return to its shareholders through pricing services commensurately with the level of risk.

n) Investment income

Investment income is recognised when the right to receive dividend payment is established and recognised in the Statement of Comprehensive Income as investment income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (Continued)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Company's Financial Statements requires the Directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected.

Judgements

There are no significant judgements in the preparation of the Financial Statements in the current or prior year.

Key sources of estimation uncertainty

Impairment of the Company's investments and expected credit losses on shareholder loans are a key source of estimation uncertainty as they involve judgement on the future performance of the underlying investments.

In accordance with the accounting policy of the Company, investments are initially recognised at cost and held at cost less any adjustments required by annual impairment reviews. Expected credit losses are calculated by applying the loss rate provided by the ultimate parent company's impairment team for SME assets. These loss rates have been determined using the probability of default and loss given default data available from appropriate comparatives.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks as a result of its activities. These risks include market risk (including changes in asset values), credit risk and liquidity risk. These risks have been considered by the Directors in forming their judgement to adopt a basis other than going concern in preparing the Financial Statements of the Company.

a) **Market risk**

The Company is affected by the performance of the UK housing market which affects the valuation of the Company's non-financial assets. Market risk is managed by diversifying the portfolio of properties across the UK, therefore there is limited exposure to market risk.

b) **Credit risk**

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's main income generating activity is lending to investment partners and therefore credit risk is a principal risk. Credit risk mainly arises from shareholders' loans to subsidiaries, associates and joint ventures. The Partnership considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk for risk management purposes. The Directors are satisfied that related parties continue to have the support of Lloyds Banking Group plc and credit risk has therefore been assessed as low.

The Company's maximum exposure to credit risk arises from the carrying amount of the respective financial assets as stated in the Statement of Financial Position.

c) **Liquidity risk**

The Company monitors its risk of a shortage of funds using detailed cash flow monitoring. Liquidity risk is managed by ensuring that the level and maturity of shareholder loans used to finance the investments matches the forecast operational or capital cash flows from its portfolio.

The maturity analysis of financial liabilities is as follows:

As at 31 March 2023	Less than 1 year	From 1 to 5 years	After 5 years	TOTAL
	£	£	£	£
Financial liabilities				
Loans and borrowings	-	-	1,366,829	1,366,829
Trade and other payables	1,063,022	-	-	1,063,022
	<u>1,063,022</u>	<u>-</u>	<u>1,366,829</u>	<u>2,429,851</u>
 As at 31 March 2022	 Less than 1 year	 From 1 to 5 years	 After 5 years	 TOTAL
	£	£	£	£
Financial liabilities				
Loans and borrowings	-	-	3,608,171	3,608,171
Trade and other payables	1,294,084	-	-	1,294,084
	<u>1,294,084</u>	<u>-</u>	<u>3,608,171</u>	<u>4,902,255</u>

The Directors are satisfied that sufficient income from investments will be available to meet the Company's financial liabilities as they fall due.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (Continued)

5 ADMINISTRATIVE EXPENSES

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Audit fees	21,622	20,790
Legal & professional fees	13,680	16,236
(Impairment reversal) / expected credit losses on shareholders' loans	(893)	1,776
Total administrative expenses	34,409	38,802

6 STAFF COSTS

The average monthly number of employees (including directors) was nil (2022: nil). The aggregate employee remuneration was £nil (2022: £nil). The aggregate Director remuneration was £nil (2022: £nil).

7 INVESTMENT IN SUBSIDIARY

	As at 31 March 2023	As at 31 March 2022
	£	£
Balance at start of year	765,659	765,659
Impairment of investment in subsidiary	(765,658)	-
Disposal	(1)	-
Balance at end of year	-	765,659

An investment is disposed of when the Company is considered to have no rights to any future cashflows and during the year one subsidiary was disposed of at cost (2022: £nil). The Company has no significant subsidiary holdings as at 31 March 2023.

8 INVESTMENTS IN JOINT VENTURES

	As at 31 March 2023	As at 31 March 2022
	£	£
Balance at the beginning of the year	258,719	-
Additions during the year	-	258,719
Impairment during the year	(21,206)	-
Balance at the end of the year	237,513	258,719

Set out below are the joint ventures of the Company as at 31 March 2023 which, in the opinion of the Directors, are material to the Company. The joint ventures as listed below have share capital consisting solely of ordinary shares and non-interest-bearing shareholder loans, which are held directly by the Company; the registered office is also their principal place of business.

Name	Registered Office	% interest held	Nature of relationship	As at 31 March 2023	As at 31 March 2022
Oakfield Park (Kirkby Lonsdale) LLP	Mintsfeet Place, Kendal, Cumbria, LA9 6LL	50%	Joint Venture	161,182	161,182
Antler Amberley LLP	Knightway House, Park Street, Bagshot, GU19 5AQ	49%	Joint Venture	76,331	97,537
				237,513	258,719

During the year ended 31 March 2023, one of the Company's investments in joint ventures was impaired totalling £21,206 (2022 £nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (Continued)

9 TRADE AND OTHER RECEIVABLES

	As at 31 March 2023	As at 31 March 2022
	£	£
Non-current		
Shareholder loans	-	1,776,363
	-	1,776,363
Current		
Other receivable	100	100
Shareholder loans	883,357	-
	883,457	100
Total trade and other receivables	883,457	1,776,463

There were no significant past due or impaired receivables as at 31 March 2023 (2022: £nil). The shareholder loan balance is unsecured, interest free and repayable within 1 year.

10 CASH AND CASH EQUIVALENTS

	As at 31 March 2023	As at 31 March 2022
	£	£
Cash at bank	1,154,434	1,519,975
Total cash and cash equivalents	1,154,434	1,519,975

11 TRADE AND OTHER PAYABLES

	As at 31 March 2023	As at 31 March 2022
	£	£
Amount due to joint ventures	984,491	1,236,282
Other payables	883	1,776
Amounts due to related parties	7,920	7,920
Accruals	69,728	48,106
Total trade and other payables	1,063,022	1,294,084

These balances are current and interest free.

12 TRANSACTIONS WITH RELATED PARTIES

Investments in the subsidiary and joint ventures are related parties and are detailed in Notes 7 and 8. Loans and borrowings from Housing Growth Partnership LP are detailed in Note 13.

Dividends of £1,198,022 (2022: £nil) were received from investment in subsidiary.

The Company owed £7,920 (2022: £7,920) to Housing Growth Partnership Manager Ltd.

The Company's cash and cash equivalents balance is held with Lloyds Banking Group Plc.

Transactions with key management personnel

There were no transactions between the Company or its subsidiary with key management personnel during the current year. Key management personnel are employed by other companies in Lloyds Banking Group Plc and consider that their services to the Company are incidental to their other activities within Lloyds Banking Group Plc. The Directors' emoluments were therefore £nil (2022: £nil).

Key management compensation

The members of the Board of Directors are considered to be the key management of the Company.

There are no amounts receivable from or payments due to members of the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (Continued)

13 LOANS AND BORROWINGS

Lender	As at 31 March 2023 £	As at 31 March 2022 £
Housing Growth Partnership LP	1,366,829	3,608,171
Total Loans and Borrowings	1,366,829	3,608,171

Loans and Borrowings are not interest bearing and unsecured.

14 TAXATION

A reconciliation between tax charge and the product of profit before tax multiplied by the standard rate is as follows

	Year Ended 31 March 2023 £	Year Ended 31 March 2022 £
Current tax on profits for the year	-	-
	Year Ended 31 March 2023 £	Year Ended 31 March 2022 £
Profit before tax	426,992	150,552
Tax on profit at standard UK tax rate of 19% (2022: 19%)	81,128	28,605
Effects of:		
Expenses not deductible	145,475	-
Non-taxable income	(227,624)	-
Taxable profit allocation	-	720
Utilisation of tax losses	1,021	(29,325)
Tax charge for the year	-	-

The Finance Bill 22-23 which was enacted on 15 March 2023 confirmed that going forward the 19% corporation tax rate would be used on profits below £50,000 with effect from 1 April 2023. Any profits over this amount but less than £250,000 would be subject to a marginal rate of corporation tax and any profits over £250,000 would be subject to a rate of 25% also effective as from 1 April 2023.

A deferred tax asset has not been recognised in respect of excess management expenses of £2,264,898 (2022: £2,435,069) carried forward as there are no predicted future taxable profits against which the unrelieved management expenses can be utilised.

15 SHARE CAPITAL

	As at 31 March 2023 £	As at 31 March 2022 £
Allocated and called up		
100 (2022: 100) ordinary shares issued and not fully paid of £1 each	100	100
	100	100

The issued share capital remained unpaid at the end of the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (Continued)

16 NOTES SUPPORTING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

Reconciliation of liabilities arising from financing activities

	Year Ended 31 March 2022	Capital Drawn	Capital Repaid	Year Ended 31 March 2023
	£	£	£	£
Loans and borrowings	3,608,171	-	(2,241,342)	1,366,829
Total loans and borrowings	3,608,171	-	(2,241,342)	1,366,829

17 PARENT UNDERTAKING AND ULTIMATE HOLDING COMPANY

As at 31 March 2023, Housing Growth Partnership GP LLP held the shares of the Company on behalf of Housing Growth Partnership LP, where Housing Growth Partnership LP is the beneficial owner and immediate parent company of the Company. The company regarded as the ultimate parent company and controlling party is Lloyds Banking Group plc (incorporated in Scotland), which is also the parent undertaking of the smallest and largest group of undertakings for which group financial statements are drawn up and of which the Company is a member. Copies of the group financial statements may be obtained from Group Secretariat, Lloyds Banking Group plc, 25 Gresham Street, London, EC2V 7HN.

18 SUBSEQUENT EVENTS

No events have occurred subsequent to the reporting date that require adjustment to or disclosure in the financial statements.