

HYDE VALE LIMITED

REPORT AND FINANCIAL STATEMENTS

31 MARCH 2016

COMPANY REGISTRATION NO. 04019282

FRIDAY



A5G4GHV5

A29

23/09/2016

#263

COMPANIES HOUSE

CONTENTS

BOARD AND ADVISORS	3
DIRECTORS REPORT	4 – 7
INDEPENDENT AUDITORS' REPORT	8
STATEMENT OF INCOME AND RETAINED EARNINGS	9
STATEMENT OF FINANCIAL POSITION	10
NOTES TO THE FINANCIAL STATEMENTS	11 – 18

BOARD AND ADVISORS

The Board

David Gannicott (Chair)
Simon Peacock (resigned 31 December 2015)

Tracy Allison

Simon Vevers

Thomas Shaw

Debbie Small

Mike Johnson

Ray Christopher

Managing Director

David Gannicott

Company Secretary

John Edwards

Registered Office

30 Park Street

London

SE1 9EQ

Tel 020 3207 2600

Web www.hyde-housing.co.uk

Bankers

National Westminster Bank Plc

143 High Street

Bromley

BR1 1JH

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Advisors

1 Embankment Place

London

WC2N 6RH

Solicitors

Devonshires

30 Finsbury Circus

London Wall

London

EC2M 7DT

Trowers and Hamlings

3 Bunhill Row

London

EC1Y 8YZ

DIRECTORS AND STRATEGIC REPORT

The directors present their report for the financial year ended 31 March 2016

Hyde Vale Limited (the Company) is a trading company and was originally formed to further the non-charitable housing activities of the Hyde Group (the Group). Hyde Vale Limited's principal activity is to develop residential properties for outright sale in support of the mixed tenure activities of the Group.

Review of the business

The financial results and financial position are set out on pages 11 and 12. The results show an operating profit for the year of £13.2m (2015: £19.6m) and net profit of £13.7m (2015: £26.1m). All profits were approved by the Board to be gift aided as a distribution of reserves to the parent entity, Hyde Housing Association Limited. The Company had stock that is held for sale and work in progress of £21.4m (2015: £35.8m). The Company has continued to actively develop further units for sale at its flagship sites in Brighton and Stonebridge. The Company made 102 sales in the year (2015: 149) and has a strong pipeline of reserved and exchanged properties that will complete in the coming financial year. The Company has the following mix of pipeline units:

	2016	2015
Units held for sale	10	28
Units under construction	91	141
Total	101	169

Business environment

During the financial year ending 31 March 2016 the UK economy has experienced a stronger than expected economic growth resulting in GDP forecasts being revised upwards. House prices have risen steeply in the last twelve months, especially in London and the South East. This may be due to a number of factors, including the Government's Help to Buy scheme, forward guidance from the Bank of England around low interest rates driving increasing confidence in buyers who need a mortgage, the attractiveness of investment in the UK property market to overseas investors, and the perceived scarcity of the supply of good quality housing relative to the demand.

Business Model and Strategy

The Company's main activity is to develop properties to sell for a profit on the open market with particular focus in London and the South East. The Company's profits are gifted back to the parent entity, Hyde Housing Association Limited and used to support the Hyde Group's social objectives. The Company continues to operate in markets that it understands and where it has a proven track record of delivering profitable development, for example in the London and Brighton markets. The Company has no employees (2015: none) and receives back office and management support from Hyde Housing Association Limited for which it pays a management fee.

Key performance indicators ('KPIs')

The directors monitor the progress of the company by reference to the following KPIs:

Operating margin,	Cost to Value of developments,	Net present value of developments	Environmental matters
The company has met the targets as expected	The operating margin has decreased slightly due to a different calibre of outright sale properties sold during this year		

Principal risks and uncertainties

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

The principal risks inherent in the Company's business model include the following:

- Lower than expected sales volumes and revenues resulting from a downturn in the property market,
- Deterioration in credit markets resulting in increase in funding costs,
- A downturn in the economy or a weak economic recovery which will undermine confidence in the housing market thereby reducing demand and property prices,
- Default by major suppliers or contractors,
- High house price building or construction costs inflation as a result of increase in input costs.

Political and charitable contributions

The Company did not make any political donations during the year (2015: nil).

DIRECTORS AND STRATEGIC REPORT (CONTINUED)

Board members

The Board members of the Company who were in office during the year and up to the date of signing the financial statements are set out on page 3. The Board members are salaried employees of Hyde and are not remunerated for their services to the Company.

Political and charitable contributions

The Company did not make any political donations during the year (2015: nil).

Board members

The Board members of the Company who were in office during the year and up to the date of signing the financial statements are set out on page 3. The Board members are salaried employees of Hyde and are not remunerated for their services to the Company. The Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

Internal controls assurance

The Company's system of internal control for reviewing its effectiveness falls under the overall Group framework for internal controls. This is set out in the Internal Controls Assurance statement on page 6.

Post Statement of financial position events

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

Future developments

The Company intends to continue the activity of developing housing for private sale as part of the overall Group strategy for delivering sustainable mixed tenure communities. It aims to do so principally, but not exclusively, as part of major developments in regeneration areas.

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware. The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

STATEMENT OF GROUP CORPORATE GOVERNANCE

The Company falls under the wider corporate governance framework of The Hyde Group (the Group). The Group Board is thus ultimately responsible for corporate governance of all subsidiaries within the Group. The governance of the Group and its subsidiaries is summarised in the following paragraphs.

The Group's Framework

The Group Board

The Group Board is the ultimate governing body of the Company and the Hyde Group. It comprises 10 non-executive directors and two executive directors and meets regularly throughout the year. Four of these meetings are formal business meetings, the remainder are set aside for the Board to consider wider strategic issues. Members receive remuneration to compensate them for the time and effort they put in and to attract the skills the Group requires. Members are drawn from a range of professional and business backgrounds so that there is an optimum mix of skills and expertise to fulfil the function of the Group Board.

Delegation

The Group Board delegates some of its responsibilities to functional committees. Each of these committees has clear terms of reference and delegated authority. They report back to the Group Board after each meeting, where their recommendations are fully considered and approved where appropriate. Each of these committees is chaired by a non-executive member of the Group Board. The functional committees have a Group wide remit.

Functional Committees

There are four main functional committees within the Group, the Group Audit Committee, the Group Housing Services Board, the Group Investment Committee and the Group Remuneration and Appointments Committee.

DIRECTORS AND STRATEGIC REPORT (CONTINUED)

The Group Audit Committee

The role of this committee is to oversee the work of both the internal and external audit function and to oversee the risk management framework and internal control framework for the Group. The Committee reviews the audited financial statements for all parts of the Group and recommends them to the relevant Boards for approval. It is also responsible for recommending to the Group and subsidiary Boards the appointment of internal and external auditors and investigating any activity it thinks fit, or as may be referred to it. It submits an annual report on internal controls to the Group Board. Through the reports it receives the Audit Committee gains comfort that the Group has applicable systems of internal control and is able to comply with the Homes and Communities Agency's expectations in this area.

The Group Housing Services Board

The Group Housing Services Board's role is to scrutinise executive performance in respect of the Group's core business operations. It provides the Group Board with the reassurance that operational performance is subject to effective non executive oversight. In particular the Board scrutinises delivery of the Group's service promise, scrutinises progress against ongoing operational work programmes, oversees the development of appropriate benchmarking criteria for internal and external validation of service performance, oversees the identification and mitigation of statutory and regulatory risk (including health and safety) and oversees the corporate services and people issues as they affect operational delivery.

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

The Group Investment Committee

The Group Investment Committee oversees and approves the Group's investment in major development projects. In particular it scrutinises and approves the Group's participation in substantial urban regeneration and renewal projects.

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

The Subsidiary Framework

The Company's Board of management comprises up to seven executive directors bringing together professional skills and support from the Group. The Board is responsible for the overall strategy and policy of the Company and meets formally four times a year to consider and monitor performance. Day to day management is delegated to the Managing Director.

INTERNAL CONTROLS ASSURANCE

The Group Board (Board) is ultimately responsible for ensuring the Group establishes and maintains a system of internal control appropriate to the various business environments in which it operates. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The key elements in exercising control include

1. Group Board approved terms of reference and delegated authorities for audit, operation and investment committees,
2. Clearly defined management responsibilities for the identification, evaluation and control of significant risks,
3. Robust strategies and business planning process, with detailed financial budgets and forecasts,
4. Formal recruitment, retention, training and development policies for all staff,
5. Established authorisation and appraisal procedures for significant new initiatives and commitments,
6. A sophisticated approach to treasury management which is subject to external review each year,
7. Regular reporting to the appropriate committee on key business objectives, targets and outcomes,
8. Group Board approved whistle-blowing and anti-theft and corruption policies,
9. Group Board approved fraud policies, covering prevention, detection and reporting together with recoverability of assets,
10. Regular monitoring of loan covenants and requirements for new loan facilities
11. Annual review of Homes and Communities Agency 'Economic and Consumer Standards'.

The Board confirms that it has a strategy and policy on fraud and the Anti Fraud and Corruption Policy was reviewed during the year.

DIRECTORS AND STRATEGIC REPORT (CONTINUED)

The system of internal controls is ongoing, and has been in place for the year to 31 March 2016 and up to the date of approval of the annual report and financial statements

The Board recognises its responsibility for the system of internal control and for reviewing its effectiveness. The Group produces an annual review of internal controls. This provides assurances in external audit, internal control, internal audit, whistle blowing, risk management and performance monitoring.

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

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

The Board confirms no weaknesses were found in the internal controls for the year ended 31 March 2016 which might otherwise have resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Report of the Directors 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



David Gannicott
Chair
25 July 2016

COMPANY REGISTRATION NO 04019282

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Report on the financial statements

Our opinion

In our opinion, Hyde Vale Limited's financial statements (the "financial statements")

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its result for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

What we have audited

The financial statements, included within the Report and Financial Statements, comprise

- the statement of income and retained earnings for the year then ended,
- the statement of financial position as at 31 March 2016,
- the notes to the financial statements which include other explanatory information

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" in applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Directors' and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit, or
- adequate accounting records have not been kept, 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

We have no exceptions to report arising from this responsibility

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume

responsibility for any other purpose, or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material

misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed,
- the reasonableness of significant accounting estimates made by the directors and
- the overall presentation of the financial statements

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both

In addition, we read all the financial and non-financial information in the Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent

with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Pauline Campbell

Pauline Campbell (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

London

19 August 2016

STATEMENT OF INCOME AND RETAINED EARNINGS
For the Year Ended 31 March 2016


	NOTE	YEAR ENDED 31 MARCH 2016 £'000	YEAR ENDED 31 MARCH 2015 £'000
Turnover		58,713	57,488
Cost of sales		(45,494)	(39,942)
Operating profit	2	13,219	17,546
Interest receivable and similar income	3	715	4,938
Interest payable and similar charges	4	(407)	-
Income from share of operating surplus in joint venture	21	52	3,508
Movement in fair value of investments	8	140	82
Profit on ordinary activities before taxation		13,719	26,074
Tax on profit on ordinary activities	5	-	-
Profit for the financial year		13,719	26,074
Revenue reserve brought forward	16	634	690
Distribution of reserves	16	(13,719)	(26,130)
Total reserves	16	634	634

The Company has no recognised gains and losses other than those presented above and therefore no separate statement of total recognised gains and losses is presented
All results relate to continuing activities

STATEMENT OF FINANCIAL POSITION
As at 31 March 2016

	NOTE	AS AT 31 MARCH 2016 £'000	AS AT 31 MARCH 2015 £'000
Investments	8	12,409	10,661
Debtors, amounts falling due after more than one year	9	-	7
Current assets			
Stock	10	21,355	35,840
Debtors, amounts falling due within one year	11	36	2,899
Cash and cash equivalents	12	9,245	4,510
Less: creditors, amounts falling due within one year	13	(42,411)	(33,335)
Total assets less current liabilities		634	20,582
Creditors, amounts falling due after more than one year	14	-	(19,947)
Total net assets		634	635
Reserves			
Called up share capital	15	-	-
Revenue account	16	634	635
Total equity		634	635

These financial statements on pages 9 to 18 were authorised to issue by the Board on 25 July 2016 and were signed on its behalf. The notes on pages 11 to 18 form part of the financial statements.


David Garnicott
Chair

COMPANY REGISTRATION NO 04019282

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

General information

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

Statement of compliance

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

Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments. The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the financial statements of Hyde Vale Limited. Hyde Vale Limited transitioned from previously extant UK GAAP to FRS 102 as at 1 April 2014. An explanation of how the transition to FRS 102 has affected the reported financial position and financial performance is given in note 23. Hyde Vale Limited has taken advantage of the exemption contained in FRS 102 and has not disclosed transactions or balances with entities which form part of the Group.

Joint ventures

The company holds interest in joint ventures. These are accounted for as investments in the company at cost and consolidated within the Hyde Housing Association Group. The Group applies FRS 102 to all joint ventures. A joint venture is a contractual arrangement whereby the Group undertakes an economic activity that is subject to joint control with third parties and there parties have rights to the net assets of the arrangement. The Group's interest in joint ventures is accounted for using the equity method of accounting. Under this method the Group's share of profits less losses after taxation is included in the Consolidated Statement of Income and its interest in their net assets is included in investment in the Statement of Financial Position. The company recognises any distributions received from the investment as income.

Turnover

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

- (a) Sales of properties: sales are recognised on completion,
 - (b) Rent: rental income is recognised on a receivable basis,
 - (c) Interest: interest is recognised on a receivable basis,
 - (d) Joint venture income: joint venture income represents profits received from the entity,
 - (e) Construction contracts: within the Company, where one entity is building properties for another, income in relation to these properties are recognised once the total development is completed only if the decision making is with the entity building the properties. If the decision making is with the purchaser, income is recognised on the stage of completion basis,
- Intra-group income and expenditure is included in turnover and operating costs on an arm's length basis in the financial statements of the Company.

Cost of sales

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

Capitalised interest

Interest during the development period is capitalised into the cost of completed housing properties based on the Company's net investment and its average borrowing costs during the year.

Investments in subsidiaries

Investments in subsidiaries are held at cost.

Stock

Stock and work in progress are stated at the lower of cost and net realisable value. Land includes undeveloped land and land under development, but excludes land being developed under licence agreements and land option payments. Work in progress comprises site acquisition and development costs including direct materials, labour costs, site overheads, associated professional charges and other attributable overheads. Interest payable is capitalised during the period of construction where a project is financed by the borrowings of the Company. Stocks comprise completed properties held for resale.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (CONTINUED)

Investment properties

Certain of the company's properties are held for long-term investment. Easybuy loans are included within investments as these are held for capital appreciation. Easybuy loans are loans the Company has given to residents of a property that are repayable at market value. Easybuy loans are valued by calculating the future likely amount to be received based on the discounted cash flow of predicted redemption value. Any disposals of investments are recognised below operating surplus.

Impairment of stock

Impairment reviews are carried out in accordance with FRS 102. The Company's working in progress and land held for future development is reviewed for impairment if there is an indication that impairment may have occurred. Where there is evidence of impairment, assets are written down to their recoverable amount. Any such write down is charged to operating profit if the carrying value is greater than the present value of future cash flows or the market value, an impairment provision is made.

Treasury Management / Derivatives

The Company's funding, liquidity and exposure to interest rate risks are managed by the Group's Treasury team. Treasury operations are conducted on a Group basis within a framework of policies and guidelines authorised by the Group Board. To manage interest rate risk, the Group manages its proportion of fixed to variable rate borrowings within approved limits and where appropriate utilises interest rate swap agreements.

Taxation

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

VAT

The Company's VAT affairs are dealt with under a Group registration in the name of Hyde Housing Association Limited.

Cash flow statement

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

Financial assets

The Company recognises a financial asset when it gains a contractual right to the asset. The exception is where the financial asset is consideration from customers for services provided. In these cases we recognise the financial asset when the revenue recognition criteria are met. The Company removes a financial asset from its Statement of financial position when it no longer has a contractual right to the asset, or when the asset is transferred to another party. The Company's financial assets are classified as loans and receivables and on initial recognition are measured at fair value. Subsequent to initial recognition the Company's loans and receivables are measured at amortised cost.

Financial liabilities

The Company recognises a financial liability when it becomes a party to the contractual provisions of the financial instrument. The exception is any liability related to the purchase of goods or services in the normal course of the Company's business. In these cases the financial liability is recognised when, and to the extent that, the goods or services are provided. The Company removes a financial liability from its Statement of financial position, when it is extinguished, i.e. when the obligation in the contract is paid, is cancelled or expires. The Company's financial liabilities are its trade payables, accruals and inter-company loans. On recognition we recognise them at fair value and subsequently at amortised cost.

Impairment of financial assets

The Company recognises a financial asset when it gains a contractual right to the asset. The exception is where the financial asset is consideration from customers for services provided. In these cases we recognise the financial asset when the revenue recognition criteria are met. The Company removes a financial asset from its Statement of financial position when it no longer has a contractual right to the asset, or when the asset is transferred to another party. The Company's financial assets are classified as loans and receivables and on initial recognition are measured at fair value. Subsequent to initial recognition the Company's loans and receivables are measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES (CONTINUED)

Consolidation

The financial statements contain information about Hyde Vale Limited as an individual company and do not contain consolidated financial information. The company has four joint ventures, One Preston Park LLP, 51 College Square LLP, Packington Square LLP and Greenwich Partnership LLP and one dormant subsidiary, New Square Management Limited. The company is exempt from preparing consolidated financial statements as it meets the conditions set out within Financial Reporting Standard 102 and the parent entity prepares Group Financial Statements. The three LLP's are accounted at cost in these financial statements and equity accounting method is used in the consolidated results of the company's parent. Hyde Housing Association Limited's consolidated financial statements are the largest group of undertakings. Copies of the Group's financial statements can be obtained from 30 Park Street, London, SE1 9EQ.

2. OPERATING PROFIT

2016	2015
£'000	£'000

Operating profit (all relating to continuing activities) is stated after charging

Auditors' remuneration (excluding VAT and including expenses)

As auditors of the financial statements

10	10
----	----

Administrative expenses have been incurred from Hyde Housing Association Limited and represent the costs of providing staff, office space and logistical support for the operations of Hyde Vale Limited. These expenses include the cost of audit. No other services were provided by the auditors to Hyde Vale Limited.

3. INTEREST RECEIVABLE

2016	2015
£'000	£'000

From cash deposits

27	12
----	----

From lending to joint ventures

688	4,927
-----	-------

715	4,939
-----	-------

The interest received from other sources relates to the company's investment in Packington Square LLP, Greenwich Partnership LLP and Harrow LLP to deliver properties for resale.

4. INTEREST AND FINANCING COSTS

2016	2015
£'000	£'000

On bank loans and overdrafts

54	108
----	-----

On loans from other Group undertakings

1,655	1,960
-------	-------

Less capitalised interest

(1,302)	(2,068)
---------	---------

407	-
-----	---

Interest is capitalised at 5.27% which is the weighted average cost of capital for the month of calculation. All funding is currently used for development and therefore all interest is capitalised.

NOTES TO THE FINANCIAL STATEMENTS

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2016 £'000	2015 £'000
UK corporation tax charge for the year at 20% (2015 21%)	-	-
Adjustments in respect of prior year	-	-
Deferred taxation	-	-
Tax on profit on ordinary activities	-	-
<i>Factors affecting the tax charge for the current year</i>		
<i>The tax assessed for the year is lower (2015 lower) than the profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 20% (2015 21%) for the following reasons</i>		
	2016 £'000	2015 £'000
Reconciliation of total tax charge		
Profit on ordinary activities before taxation	13,719	26,074
Tax at 20% thereon (2015 21%)	2,744	5,475
Effects of		
Gift Aid payments made	(2,744)	(5,487)
Gains not recognisable for tax purposes	-	12
Total current tax charge	-	-

6. EMPLOYEE INFORMATION AND COSTS

The Company has no employees (2015 none). Employees' contracts' of service are with the parent company and the remuneration is included within the parent company's financial statements. The management charge payable to the parent company includes the costs of these employees but it is impossible to ascertain separately the element of the management charge that relates to staff costs.

7. DIRECTORS' EMOLUMENTS

The directors of Hyde Vale Limited that are employed by Hyde Housing Association Limited are remunerated by that organisation. No Board member received remuneration in respect of their services to the Company during the year (2015 £nil).

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENTS

	2016 £'000	2015 £'000
Investments in joint ventures	12,409	9,689
Investment properties - Easybuy	-	972
	12,409	10,661

At 31 March 2016, investments relate to One Preston Park Limited Liability Partnership (LLP) which is a joint venture with Hyde New Build Limited and Easybuy units transferred to HHA. The directors believe that the carrying value of the investments is supported by their underlying net assets. The investment in One Preston Park LLP is held at cost.

Easybuy receivables are as follows

	2016 £'000	2015 £'000
As at 1 April		
Revaluation	972	1,135
Disposals	140	82
	(1,112)	(245)
As at 31 March	-	972

The Easybuy shared property receivables largely have repayment dates that vary and variable repayment amounts, provided as part of the sales transactions and are secured by a second legal charge on the relate property. The assets are recorded at fair value, being the estimated future receivable by the Group, discounted back to present values. The fair value of the future anticipated receipts takes into account management's view of future house price movements, the expected timing of receipts and credit risk. These assumptions are reviewed at the end of each financial reporting period. The different between the anticipated future receipt and the initial fair value is credited to income with the financial asset increasing to its full expected cash settlement value on the anticipated receipt date. Credit risk is accounted for in determining fair values and appropriate discount rates are applied. Management review the financial assets for impairment at each balance sheet date.

9 DEBTORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016 £'000	2015 £'000
--	---------------	---------------

Deferred tax asset	-	7
--------------------	---	---

There was no deferred tax asset relating to accelerated capital allowances in 2015/16

10. STOCK

	2016 £'000	2015 £'000
Work in progress	14,301	29,232
Properties held for resale	7,054	6,608
	21,355	35,840

Stock consists of work in progress and completed and properties held for resale. Properties held for resale had no impairment amount taken to comprehensive income (2015: ENIL). Work in progress is shown net of progress payments of ENIL (2015: £2.99m). Stock includes capitalised interest of £1.30m (2015: £2.07m).

NOTES TO THE FINANCIAL STATEMENTS

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £'000	2015 £'000
Other debtors		
Amounts due from Group undertakings	35	444
Prepayments and accrued income	-	2,450
	1	5
	36	2,899

12. CASH AND CASH EQUIVALENTS

	2016 £'000	2015 £'000
Cash at bank	9,245	4,510

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £'000	2015 £'000
Trade creditors		
Amounts due to Group undertakings	46	147
Other creditors and accruals	40,307	27,616
	2,058	5,572
	42,411	33,335

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

	2016 £'000	2015 £'000
Loans		
Amounts due to Group undertakings	-	19,947

The £27.8m (2015: £19.9m) loan balance is within two £30.0m facilities provided by Hyde Southbank Homes Limited and Hillside Housing Trust Limited (both companies being fellow Group subsidiaries). Hyde Southbank Homes and Hillside Housing Trust have a floating charge over Hyde Vale Limited. Security over the loans is Nil. These are revolving facilities and mature in June 2016. Interest is payable at a fixed rate of 5.5% (2015: 5.5%). The loans are secured by floating charges over all of Hyde Vale Limited's freehold and leasehold properties and all common hold properties, now or in the future (and from time to time) owned by Hyde Vale Limited.

15. CALLED UP SHARE CAPITAL

	2016 No	2015 No
At start of the year	2	2

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

NOTES TO THE FINANCIAL STATEMENTS

16. REVENUE ACCOUNT

	2016 £'000	2015 £'000
As at 1 April		
Profit for the financial year	634	690
Distribution of profits	13,719	26,074
	(13,719)	(26,130)
	634	634

17. CAPITAL COMMITMENTS

	2016 £'000	2015 £'000
Capital expenditure contracted for but not provided for in the financial statements		
Capital expenditure authorised by the Board but not contracted for	76,069	33,638
Capital expenditure contracted for by joint venture entities	176,481	262,291
Capital expenditure contracted for by joint venture entities committed to by Hyde	71,921	-
	43,942	-
	368,413	295,929

The commitments relate to the build of housing properties from the period 1 April 2016 to 31 March 2024. There are no performance related conditions attached to the commitments. These commitments will be funded by property sales of £248m and agreed loan of £120m.

18. OPERATING LEASES

There were no operating leases held during the year (2015: none)

19. CONTINGENT LIABILITIES

There were no material contingent liabilities at the statement of financial position date

20. RELATED PARTY TRANSACTIONS

Hyde Vale Limited has transactions between itself and the non-regulated entity Hyde New Build Limited within the Hyde Group structure. During the year Hyde Vale Limited paid Hyde New Build Limited £6.5m (2015: £15.3m) for construction services.

Intercompany lending between Hyde Housing Association Limited and Hyde Vale Limited was repaid at year end £nil (2015: £nil) with loan interest of £57k (2015: £nil). Intercompany lending between Hyde Southbank Homes Limited and Hyde Vale Limited totalled £17,544k (2015: £11,974k with loan interest of £937k (2015: £1,032k)). Intercompany lending between Hillside Housing Trust Limited and Hyde Vale Limited totalled £10,303k (2015: £7,973k) with loan interest of £718k (2015: £928k). All transactions are on an arms-length basis.

NOTES TO THE FINANCIAL STATEMENTS

21. SUBSIDIARY UNDERTAKING AND JOINT VENTURE INVESTMENT

Subsidiary / Joint Venture	Status	Activity	Holding % normal shares	Type	Classification on the Accounts	Address of registered office
New Square Management Limited	Limited Company registered in England and Wales	To manage the public square that forms part of the Site J Development in Brighton	51%	Dormant sub	-	30 Park Street, London, SE1 9EQ
Packington Square LLP	Limited Partnership registered in England and Wales	The development and sale of residential dwellings	50%	Investment in JV	Cost	Rydon House, Station Road, Forest Row, East Sussex, RH18 5DW
Greenwich Partnership LLP	Limited Partnership registered in England and Wales	The development and sale of residential dwellings	30%	Investment in JV	Cost	Spirella 2 Icknield Way, Hertfordshire, SG6 4GY
One Preston Park LLP	Limited Partnership registered in England and Wales	The development and sale of residential dwellings	87%	Investment in JV	Cost	30 Park Street, London, SE1 9EQ
51 College Road LLP	Limited Partnership registered in England and Wales	The development and sale of residential dwellings	50%	Investment in JV	Cost	Barratt House Cartwright Way, Forest Business Park, Coalville, leicestershire, LE67 1UF

Packington Square LLP, One Preston Park LLP and 51 College Road LLP are not consolidated into the Hyde Vale limited financial statements, but recognised as investments. One Preston Park is a subsidiary with minority interest with Hyde Vale having significant influence and control. Minority interests are shown in the Group accounts. The ultimate parent, Hyde Housing Association Ltd has control of these entities as their activities including strategy is controlled by the Hyde Group Board, therefore these are consolidated within the Hyde Group financial statements. Income from the joint ventures during the year totalled £52k (2015 £3,508k)

22. CONTROLLING PARTY

The ultimate parent Company and controlling party, Hyde Housing Association Limited (Hyde), is a housing association incorporated under the Co-operative and Community Benefit Societies Act 2014 which is registered in England and Wales. The composition of the Board of Directors of the Company is determined by Hyde. A copy of Hyde's financial statements can be obtained from 30 Park Street, London, SE1 9EQ.

23. TRANSITION TO FRS 102

The Group transitioned to FRS 102 from UK GAAP on 1st April 2014. The impact of the transition to FRS 102 is as follows

	2015 £'000	2014 £'000
Reconciliation of reserves as at 31 st March		
Revenue reserves	218	113
Easybuy loans	416	410
	634	523
		£'000
Reconciliation of surplus		
Surplus for the year ended 31 st March 2015 under previous UK GAAP		26,130
Easybuy loans		(56)
		26,074

NOTES TO THE FINANCIAL STATEMENTS

Valuation of Easybuy properties the Group has issued loans on 16 properties as part of an Easybuy scheme which involved lending 8-25% of the deposit to the buyer. These loans had previously been held at the cost to build the lent percentage. However, under FRS 102 the Group must ascertain a value to these loans based on discounted cash flows of the expected repayment value which is based on market value.