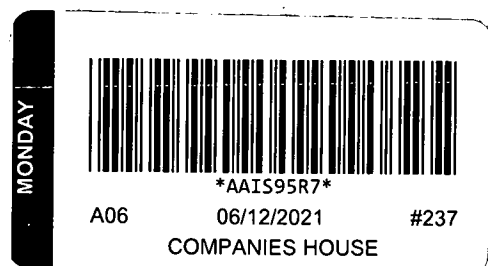


Registered number 10923446

ANNUAL REPORT AND FINANCIAL STATEMENTS

**HARMONI HOMES LIMITED
FOR THE YEAR ENDED 31 MARCH 2021**



HARMONI HOMES LIMITED
Annual Report and Financial Statements
For the year ended 31 March 2021

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HARMONI HOMES LIMITED
Annual Report and Financial Statements
For the year ended 31 March 2021

COMPANY INFORMATION

Directors: Grahame Sturges
Phillip Stokes
Lynda Sagona
Neil Chidgey

Company Secretary: Nia Roblin

Registered office: Y Borth
13 Beddau Way
Caerphilly
CF83 2AX

Registered Number: 10923446

Auditor: KPMG LLP
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

Banker: Lloyds Bank plc
25 Gresham Street
London
EC2V 7HN

HARMONI HOMES LIMITED
Annual Report and Financial Statements
For the year ended 31 March 2021

The Directors present the Annual Report and the audited financial statements of Harmoni Homes Limited for the year ended 31 March 2021.

STRATEGIC REPORT

Who we are

Harmoni Homes Limited is a 100% subsidiary of United Welsh Housing Association Limited (United Welsh). The principal activity of Harmoni Homes is to manage the construction of new affordable housing stock for United Welsh.

Harmoni Homes Limited was established to manage design and build contracts. The Company seeks to develop and provide high quality homes in South East Wales.

Financial and operating performance highlights

The Company was incorporated in Wales on 18th August 2017 and commenced trading in February 2018.

The Company does not have any direct employees and administration services are purchased from United Welsh. Total profit before tax was £51k and this will be gifted to the parent undertaking.

During the period Harmoni Homes Limited managed the construction of 90 (2020- 50) new properties. A total of 69 properties are forecast to be handed over in 2022. There were (2020 - 190) 123 homes under construction at 31st March 2021.

Principal risks and uncertainties

The Company's structure exposes it to a limited number of financial and operational risks and uncertainties. The key risk is timing mismatch between income and payments that may place pressure on the cash available to the Company. The Company actively manages its cash to ensure sufficient funds are available for ongoing operations and future developments.

The Company had considered the risk the activities potentially arising from the UK's departure from the European Union and conclude there has been no impact. In addition, Board have assessed the risk of Coronavirus in relation to Going Concern and this is reflected below.

HARMONI HOMES LIMITED
Annual Report and Financial Statements
For the year ended 31 March 2021

Going concern

After considering the Company's activities, together with factors likely to affect its future development, financial position and risks, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The future plans for the company are in line with current operations.

In relation to Coronavirus and its impact on the activities of the Company, whilst initially many sites closed, work began promptly after lockdown eased, with appropriate social distancing measures being undertaken by contractors. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

Governance

The Directors are appointed and reviewed on an annual basis by the Parent Company, United Welsh.

By order of the Directors

DocuSigned by:
Phill Stokes
582D8BC2E80E456...

P Stokes
Director

Harmoni Homes Limited
Y Borth
13 Beddau Way
Caerphilly
CF83 2AX
24 June 2021

HARMONI HOMES LIMITED
Annual Report and Financial Statements
For the year ended 31 March 2021

DIRECTORS' REPORT

Principal activity

The Directors present their report and the audited financial statements of the Company for the year ending 31 March 2021. The principal activity of Harmoni Homes Limited is to provide a construction management service.

Directors

The Directors who held office during the year were as follows:

Grahame Sturges
Phillip Stokes
Lynda Sagona
Neil Chidgey

Proposed dividend

No dividend has been proposed or paid in the period.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Directors

DocuSigned by:

582D8BC2E80E456...
P Stokes
Director

Harmoni Homes Limited
Y Borth
13 Bëddau Way
Caerphilly
CF83 2AX
24 June 2021

HARMONI HOMES LIMITED
Annual Report and Financial Statements
For the year ended 31 March 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARMONI HOMES LIMITED

Opinion

We have audited the financial statements of Harmoni Homes Limited ("the company") for the year ended 31 March 2021 which comprise the statement of comprehensive income, statement of changes in equity, statement of financial position and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue relates to intergroup construction management services.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors as required by auditing standards and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: anti-bribery and anti-money laundering and health and safety law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence if any.

Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involved collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

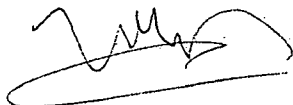
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Harry Mears (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

Date: 5 July 2021

HARMONI HOMES LIMITED**STATEMENT OF COMPREHENSIVE INCOME**
For the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
Turnover	2	7,612	10,019
Cost of sales		(7,509)	(9,967)
Gross profit		<u>103</u>	<u>52</u>
Administration expenses		(52)	(34)
Operating Profit	3	<u>51</u>	<u>18</u>
Profit on ordinary activities before taxation		<u>51</u>	<u>18</u>
Tax on profit of ordinary activities	5	-	-
Profit on ordinary activities after taxation		<u>51</u>	<u>18</u>
Other comprehensive income		-	-
Total comprehensive income for the period		<u>51</u>	<u>18</u>

The above results relate entirely to continuing activities.

STATEMENT OF CHANGES IN EQUITY

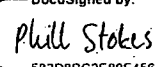
	2021 £'000	2020 £'000
Total comprehensive income for the year		
Profit for the period	51	18
Transactions recorded directly in equity		
Gift aid payment	(51)	(18)
Balance at end of year	<u>-</u>	<u>-</u>

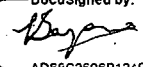
All movements are within reserves with no changes to share capital in either year.

HARMONI HOMES LIMITED**STATEMENT OF FINANCIAL POSITION**
As at 31st March 2021

	Notes	2021 £'000	2020 £'000
Current assets			
Debtors	6	50	115
Stock	7	665	-
Cash and cash equivalents		241	140
		<u>956</u>	<u>255</u>
Creditors: amounts falling due within one year	8	<u>(956)</u>	<u>(255)</u>
Net current assets		-	-
Total assets less current liabilities		-	-
Net assets		-	-
Capital and reserves			
Share capital	10	-	-
Reserves		-	-
Equity Shareholder's funds		<u>-</u>	<u>-</u>

The financial statements were approved by the Board of Directors on 24 June 2021 and signed on its behalf by:

DocuSigned by:

 582D8BC2E80E456...
 P Stokes
 Director

DocuSigned by:

 AD68C2696B124F2...
 L Sagona
 Director

Company registration number: 10923446

The notes on pages 12 to 14 form part of these financial statements.

HARMONI HOMES LIMITED

For the year ended 31 March 2021

Notes to the financial statements

1. Accounting policies

Harmoni Homes Limited is a private Company limited by shares and incorporated in Wales. Its registered office address is on page 1.

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The Company's parent undertaking United Welsh includes the company in its consolidated financial statements. The consolidated financial statements of United Welsh Group are prepared in accordance with FRS102 and available to the public and may be obtained from its registered office at Y Borth, 13 Beddau Way, Caerphilly, CF83 2AX.

FRS102 is mandatory for accounting periods beginning on or after 1 January 2015. The Company has applied the standard to the financial accounts for the year ended 31 March 2021.

Going Concern

The Company's financial forecast covering the short and medium term indicate that it will generate sufficient surpluses to meet its liabilities as they fall due and as a result the financial statements have been prepared on a going concern basis. In addition, prior to gift aid the Company generated a surplus of £51k (2020 - £18k).

The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and meet the Company's obligations as they fall due. Therefore the Company continues to adopt the going concern basis in preparing the annual financial statements.

Disclosure exemptions

As the Company is a wholly owned subsidiary of United Welsh Housing Association Limited the Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland:

- the requirements of Section 7 Statement of Cashflows
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17 (d)
- the requirements of Section 33 Related Party Disclosures paragraph 33.7

Turnover

Turnover represents amounts receivable for the sale of construction management services. All turnover arises in the UK only. Turnover is measured at the fair value of the consideration received or receivable for the services provided net of tax.

Stock

Stock consists of housing properties that are under construction under a design and build contract and is stated at the lower of cost.

Taxation

The charge for taxation is based on the profit or loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the Statement of Financial Position date, except as otherwise required by Section 29 of FRS102.

Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that effect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenditure during the year. The Company based its estimates and assumptions on parameters available at the time the financial statements were prepared.

HARMONI HOMES LIMITED**For the year ended 31 March 2021****Notes to the financial statements (continued)****2. Turnover**

	2021	2020
	£'000	£'000
Construction of social housing	<u>7,612</u>	<u>10,019</u>

3. Operating profit

	2021	2020
	£'000	£'000
Operating profit is stated after charging:		
Auditor's remuneration	<u>4</u>	<u>3</u>

4. Staff costs during the year

The Company does not employ any direct staff. No remuneration was paid to members of the Board of Directors during the year.

5. Tax on profit on ordinary activities

	2021	2020
	£'000	£'000
Factors affecting the current tax charge		
Profit for the year	<u>51</u>	<u>18</u>
Profit for the year multiplied by standard rate of tax in the UK 19%	10	3
Gift Aid	<u>(10)</u>	<u>(3)</u>
Total tax charge	<u>-</u>	<u>-</u>

HARMONI HOMES LIMITED
For the year ended 31 March 2021

Notes to the financial statements (continued)

	2021	2020
6. Debtors	£'000	£'000
Other debtors	50	22
Intercompany account	-	93
	<u>50</u>	<u>115</u>
7 Stock	£'000	£'000
Work in progress	665	-
	<u>665</u>	<u>-</u>
8 Creditors: amounts falling due within one year	£'000	£'000
Trade and other creditors	768	145
Intercompany account	188	110
	<u>956</u>	<u>255</u>

9 Ultimate Parent Company

The Company is a subsidiary undertaking of United Welsh Housing Association Limited who own 100% of the Company's shares. The consolidated financial statements of the group are available to the public and may be obtained from the registered office at Y Borth, 13 Beddau Way, Caerphilly, CF83 2AX.

10 Called up share capital

	2021	2020
	£	£
Allotted, called up and fully paid Ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

11 Capital commitments

	2021	2020
	£'000	£'000
Contracted less certified	<u>17,285</u>	<u>17,510</u>