

HYDE VALE LIMITED

REPORT AND FINANCIAL STATEMENTS

31 MARCH 2018

COMPANY REGISTRATION NO. 04019282



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BOARD AND ADVISORS

The Board

David Gannicott (Chair)
Steve Aleppo (resigned 31 January 2018)
Tracy Allison
Simon Vevers
Thomas Shaw
Debbie Small
Mike Johnson (resigned 31 December 2017)
Ray Christopher (resigned 31 March 2018)
Peter Denton
Sharon Pearce (appointed 31 March 2018)

Managing Director

David Gannicott

Company Secretary

John Edwards (resigned 31 May 2018)
Kerry Tromanhauser (appointed 1 June 2018)

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
30 Finsbury Circus
London Wall
London
EC2M 7DT

Trowers and Hamblins

3 Bunhill Row
London
EC1Y 8YZ

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Internal Auditors

Mazars LLP
Tower Bridge House
St Katharine's Way
London
EW1 1DD

DIRECTORS' AND STRATEGIC REPORT

The Directors present their report for the financial year ended 31 March 2018.

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 10 and 11. The results show an operating loss for the year of £0.5m (2017: £2.6m operating profit) and loss for the financial year of £2.2m (2017: £7.5m profit). The Company had stock that is held for sale and work in progress of £96.2m (2017: £44.4m). The Company made one sale of land and four sales of property in the year (2017: 23) due to limited completions in the period and has a strong pipeline of reserved and exchanged properties that will complete in the coming financial year. There has been a capital increase of £4m for Hyde Vale Limited from the parent company Hyde Housing Association during the year and the Company ends the year with total reserves of £2.4m. The 2017 / 2018 result reflects the significant build programme in 2017 / 2018 which was funded from internal resources and committed facilities at Group level. Profits from disposal of stock are expected to be substantial in 2018 / 2019 (with approaching 60% of projected sales already reserved or exchanged), and therefore we are comfortable that the loss position is not expected to persist.

Business environment

During the financial year ending 31 March 2018 we have seen a slowdown in house price growth across the areas where Hyde operates. However, the Government's Help to Buy scheme continues to support sales and interest rates remain low, providing confidence to buyers in the mortgage market. We expect conditions to remain challenging, particularly for schemes where prices are above the Government's Help to Buy threshold. Our development strategy to develop an increasing amount of our pipeline outside of Greater London has been successful as we have seen consistent sales rates and healthy increases in values. Our London schemes sit outside of the prime value areas and within the Help to Buy thresholds. This is encouraging as the investor market has shrunk and the first time buyer/owner occupier market has grown.

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 (2017: none) and receives back office and management support from Hyde for which it pays a management fee.

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; and
- High house price building or construction costs inflation as a result of an increase in input costs.

Political and charitable contributions

The Company did not make any political donations during the year (2017: nil).

Directors

The Directors 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 Directors are salaried employees of Hyde Housing Association Limited 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.

STRATEGIC REPORT (CONTINUED)**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 pages 6 and 7.

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.

GROUP GOVERNANCE

The Company falls under the wider corporate governance framework of The Hyde Group. The overall governance of the Group and its subsidiaries is summarised as follows:

The Group Board

The Group Board is the ultimate governing body of the Group. It has places for ten 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. The Group places significant importance in attracting the right mix of skills and members receive remuneration to support this aim and compensate them for their time and effort. Members are drawn from a range of professional and business backgrounds such 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 five main functional committees within the Group: the Group Audit Committee, the Group Housing Services Board, the Group Investment Committee, the Group Treasury Committee and the Group Remuneration and Appointments Committee. Each of these committees is chaired by a non-executive member of the Group Board. The functional committees have a Group wide remit.

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 Regulator of Social Housing expectations in this area.

The Group Housing Services Board

The Group Housing Services Board's (the "GHS Board") 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 GHS Board scrutinises delivery of the Group's service promise, and its progress against ongoing operational work programmes, and oversees the development of appropriate benchmarking criteria for internal and external validation of service performance, the identification and mitigation of statutory and regulatory risk (including health and safety) and the corporate services and people issues as they affect operational delivery.

STRATEGIC REPORT (CONTINUED)

The GHS 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 boards of Martlet Homes Limited, Hyde Southbank Homes Limited and Hillside Housing Trust Limited (being Group subsidiaries). This enables the GHS 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 property investment strategies covering acquisition, capital expenditure, development, asset management and disposition. In particular it scrutinises and approves the Group's involvement in substantial urban regeneration and renewal projects.

The Group Treasury Committee

The Group Treasury Committee provides detailed specialist oversight of the Group's corporate finance and treasury related activities and makes recommendations to or endorses courses of actions / proposals to the Group Board or Subsidiary Board for approval or appointment.

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 eight 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 processes, 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. Robust 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 procedures;
9. Group Board approved fraud procedures, 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 Regulator of Social Housing 'Economic and Consumer Standards'

The Board confirms that it has a strategy and procedure for Anti-Fraud and Corruption.

The system of internal controls is ongoing, and has been in place for the year to 31 March 2018 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 around 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.

STRATEGIC REPORT (CONTINUED)

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 2018 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 Annual Report and the financial statements in accordance with applicable law and regulation.

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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

The Directors 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.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director 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

16th August 2018
COMPANY REGISTRATION NO. 04019282

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HYDE VALE LIMITED**Report on the financial statements****Our opinion**

In our opinion, Hyde Vale Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 March 2018; the statement of comprehensive income and retained earnings for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' and Strategic Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' and Strategic Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' and Strategic Report for the year ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' and Strategic Report.

Responsibilities for the financial statements and the audit**Responsibilities of the directors for the financial statements**

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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

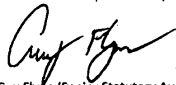
This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting**Companies Act 2006 exception reporting**

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Guy Flynn (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors, London
17 August 2018

STATEMENT OF INCOME AND RETAINED EARNINGS
For the Year Ended 31 March 2018

	NOTE	YEAR ENDED 31 MARCH 2018 £'000	YEAR ENDED 31 MARCH 2017 £'000
Turnover		7,928	19,828
Cost of sales		(8,391)	(17,234)
Operating (loss)/profit	2	(463)	2,594
Interest receivable and similar income	3	2	6
Interest payable and similar expenses	4	(1,771)	(360)
Income from share of operating surplus in joint venture	20	-	5,266
(Loss)/profit on ordinary activities before taxation		(2,232)	7,506
Tax on (loss)/profit on ordinary activities	5	-	-
(Loss)/profit for the financial year		(2,232)	7,506
Revenue reserve brought forward	15	634	634
Distribution of reserves	15	-	(7,506)
Total reserves	15	(1,598)	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 2018

	NOTE	AS AT 31 MARCH 2018 £'000	AS AT 31 MARCH 2017 £'000
Investments	8	51,040	13,310
Current assets			
Stock	9	96,221	44,371
Debtors: amounts falling due within one year	10	28	6,461
Cash and cash equivalents	11	137	1,326
Less: creditors: amounts falling due within one year	12	(21,894)	(12,275)
Total assets less current liabilities		125,532	53,193
Creditors: amounts falling due after more than one year	13	(123,130)	(52,559)
Total net assets		2,402	634
Reserves			
Called up share capital	14	4,000	-
Revenue account	15	(1,598)	634
Total equity		2,402	634

These financial statements on pages 10 to 19 were authorised to issue by the Board on 16 August 2018 and were signed on its behalf. The notes on pages 12 to 19 form part of the financial statements.

David Gannicott
Chair

COMPANY REGISTRATION NO. 04019262

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 Limited is a subsidiary of Hyde Housing Association Limited which is a Public Benefit Entity.

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 properties. 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 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.

Consolidation

The financial statements contain information about Hyde Vale Limited as an individual company and do not contain consolidated financial information. The company has three joint ventures, Harrow View LLP, 51 College Road LLP and Packington Square LLP and one dormant subsidiary, New Square Management Limited. The company also has three investments in a subsidiary company, One Preston Park LLP, The Kent Home Building Partnership LLP and London Home Building Partnership LLP. 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 joint ventures are accounted at cost in these financial statements and the equity accounting method is used in the consolidated results of the company's parent. Hyde'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.

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 Group's Consolidated Statement of Comprehensive 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) Interest: interest is recognised on a receivable basis;
- (c) Joint venture income: joint venture income represents profits received from the venture; and
- (d) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (CONTINUED)

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 work in progress and completed properties held for resale.

Impairment of stock

Impairment reviews are carried out in accordance with FRS 102. The Company's work 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.

Impairment of financial assets

The Company assesses, at each Statement of Financial Position 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 Statement of Financial Position 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 Statement of Comprehensive Income in the period of impairment.

NOTES TO THE FINANCIAL STATEMENTS**1. ACCOUNTING POLICIES (CONTINUED)****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.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. They include impairment of stock and work in progress; impairment reviews are carried out in accordance with FRS 102. The Company's work 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.

2. OPERATING (LOSS)/PROFIT

	2018 £'000	2017 £'000
Operating (loss)/profit (all relating to continuing activities) is stated after charging:		
Auditors' remuneration (excluding VAT and including expenses):		
As auditors of the financial statements	12	11
<i>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.</i>		

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2018 £'000	2017 £'000
From cash deposits	2	6
	2	6

4. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018 £'000	2017 £'000
Other finance costs	2	2
On loans from other Group undertakings	5,147	1,435
Less capitalised interest	(3,378)	(1,077)
	1,771	360

Interest is capitalised at 5% (2017: 5.27%) which is the weighted average cost of capital for the month of calculation.

NOTES TO THE FINANCIAL STATEMENTS

5. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	2018 £'000	2017 £'000
UK corporation tax charge for the year at 19% (2017: 20%).	-	-
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 (2017: lower) than the profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 19% (2017: 20%) for the following reasons.</i>		
	2018 £'000	2017 £'000
Reconciliation of total tax charge		
(Loss)/profit on ordinary activities before taxation	(2,232)	7,506
Tax at 19% thereon: (2017: 20%)	-	1,501
Effects of:		
Gift Aid payments made	-	(1,501)
Total current tax charge	-	-

6. EMPLOYEE INFORMATION AND COSTS

The Company has no employees (2017: 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 (2017: £nil).

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENTS

	2018 £'000	2017 £'000
Investments	51,040	13,310
	51,040	13,310

At 31 March 2018, investments relate to One Preston Park Limited Liability Partnership (LLP) in conjunction with First Base Limited, co-owned 87%, Harrow View LLP in conjunction with Barratt Developments plc, co-owned 50% by each partner via a project LLP and The Kent Home Building Partnership. The directors believe that the carrying value of the investments is supported by their underlying net assets. All investments are held at cost.

Investments are as follows:

	One Preston Park	Harrow View East LLP	The Kent Homebuilding Partnership	Total 2018 £'000	Total 2017 £'000
As at 1 April	13,310	-	-	13,310	12,409
Additions	145	26,564	11,021	37,730	901
As at 31 March	13,455	26,564	11,021	51,040	13,310

9. STOCK

	2018 £'000	2017 £'000
Work in progress	96,221	43,538
Properties held for resale	-	833
	96,221	44,371

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 (2017: £Nil). Stock includes capitalised interest of £3.4m (2017: £1.1m).

NOTES TO THE FINANCIAL STATEMENTS

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Other debtors	18	5,006
Amounts due from group undertakings	10	1,455
	28	6,461

11. CASH AND CASH EQUIVALENTS

	2018 £'000	2017 £'000
Cash at bank	137	1,326

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Trade creditors	8	67
Amounts due to Group undertakings	16,451	9,815
Other creditors and accruals	5,435	2,393
	21,894	12,275

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £'000	2017 £'000
Amounts due to Group undertakings	123,130	52,559

The amount owed to Group undertakings falling due after more than one year represents three facilities provided by Martlet Homes Limited, Hyde Southbank Homes Limited and Hillside Housing Trust Limited. Hyde Vale Limited is charged interest at a fixed rate of 5.0% for a £120m revolving facility from Martlet Homes Limited which matures in May 2020. Hyde Vale Limited is charged interest at a fixed rate of 5.5% (2017: 5.5%) for a £50m revolving facility from Hyde Housing Association Limited which matures in April 2019. The facilities from Hyde Southbank Homes Limited and Hillside Housing Trust Limited are both £30m revolving facilities with interest charged at 5.5%. These facilities mature in June 2019. The facilities are secured by floating charges over all or substantially all of Hyde Vale Limited's properties, assets and undertakings.

14. MEMBERS EQUITY

	2018 £'000	2017 £'000
Additions	4,000	-

Four million £1 shares (2017: 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**15. REVENUE ACCOUNT**

	2018 £'000	2017 £'000
As at 1 April	634	634
Profit for the financial year	(2,232)	7,506
Distribution of profits	-	(7,506)
	(1,598)	634

16. CAPITAL COMMITMENTS

	2018 £'000	2017 £'000
Capital expenditure contracted for but not provided for in the financial statements	136,647	83,969
Capital expenditure authorised by the Board but not contracted for	177,533	116,489
	314,180	200,458

The commitments relate to the build of housing properties from the period 1 April 2018 to 31 March 2022. There are no performance related conditions attached to the commitments. These commitments will be funded by property sales of £314m.

17. OPERATING LEASES

There were no operating leases held during the year (2017: none).

18. CONTINGENT LIABILITIES

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

19. RELATED PARTY TRANSACTIONS

Intercompany lending between Hyde Housing Association Limited and Hyde Vale Limited £nil (2017: £41,968k) with loan interest of £393k (2017: £854k). Intercompany lending between Hyde Southbank Homes Limited and Hyde Vale Limited totalled £6,788k (2017: £6,788k) with loan interest of £373k (2017: £342k). Intercompany lending between Hillside Housing Trust Limited and Hyde Vale Limited totalled £12,621k (2017: £3,803k) with loan interest of £666k (2017: £240k). Intercompany lending between Martlet Homes Limited and Hyde Vale Limited totalled £103,721k (2017: £nil) with loan interest of £3,717k (2017: £nil). All transactions are on an arm's length basis.

NOTES TO THE FINANCIAL STATEMENTS

20. 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 Ltd	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	30 Park Street, London, SE1 9EQ
One Preston Park LLP	Limited Partnership registered in England and Wales	The development and sale of residential dwellings	87.5%	Investment in Subsidiary	Cost	30 Park Street, London, SE1 9EQ
Harrow View LLP	Limited Partnership registered in England and Wales	The development and sale of residential dwellings	50%	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	30 Park Street, London, SE1 9EQ
The Kent Home Building Partnership LLP	Limited Partnership registered in England and Wales	The development and sale of residential dwellings	99.9%	Investment in Subsidiary	Cost	30 Park Street, London, SE1 9EQ
London Home Building Partnership LLP	Limited Partnership registered in England and Wales	The development and sale of residential dwellings	99.9%	Investment in Subsidiary	Cost	30 Park Street, London, SE1 9EQ

Packington Square LLP, One Preston Park LLP, Harrow View LLP and 51 College Road LLP are not consolidated into the Hyde Vale Limited financial statements, but recognised as investments. One Preston Park LLP is a subsidiary with minority interest with Hyde Vale Limited having significant influence and control. Minority interests are shown in the Group accounts. The ultimate parent, Hyde Housing Association limited 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 £nil (2017: £5,266k).

21. CONTROLLING PARTY

The ultimate parent Company and controlling party, Hyde Housing Association Limited, 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.