

HYDE VALE LIMITED

REPORT OF THE DIRECTORS & FINANCIAL STATEMENTS

31 MARCH 2014

COMPANY REGISTRATION NO. 04019282



CONTENTS

BOARD AND ADVISORS	3
STRATEGIC REPORT	4-5
REPORT OF THE DIRECTORS	6
STATEMENT OF GROUP CORPORATE GOVERNANCE	7-8
INTERNAL CONTROLS ASSURANCE	9
STATEMENT OF DIRECTORS' RESPONSIBILITIES	10
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HYDE VALE LIMITED	11-12
PROFIT AND LOSS ACCOUNT	13
BALANCE SHEET	14
NOTES TO THE FINANCIAL STATEMENTS	15-22

BOARD AND ADVISORS**THE BOARD**

Simon Peacock	
Nicholas Badman	(resigned 28 February 2014)
Allan Collett	(resigned 28 February 2014)
Prodaman Sarwal	(resigned 28 February 2014)
Brian Smith	(resigned 28 February 2014)
John Tibbits	(resigned 30 June 2013)
David Gannicott	(appointed 26 November 2013 and as Chair 1 March 2014)
Tracy Allison	(appointed 1 March 2014)
Simon Vevers	(appointed 1 March 2014)
Tom Shaw	(appointed 1 March 2014)
Debbie Small	(appointed 1 March 2014)
Conor O'Shaughnessy	(appointed 1 March 2014)

MANAGING DIRECTOR

Simon Peacock	(resigned 4 July 2013)
David Gannicott	(appointed 4 July 2013)

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

SOLICITORS

Devonshires	Trowers and Hamlins
30 Finsbury Circus	3 Bunhill Row
London Wall	London
London	EC1Y 8YZ
EC2M 7DT	

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

STRATEGIC REPORT

The directors present their strategic report for the financial year ended 31 March 2014.

Review of the business

The financial results and financial position are set out on pages 13 and 14. The results show an operating profit for the year of £12.733m (2013: £8.240m) and profit from ordinary activities before taxation and gift aid of £13.053m (2013: £8.396m). The Company had stock that is held for sale and work in progress of £37.405m (2013: £34.444m)

The Company has continued to actively develop further units for sale at its flagship Bermondsey Spa site, sites in Brighton, Stonebridge and Packington Phase 3. The Company made 99 sales in the year (2013: 83) 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 housing stock and units in management.

	2014	2013
Units under market rent	-	12
Units held for sale	2	1
Units under construction	352	376
Total	354	389

Business environment

During the financial year ending 31 March 2014 the UK economy has experienced a stronger than expected economic recovery 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 company 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 London and Brighton.

The Company has no employees (2013: none) and receives logistical support from Hyde Housing Association Limited for which it pays a management fee.

Key performance indicators ('KPIs')

The Company monitors the progress of the company by reference to the following KPIs:

- Operating margin;
- Cost to Value of developments;
- Net present value of developments.

STRATEGIC REPORT (CONTINUED)

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.

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.



David Gannicott

Chair

30 June 2014

REPORT OF THE DIRECTORS

Managing Director

The Managing Director, David Gannicott, was appointed from 4 July 2013.

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.

Political and charitable contributions

The Company did not make any political donations during the year (2013: nil). A Gift Aid donation of £13.053m (2013: £8.396m) to Hyde Housing Association Limited was provided for.

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 drawn from a wide background bringing together appropriate professional and commercial experience. The Board members are not remunerated by Hyde Vale Limited for their services to the Company but are remunerated by Hyde Housing Association Limited.

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 9.

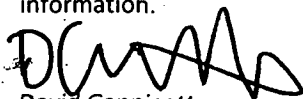
Post balance sheet events

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

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.



David Gannicott

Chair

30 June 2014

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 at least ten times per 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.

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 and local offer, 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.

STATEMENT OF GROUP CORPORATE GOVERNANCE (CONTINUED)

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 projects and approves other significant capital commitments. 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 Group housing services board and the audit, investment and remuneration 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 measured 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 anti-fraud policies, covering prevention, detection and reporting together with recoverability of assets;
10. Regular monitoring of loan covenants and requirements for new loan facilities.

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

The system of internal controls is ongoing, and has been in place for the year to 31 March 2014 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 all meeting minutes are made available. 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 2014 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
30 June 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HYDE VALE LIMITED

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Hyde Vale Limited, comprise:

- the balance sheet as at 31 March 2014;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("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.

In addition, we read all the financial and non-financial information in the Report of the Directors and Financial Statements (the "Annual 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.

Opinion on other matter prescribed by the Companies Act 2006

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HYDE VALE LIMITED
(CONTINUED)**

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, 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 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.



Kim Green (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

14 July 2014

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2014

	Note	2014 £'000	2013 £'000
Turnover		34,710	33,626
Cost of sales		(21,874)	(25,286)
Gross profit		12,836	8,340
Administrative expenses		(103)	(100)
Operating profit	2	12,733	8,240
Interest receivable and similar income	3	421	213
Interest payable and similar charges	4	(101)	(57)
Profit on ordinary activities before taxation		13,053	8,396
Gift aid	5	(13,053)	(8,396)
Tax on profit on ordinary activities	6	-	-
Result for the financial year	17	-	-

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.

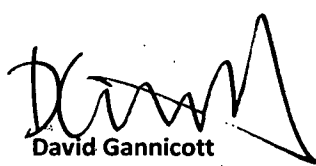
All results relate to continuing activities.

There is no difference between the profit on ordinary activities before taxation and the result for the financial year and their respective historical cost equivalents.

BALANCE SHEET AS AT 31 MARCH 2014

	Note	2014 £'000	2013 £'000
Investments	9	6,368	4,622
Debtors: amounts falling due after more than one year	10	7	7
Current assets			
Stocks	11	37,405	34,444
Debtors amounts falling due within one year	12	609	450
Cash at bank and in hand	13	3	136
		38,017	35,030
Creditors: amounts falling due within one year	14	(19,547)	(14,785)
Net current assets		18,470	20,245
Total assets less current liabilities		24,845	24,874
Creditors: amounts falling due after more than one year	15	24,731	24,760
Capital and reserves			
Called up share capital	16	-	-
Profit and loss account	17	114	114
Total shareholders' funds and non-current liabilities		24,845	24,874

These financial statements were approved by the Board on 30 June 2014. The notes on pages 15 to 22 form part of the financial statements.



David Gannicott
Chair

COMPANY REGISTRATION NO.

04019282

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with the applicable UK Accounting Standards and the Companies Act 2006. 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.

The Company has taken advantage of the exemption contained in Financial Reporting Standard 8 '*Related Party Disclosures*' (FRS 8), on the grounds that it is a wholly owned subsidiary of a group headed by Hyde Housing Association Limited. The company has also taken advantage of the exemption of '*Financial Instruments Disclosures*' (FRS 29) not to present separate financial instrument disclosures for the Company, as financial instrument disclosures are presented in the Group financial statements.

Turnover

Turnover comprises property sales, rents, fees and other services included at the invoiced value (excluding VAT) of goods and services supplied in the year. Profits on sales of properties are recognised upon exchange of contracts for sale as long as the construction of the property has been completed. All revenue is recognised on a receivable basis. Turnover is generated from one business and one geographic market.

Tangible fixed assets

The cost of tangible fixed assets comprises their historic cost.

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.

Impairment of fixed assets

Impairment reviews are carried out in accordance with Financial Reporting Standard 11 – '*Impairment of Fixed Assets and Goodwill*' (FRS 11). An impairment review is carried out on work in progress and land held for future development. Other assets are reviewed for impairment if there is an indication that impairment may have occurred.

Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down is charged to operating profit.

Calculations for impairment are performed by comparing either present value of expected future cash flows or current market value against the carrying values. If the carrying value is greater than the present value of future cash flows or the market value, an impairment provision is provided.

Stocks and work in progress

Stocks 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 (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)**Treasury Management**

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. Amounts payable or receivable in respect of these agreements are recognised as adjustments to interest receivable or payable over the period of the agreement.

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 the Company recognises the financial asset when the revenue recognition criteria are met. The Company removes a financial asset from its balance sheet 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 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.

Impairment of financial assets

The Company assesses, at each balance sheet date, whether there is objective evidence that its financial assets are impaired. Assets are impaired if the future cash flows associated with the asset have been reduced by events before the balance sheet date, and if the effect on future cash flows can be reliably estimated. Events that could trigger impairments include a breach of terms or default by a counter-party on a contract, significant financial hardship of a counter party or an emerging pattern of lower than expected recovery on a class of assets. The Company measures the amount of impairment loss as the difference between the asset's carrying amount and the revised recoverable amount. The amount of the loss is recognised in the Company's Profit and Loss Account in the period of impairment.

Financial liabilities

The Company recognises a financial liability when it becomes a party to the contractual positions 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 balance sheet, when it is extinguished, i.e. when the obligation in the contract is paid, is cancelled or expires. On recognition the Company recognises financial liabilities at fair value and subsequently at amortised cost.

Investment assets

Investments are classified as available for sale and are valued at market value. The difference between market value and historic cost is taken to the Statement of Total Recognised Surpluses and Deficits where market value exceeds historic cost and carried forward in the Investment Revaluation Reserve.

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. The Company recovers only a small proportion of input VAT. Expenditure is therefore shown inclusive of VAT, to the extent that it is not recoverable, with non-attributable input tax recovered being credited against management expenses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)**Cash flow**

Under FRS 1 the Company is not required to prepare its own cash flow statement. The consolidated cash flow statement of Hyde Housing Association Limited incorporates the cash flows of the Company.

Consolidation

The financial statements contain information about Hyde Vale Limited as an individual company and do not contain consolidated financial information. The company has two joint ventures, Packington Square LLP and Greenwich Partnership LLP and one dormant subsidiary, New Square Management Limited. The company is exempt from preparing consolidated accounts as it meets the conditions set out within Financial Reporting Standard – “Associates and Joint Ventures” (FRS 9). Both LLP’s are included within the consolidated results of the company’s parent.

2. OPERATING PROFIT

	2014 £’000	2013 £’000
The operating profit is stated after charging:		
Impairment	-	557
Auditors’ remuneration (excluding VAT and expenses):		
As auditors of the financial statements	9	9

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2014 £’000	2013 £’000
Interest receivable from deposit	9	4
Interest receivable from other sources	412	209
	421	213

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £’000	2013 £’000
Bank charges	1	1
On loans from Group undertakings	2,027	1,498
Less capitalised interest	(1,927)	(1,442)
	101	57

Interest is capitalised at the weighted average cost of capital for the month of calculation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. GIFT AID

	2014 £'000	2013 £'000
Gift Aid	13,053	8,396

Gift Aid is payable to the parent Company, Hyde Housing Association Limited.

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2014 £'000	2013 £'000
UK corporation tax charge for the year at 23% (2013: 24%).	-	-
Adjustments in respect of prior year	-	-
Deferred taxation	-	-
Tax on profit on ordinary activities	-	-

Factors affecting the tax charge for the current year:

The tax assessed for the year is lower (2013: lower) than the profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 23% (2013: 24%) for the following reasons.

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation and Gift Aid	13,053	8,396
Tax at 23% (2013:24%) thereon:	3,002	2,015
Effects of:		
Gift aid payments made	(3,002)	(2,012)
Capital allowances in excess of depreciation	-	(3)
Current tax charge for the year	-	-

Reductions to the UK corporation tax rate have been announced. These changes, which are expected to be enacted separately each year, propose to reduce the rate by 1% per annum to 21% from 1 April 2014 and to 20% from 1 April 2015. These changes had not been substantively enacted at the balance sheet date and therefore are not included in these financial statements. Deferred tax assets are recognised at a rate of 23% (2013: 24%)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. EMPLOYEE INFORMATION AND COSTS

The Company has no employees (2013: none).

8. DIRECTORS' EMOLUMENTS

The directors of Hyde Vale Limited that are employed by Hyde Housing Association Limited are remunerated by that organisation.

9. INVESTMENTS

	2014 £'000	2013 £'000
Balance at 1 April	4,622	-
Additions	1,746	4,622
	6,368	4,622

At 31 March 2014, all of the investments were held with the Greenwich Partnership Limited Liability Partnership (LLP). The Greenwich Partnership LLP is the Hyde Vale Limited investment in the development of Building 1, Movement, Norman Rd, Greenwich in conjunction with Willmott Dixon Regen Limited.

	Market value 2014 £'000	Market value 2013 £'000
Investment statement for Hyde Vale Limited		
Investment in Greenwich Partnership LLP	5,749	4,415
Interest accrued	619	207
Total	6,368	4,622

10. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014 £'000	2013 £'000
Deferred tax asset	7	7
	7	7

There was no deferred tax asset relating to accelerated capital allowances in 2013/14.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. STOCKS

	2014 £'000	2013 £'000
Work in progress	36,459	31,650
Properties held for resale	946	2,794
	37,405	34,444

Stock consists of work in progress and completed and equity share in properties held for resale. Properties held for resale had no impairment amount taken to the profit and loss account (2013: £0.56m). Work in progress is shown net of progress payments of £5.21m.

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £'000	2013 £'000
Rental debtors	-	11
Provision for doubtful debts	-	(8)
	-	3
Other taxes	606	445
Prepayments and accrued income	3	2
	609	450

13. CASH AT BANK AND IN HAND

	2014 £'000	2013 £'000
Cash at bank	3	136

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £'000	2013 £'000
Trade creditors	355	-
Amounts owed to Group undertakings	16,070	11,078
Other creditors and accruals	3,122	3,707
	19,547	14,785

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2014 £'000	2013 £'000
Loan		
Amounts owed to Group undertakings	24,731	24,760

The £24.7m (2013: £24.8m) 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). These are revolving facilities and mature in June 2016. Interest was payable at a fixed rate of 5.5% (2013: 6.11%). 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.

16. CALLED UP SHARE CAPITAL

	2014 £	2013 £
At start and end of year	2	2

All shares are owned by Hyde Housing Association Limited.

17. PROFIT AND LOSS ACCOUNT

	2014 £'000	2013 £'000
As at 1 April	114	114
Result for the financial year	-	-
At 31 March	114	114

18. OPERATING LEASES

There were no operating leases held during the year (2013: none).

19. CAPITAL COMMITMENTS

	2014 £'000	2013 £'000
Capital expenditure contracted for but not provided for in the financial statements	36,196	49,110
Capital expenditure authorised by the Board but not contracted for	27,175	25,415
	63,371	74,525

20. CONTINGENT LIABILITIES

There were no contingent liabilities at the balance sheet date (2013: none).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**21. SUBSIDIARY UNDERTAKING & JOINT VENTURE INVESTMENT**

Subsidiary / Joint Venture	Status	Activity	Holding
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%
Packington Square LLP	Limited Partnership registered in England and Wales	A joint venture. The development and sale of residential dwellings	50%
Greenwich Partnership LLP	Limited Partnership registered in England and Wales	The development and sale of residential dwellings	30%

22. CONTROLLING PARTY

The ultimate parent Company and controlling party, Hyde Housing Association Limited (Hyde), is a housing association incorporated under the Industrial and Provident Societies Act 1965 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.