

Registration number: 10153122



NORTH DOWNS HOUSING LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST MARCH 2020

NORTH DOWNS HOUSING LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED
31ST MARCH 2020**

CONTENTS

Company Information	2
Directors' Report	3
Statement of Accounting Policies	5
Profit and Loss Account	8
Balance Sheet	9
Notes to the Financial Statements	11

NORTH DOWNS HOUSING LIMITED
COMPANY INFORMATION

Directors:	S K Creedy M G F Parsons S Reekie G A Jackson
Company Secretary:	Quorum Secretaries Limited
Registered Office:	The Office 47 Watchetts Drive Camberley Surrey GU15 2PQ
Registered Number:	10153122
Bankers:	HSBC 12A North Street Guildford GU1 4AF

NORTH DOWNS HOUSING LIMITED
DIRECTORS' REPORT
FOR THE PERIOD ENDED 31ST MARCH 2020

Directors' Report

The Directors present their report with the financial statements for the period ended 31st March 2020. This is the Company's third annual report and financial statements.

Principal Activities

North Downs Housing Ltd was established in 2016 to deliver on the following objectives:

- to meet in such a manner as the Company thinks fit, identified housing need and increase the provision of new housing in the Guildford borough and surrounding areas;
- to generate returns for the Council's General Fund;
- to accelerate development of brownfield land in the Guildford borough;
- to carry on any other business or do such other things which may seem to the company capable of being conveniently carried on in connection with any of the above specified objectives, or calculated to enhance the value of the Company's services, assets, property or rights.

In pursuance of the above objectives, the Company acquired 14 residential properties in the period to 31st March 2020, bringing the total number of residential properties owned to 40. At the reporting date, most of these properties were let or in the process of being let on the open market in accordance with the Company's stated policies.

Directors

The Directors, who have held office during the year, are as follows:

Name	Date of Appointment	Date of resignation
S K Creedy	28 th April 2016	N/A
G A Jackson	25 th June 2019	N/A
M G F Parsons	30 th August 2018	N/A
S Reekie	28 th April 2016	N/A
C A Reeves	30 th August 2018	25 th June 2019

Company Secretary	Date of Appointment
Quorum Secretaries Limited	1 st February 2017

Statement of Going Concern

The Company's business activities together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of exposure to liquidity and cash flows have been considered by the Directors.

NORTH DOWNS HOUSING LIMITED
DIRECTORS' REPORT
FOR THE PERIOD ENDED 31ST MARCH 2020

The Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulation.

The directors have elected to prepare the accounts, as permitted by the Companies Act 2006, in accordance with United Kingdom Generally Accepted Accounting Practice (UK accounting standards and applicable law). Under company law the directors must not approve the accounts 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 accounts, the directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- 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 the accounts 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.

This report was approved by the Board on dd,mmm, 2020.

By order of the Board:

.....
Director

Date:

NORTH DOWNS HOUSING LIMITED
STATEMENT OF ACCOUNTING POLICIES
FOR THE PERIOD ENDED 31ST MARCH 2020

Basis of Preparation

The financial statements have been prepared in accordance with FRS 102 and in line with Companies Act 2006.

The financial statements have been prepared on a going concern basis. In adopting the going concern basis, the directors have taken into consideration the global epidemic of COVID 19 and its impact on the business activities. The directors have concluded that the risk to the business is limited and manageable on the basis of the ongoing demand for rented homes and in the light of our operational strategy on lettings and screening methods, tenancy support and rent collection.

The Financial Statements give a true and fair view of the assets and liabilities as represented in the statement of financial position and its comprehensive income and expenditure accounts of the company for the reporting period.

North Downs Housing Ltd is a private limited company incorporated in England and Wales and is a wholly owned subsidiary of Guildford Borough Council Holdings Limited. The Company's ultimate parent is Guildford Borough Council, which is required to prepare accounts in accordance with IFRS adapted for the UK public sector by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

1. Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently throughout the financial statements.

Accrual Accounting

Activity is accounted for in the year that it takes place and when a right to consideration exists, not simply when cash payments are made or received.

Expenditure

- Expenditure is debited to the relevant expenses account, unless it properly represents capital expenditure.
- Where payments are made in advance of a service being received, a payment in advance is recognised as a debtor in the balance sheet.
- Interest payable on borrowings is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows determined by the contract.
- Where expenditure has been recognised but cash has not been paid, a creditor for the relevant amount is recorded in the balance sheet.

Income

- Fees, charges and rents due from customers are accounted for as income at the date the Company provides the relevant goods or services.
- Revenue is measured at the fair value of the consideration received or receivable and recognised when prescribed conditions are met.
- Where income has been recognised but cash has not been received, a debtor for the relevant amount is recorded in the balance sheet.
- Where payments are received in advance of a service being provided a receipt in advance is recognised as a creditor in the balance sheet.

2. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of less than 24 hours.

3. Fixed Asset Investments

Investment property initially measured at cost plus directly attributable expenditure. The directly attributable expenditure includes professional fees for legal services, property transfer taxes and other transaction costs.

After initial recognition, investment property is measured at fair value in accordance with Section 16 of FRS102. Valuations have been carried out by independent valuers, Bruton Knowles. Properties acquired during the reporting period are measured at cost plus directly attributable expenditure. The fair value has been provided for each property by having regard to the investment potential of each property relative to market rent, reflecting the tenanted status and current leases, cash flows and reasonable assumptions about the future rental income or outgoings.

Note 2 provides further details on the valuation of the company's investment property.

4. Financial Instruments

Financial Liabilities

Financial liabilities are initially measured at the transaction price. For loans received at the market rate of interest, this is the amount of cash received less separately incurred transaction costs. For goods and services purchased from a supplier on short-term credit, a payable is recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

Loans are subsequently measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the loan shown in notes five and six, this means that the amount presented in the balance sheet is the outstanding principal repayable and interest charged to the profit and loss account is the amount payable for the year according to the loan agreement.

Financial Assets

Financial assets are initially measured at the transaction price. For goods or services provided to a customer on short-term credit, or similar, a receivable is recognised at the undiscounted amount of cash receivable from that customer, which is normally the invoice price. Debt instruments that are payable or receivable within one year are measured at the undiscounted amount of cash or other consideration expected to be paid or received.

5. Overheads and Support Services

Costs relating to finance and legal services, for example, are purchased as a supply and form part of the Company's administration costs.

6. VAT

VAT payable is included as an expense. The short-term rental of residential properties is exempt from VAT.

7. Corporation Tax

Corporation tax is accounted for in the profit and loss account on an accrued basis using an estimate of the corporate tax liability or asset for the year. Any losses are to be offset against future profits.

NORTH DOWNS HOUSING LIMITED
COMPREHENSIVE INCOME STATEMENT
FOR THE PERIOD ENDED 31ST MARCH 2020

	Notes	2019-20 £	2018-19 £
Turnover		407,389	193,318
Cost of sales			
Gross profit or (loss)		407,389	193,318
Other operating costs		(296,248)	(161,673)
Administrative expenses		1,121	(8,704)
Operating profit		112,262	22,941
Other operating income		629	3,717
Gain on disposal of freehold property			0
Unrealised gain/(loss) on revaluation of property and investments		(206,628)	(618,051)
Other interest receivable			0
Interest payable and similar charges	1	(368,162)	(196,985)
Profit or loss before tax		(461,899)	(788,378)
Tax on profit or loss on ordinary activities		87,761	149,792
Profit or loss for the financial year		(374,138)	(638,586)

NORTH DOWNS HOUSING LIMITED
STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED 31ST MARCH 2020

Fixed assets			
Investments	1	13,157,334	7,182,628
		13,157,334	7,182,628
Current assets			
Trade debtors		1,909	15,342
Other debtors	2	276,299	210,298
Cash at bank and in hand		64,962	15,584
		343,170	241,224
Creditors: amounts falling due within one year			
Trade creditors	3	(342,141)	(200,125)
Net current assets		1,029	41,099
Total assets less current liabilities			
		13,158,363	7,223,727
Creditors: amounts falling due after one year			
Bank loans and overdrafts	5, 6	(8,689,106)	(4,913,732)
		4,469,257	2,309,995
Capital and reserves			
Called up share capital: Allotted ordinary £1 shares	7	5,613,780	3,080,380
Profit and (loss) account		(1,144,523)	(770,385)
		4,469,257	2,309,995

The financial statements were approved by the Board of directors on 05 Oct 2020
and were signed on its behalf by:

.....

Date:

Director

NORTH DOWNS HOUSING LIMITED
STATEMENT OF CASHFLOW
FOR THE YEAR ENDED 31st MARCH 2020

31/03/2019		Note	31/03/2020
£			£
(638,586)	Net surplus or (deficit) on the provision of services		(374,138)
559,151	Adjustment to surplus or deficit on the provision of services for noncash movements	8	296,076
(79,435)	Net Cash flows from operating activities		(78,062)
(3,380,328)	Net Cash flows from Investing Activities	9	(6,181,334)
3,397,735	Net Cash flows from Financing Activities	10	6,308,774
(62,028)	Net increase or (decrease) in cash and cash equivalents		49,378
77,612	Cash and cash equivalents at the beginning of the reporting period		15,584
15,584	Cash and cash equivalents at the end of the reporting period		64,962

NORTH DOWNS HOUSING LIMITED
NOTES TO THE FINACIAL STATEMENTS
FOR THE PERIOD ENDED 31ST MARCH 2019

1. Interest payable and similar charges

	2019-20	2018-19
	£	£
Bank charges	388	250
Interest payable	367,774	196,735
	<u>368,162</u>	<u>196,985</u>

2. Fixed Asset Investments

Fair value	Investment Property	Other Investments	Total
	£	£	£
Cost			
At 1 April 2019	7,800,679	0	7,800,679
Additions	6,181,334	0	6,181,334
At 31 March 2020	<u>13,982,013</u>	<u>0</u>	<u>13,982,013</u>
Revaluation			
At 1 April 2019	(618,051)	0	(618,051)
Additions	(206,628)		(206,628)
At 31 March 2020	<u>(824,679)</u>	<u>0</u>	<u>(824,679)</u>
Provisions			
At 1 April 2019	0	0	0
At 31 March 2020	<u>0</u>	<u>0</u>	<u>0</u>
Net book value			
At 1 April 2019	7,182,628	0	7,182,628
At 31 March 2020	<u>13,157,334</u>	<u>0</u>	<u>13,157,334</u>

There are no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal. North Downs Housing Ltd is responsible for the repair and maintenance requirements of all investment properties.

Properties acquired in the financial year were £6,181,334, which are initially valued at costs, including acquisition cost and transaction costs in line with section 16 of FRS102. The total fair values of properties as at 31st March 2020 stood at £13,157,334 as presented by independent property valuation consultants, Bruton Knowles, reflecting the tenanted status of the properties. It should be noted that the fair value revaluation does not take account of the transaction costs associated with the acquisition of investment property.

3. Debtors

	2019-20	2018-19
	£	£
Trade debtors	1,909	15,342
Other debtors:		
Deferred taxation	268,461	180,700
Prepayments and accrued income	7,838	29,598
	278,208	225,640

4. Creditors: amounts falling due within one year

	2019-20	2018-19
	£	£
Bank loans and overdrafts: secured	0	0
Trade creditors	342,141	200,125
Corporation tax	0	0
Other creditors	0	0
Accruals and deferred income	0	0
	342,141	200,125

The 'Trade Creditors' total includes £326,512, £174,505(2018/19) payable to a related party, Guildford Borough Council, for services provided in the period to 31st March 2020. Also included are audit and accounting fees of £12,000.

5. Amounts repayable after more than one year

	2019-20	2018-19
	£	£
Loan repayable in instalments	8,689,106	4,913,732

6. Secured borrowings

	2019-20	2018-19
	£	£
Loan: secured on the property and other assets of the Company	8,689,106	4,913,732

7. Share Capital

Share Capital

	<u>2019-20</u>	<u>2018-19</u>
	£	£
£1 ordinary shares issued		
Opening Balance	3,080,380	1,799,980
Issued During the Year	2,533,400	1,280,400
Closing Balance (Issued shares)	5,613,780	3,080,380

2,533,400 shares were allotted during the period to 31st March 2020 at a nominal value of £1.00. Total shares in issue and fully paid as at 31st March were 5,613,780. All shares have a nominal value of £1.00.

8. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	<u>2019 -20</u>	<u>2018 -19</u>
	£	£
Interest received	0	0
Interest paid	(368,162)	(196,985)
Dividends received	0	0

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

	<u>2019 -20</u>	<u>2018 -19</u>
	£	£
Depreciation	0	0
Impairment and downward valuations	206,628	618,051
Increase/(decrease) in creditors	142,016	132,555
(Increase)/decrease in debtors	(52,568)	(191,455)
	<u>296,076</u>	<u>559,151</u>

9. Cash Flow Statement - Investing Activities

	<u>2019-20</u>	<u>2018-19</u>
	£	£
Purchase of property, plant and equipment, investment property and intangible assets	(6,181,334)	(3,380,328)
Purchase of short-term and long-term investments	0	0
Other receipts from investing activities	0	0
Net cash flows from investing activities	<u>(6,181,334)</u>	<u>(3,380,328)</u>

10. Cash Flow Statement - Financing Activities

	<u>2019-20</u>	<u>2018-19</u>
	£	£
Cash receipts of short- and long-term borrowing	3,775,374	2,117,335
Other receipts from financing activities	2,533,400	1,280,400
Repayments of short- and long-term borrowing	0	0
Other payments for financing activities	0	0
Net cash flows from financing activities	<u>6,308,774</u>	<u>3,397,735</u>

11. Employee numbers

	2019-20	2018-19
The average number of persons employed by the company was	0	0

North Downs Housing Ltd does not directly employ any staff. A services agreement is in place between the North Downs Housing Ltd and Guildford Borough Council to provide tenancy management, property acquisition, finance and legal services.

12. Related Party Disclosures

Immediate Parent

The Directors of the Company regard Guildford Borough Council Holdings Limited as the immediate parent.

Ultimate Parent

The Directors of the Company regard Guildford Borough Council, a local authority in England and Wales, as the ultimate parent of the Company. The address of the Council's principal place of operations is Guildford Borough Council, Millmead House, Millmead, Guildford, Surrey GU2 4BB.

Related party transactions

A summary of the Company's transactions with Guildford Borough Council and other companies controlled by Guildford Borough Council is outlined below:

- Under a services agreement, Guildford Borough Council provides support services to North Downs Housing Ltd, these are included in administration costs. Amounts owed to Guildford Borough Council in respect of these services are included in trade creditors (note 4).
- Guildford Borough Council has provided loan finance to North Downs Housing of £8,689,106 including accrued interest (notes 5 and 6). Interest on the loan is included within 'Interest payable and similar charges' (note 1).
- North Downs Housing Ltd is 100% owned by Guildford Borough Council. During the period to 31st March 2020, Guildford Borough Council acquired 2,533,400 £1.00 ordinary shares in the Company, bringing the total number of £1.00 ordinary shares held by Guildford Borough Council to 5,613,780.

During the year no director had any related financial transactions either directly or indirectly with the company.

13. Events arising after the reporting date

No significant events arose after the reporting date that require disclosure in the accounts.

NORTH DOWNS HOUSING LIMITED
COMPREHENSIVE INCOME STATEMENT
FOR THE PERIOD ENDED 31ST MARCH 2020

	£	£
Turnover	407,389	
-Other Operating Income	<u>629</u>	
		408,018
Less:		
Ground Rent & Service Charge	172,678	
Utilities	8,898	
Legal	2,271	
Management	69,863	
Clean	2,562	
Repairs	38,196	
Acct	600	
IT	60	
Interest cost	<u>368,162</u>	
		<u>663,290</u>
		(255,272)
Less :		
Unrealised (loss) on revaluation of investment property		<u>206,628</u>
		<u>(461,900)</u>