

Company Registration No. SC481622 (Scotland)

HOMES FOR GOOD INVESTMENTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021
PAGES FOR FILING WITH REGISTRAR



HOMES FOR GOOD INVESTMENTS LIMITED

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HOMES FOR GOOD INVESTMENTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present their annual report and financial statements for the year ended 31 March 2021.

Principal activities

Home for Good Investments (**HFGI**), incorporated in 2014, is part of an evolving group of companies, which has grown and developed according to the needs and opportunities identified through working in the private rented sector (**PRS**). Each entity within the group has a clear role and function which ties back directly into Homes for Good's (**HFG**) core social aims:

1. To improve quality of property condition and property management within the PRS;
2. To lead by example to enable and inspire others to improve within the PRS;
3. To enable people with very limited housing choice access quality homes within the PRS;
4. To develop solutions and test new ideas which tackle systemic barriers within the PRS.

HFGI is a private company limited by shares, established to purchase and renovate dilapidated properties. The property portfolio is located in the Greater Glasgow Area with 70% of the portfolio located within Glasgow City boundaries. The other 30% of the portfolio is located in nearby local authority areas. The average rent in each local authority area is close to the Local Housing Allowance rates to ensure properties are accessible to tenants on low incomes or accessing benefits.

Since 2014 **HFGI** has raised £8.75m from partners Impact Ventures UK, Big Society Capital and Charity Bank to grow a portfolio of 192 homes. This year welcomed Big Issue Invest as a new shareholder to **HFGI**, as an aligned partner in the agenda of creating genuinely affordable homes for people who need them. This significant transaction also enabled our anchor investors, Impact Ventures UK to achieve an early exit, exceeding IRR and social impact targets. On the back of this transaction, **HFGI** have been able to raise a further £1.325m investment from BII and Charity Bank to acquire a further 20 homes in the coming year.

Over 90% of our properties are now let to people on low incomes or who have been emergency homeless for a variety of reasons, including leaving domestic violence, recovering from addiction, mental illness and relationship breakdown. Most of our tenants require ongoing support to sustain their tenancy, and usually have little assistance from other agencies. This support is provided by our sister company and main shareholder, Homes for Good (Scotland) CIC (**HFGS**), which also manages this portfolio.

During the course of the year **HFGI** embarked on our first planned property development project, a two bedroom tenement property in serious disrepair. We carried out substantial refurbishment, resulting in a significant uplift in value. We used the sale proceeds from this property to create wider social impact through the purchase of 3 new properties:

1. Brought a long term empty property in Largs back into use;
2. Prevented homelessness through the purchase of a property with a sitting tenant of more than 30 years who was facing eviction as the landlord needed to sell;
3. Secured majority **HFG** ownership in a block of unfactored properties where we have been proactive in improving the fabric of the building.

As a result of this development, Big Issue Invest has committed funds to a rolling development programme within **HFGI**, reinvesting profits in 6 additional properties over the next 6 years.

Throughout the COVID-19 pandemic we have been able to ensure business continuity, balanced with highly responsive and tailored support for our tenants, and as result **HFGI** remains financially strong. We have experienced a slightly increased void length linked directly to lockdown restrictions and a marginal increase in rent arrears but consider these impacts to have been lower than might have been anticipated due to the proactive, person centred, tenancy support approach of **HFGS**.

The board of directors continues to review key risks in wake of the pandemic, and they do not believe this presents material uncertainty for **HFGI**. The board of directors will continue to monitor the risks surrounding changes to strategic opportunities in line with the risk management framework.

HOMES FOR GOOD INVESTMENTS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Directors

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

Susan Aktemel
Alexander Pollock
John Anderson
Lucy Inmonger
Joshua Meek
Audrey Simpson

(Resigned 3 September 2020)
(Appointed 3 September 2020)
(Appointed 5 June 2021)

Auditor

The auditors, Wylie & Bisset (Audit) Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

DocuSigned by:



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Susan Aktemel

Director

23 August 2021

HOMES FOR GOOD INVESTMENTS LIMITED

BALANCE SHEET

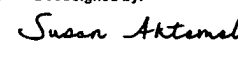
AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	4	99,815		109,145	
Investment properties	5	10,596,223		9,943,314	
		<u>10,696,038</u>		<u>10,052,459</u>	
Current assets					
Debtors	6	43,727		94,595	
Cash at bank and in hand		271,606		36,849	
		<u>315,333</u>		<u>131,444</u>	
Creditors: amounts falling due within one year	7	(189,322)		(316,380)	
Net current assets/(liabilities)		<u>126,011</u>		<u>(184,936)</u>	
Total assets less current liabilities		<u>10,822,049</u>		<u>9,867,523</u>	
Creditors: amounts falling due after more than one year	8	(8,391,744)		(7,794,244)	
Net assets		<u><u>2,430,305</u></u>		<u><u>2,073,279</u></u>	
Capital and reserves					
Called up share capital	9	182		182	
Share premium account		999,963		999,963	
Revaluation reserve		1,746,993		1,461,835	
Profit and loss reserves		(316,833)		(388,701)	
Total equity		<u><u>2,430,305</u></u>		<u><u>2,073,279</u></u>	

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

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 23 August 2021 and are signed on its behalf by:

DocuSigned by:

 8AB8DB4F9175488...
 Susan Aktemel
 Director

Company Registration No. SC481622

HOMES FOR GOOD INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Share capital	Share premium account	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£	£
Balance at 1 April 2019	182	999,963	1,461,342	(393,117)	2,068,370
Year ended 31 March 2020:					
Profit for the year	-	-	-	4,416	4,416
Other comprehensive income:					
Revaluation of tangible fixed assets	-	-	493	-	493
Total comprehensive income for the year	-	-	493	4,416	4,909
Balance at 31 March 2020	182	999,963	1,461,835	(388,701)	2,073,279
Year ended 31 March 2021:					
Profit for the year	-	-	-	71,868	71,868
Other comprehensive income:					
Revaluation of tangible fixed assets	-	-	285,158	-	285,158
Total comprehensive income for the year	-	-	285,158	71,868	357,026
Balance at 31 March 2021	182	999,963	1,746,993	(316,833)	2,430,305

HOMES FOR GOOD INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Company information

Homes for Good Investments Limited is a private company limited by shares incorporated in Scotland. The registered office is 123 Main Street, Bridgeton, Glasgow, G40 1QD.

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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Turnover

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

1.3 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	25% Reducing balance
Computer equipment	

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.4 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

HOMES FOR GOOD INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Cash at bank and in hand

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.

1.7 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 financial statements, 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 and cash and bank balances, 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.

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.

HOMES FOR GOOD INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

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.

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.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.8 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

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.

Investment property valuations - valuations are made on an open market basis by reference to market evidence of transaction prices for similar properties.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was 5 (2020 - 5).

	2021 Number	2020 Number
Total	5	5

HOMES FOR GOOD INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

4 Tangible fixed assets

	Plant and machinery etc £
Cost	
At 1 April 2020	242,116
Additions	31,516
Disposals	(17,247)
At 31 March 2021	256,385
Depreciation and impairment	
At 1 April 2020	132,971
Depreciation charged in the year	34,139
Eliminated in respect of disposals	(10,540)
At 31 March 2021	156,570
Carrying amount	
At 31 March 2021	99,815
At 31 March 2020	109,145

5 Investment property

	2021 £
Fair value	
At 1 April 2020	9,943,315
Additions	495,025
Disposals	(127,275)
Revaluations	285,158
At 31 March 2021	10,596,223

Investment property comprises properties acquired for the purpose of rental to tenants. The fair value of the investment property has been arrived at on the basis of valuations which are carried out as and when the properties have been refurbished and are ready for rental by independent Chartered Surveyors, who are not connected with the company. The valuations are made on an open market value basis by reference to market evidence of transaction prices for similar properties.

HOMES FOR GOOD INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

6 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	35,881	43,831
Other debtors	7,846	50,764
	<u>43,727</u>	<u>94,595</u>

7 Creditors: amounts falling due within one year

	2021	2020
	£	£
Bank loans	58,076	200,637
Trade creditors	51,582	28,938
Taxation and social security	416	402
Other creditors	79,248	86,403
	<u>189,322</u>	<u>316,380</u>

8 Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Bank loans and overdrafts	6,100,177	5,853,488
Other creditors	2,291,567	1,940,756
	<u>8,391,744</u>	<u>7,794,244</u>

The long-term loans are secured by fixed charges over the investment properties.

9 Called up share capital

	2021	2020
	£	£
Ordinary share capital		
Issued and fully paid		
1,454,548 Ordinary shares of 0.01p each	146	146
363,637 A Ordinary shares of 0.01p each	36	36
	<u>182</u>	<u>182</u>

HOMES FOR GOOD INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

10 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Scott Gillon BA(Hons) FCCA CA.
The auditor was Wylie & Bisset (Audit) Limited.

11 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2021 £	2020 £
Purchase of investment properties	33,000	-

12 Related party transactions

Remuneration of key management personnel

	2021 £	2020 £
Aggregate compensation	37,000	38,391

Expenses were reimbursed to Susan Aktemel for materials and cost of travel totalling £14,672 (2020 - £1,328). No other director expenses were incurred in the year. No directors waived expenses which they were eligible to claim during the year (2020 - £Nil).

Further related party transactions were carried out with Maydos Development Ltd including contractor fees of £33,950 (2020 - £3,500) and materials reimbursed of £5,866 (2020 - £600). Advisory fees of £9,000 (2020 - £12,000) were also paid to Rock Ventures Limited of which £1,000 was outstanding at the year end date (2020 - £2,000). Letting agent fees paid to Homes For Good (Scotland) CIC totalled £165,252 (2020 - £159,281). At the year end a creditor of £54,915 (2020 - £69,553) was owed to Homes for Good (Scotland) CIC. In the year expenses of £50,202 (2020 - £20,726) were incurred in relation to Homes For Good Property Care. At the year end a creditor of £17,191 (2020 - £1,131) was owed to Homes For Good Property Care. In the year expenses of £4,546 (2020: £5,059) were incurred in relation to Homes for Good Glasgow. At the year end a creditor of £590 (2020: £11,134) was owed to Homes for Good Glasgow.

There have been no other transactions requiring disclosure by any director or other person related to the company during the year (2020 - none).

13 Parent company

There is no ultimate controlling party of the company.