FIRST WAVE HOUSING LIMITED

ANNUAL REPORT

AND

FINANCIAL STATEMENTS

Year ended 31 March 2021

Company Registration No. 04533752

FIRST WAVE HOUSING LIMITED (04533752)

Contents

FIRST WAVE HOUSING LIMITED (04533752)

COMPANY INFORMATION

The directors of the Company who were in office during the year and up to the date of signing the annual report and financial statements were:

BOARD MEMBERS (Non-Executive)

George Crane		Resigned	14 September 2020
Peter Gadsdon		Appointed	27 September 2017
Martin Smith	Chair	Appointed	27 September 2017
Gail Tolley		Appointed	12 February 2018
Akintoye Durowoju		Appointed	1 May 2018
James Denselow		Appointed	14 September 2020
James Denselow		Resigned	23 November 2020
Saqib Butt		Appointed	23 November 2020

COMPANY SECRETARY

Peter Gadsdon		Appointed	27 September 2017

REGISTERED OFFICE

Brent Civic Centre, Engineers Way, Wembley, Middlesex, HA9 0FJ

COMPANY REGISTRATION NO. 04533752

RSH REGISTRATION NUMBER 4569

INDEPENDENT AUDITORS

Grant Thornton UK LLP, Chartered Accountants and Statutory Auditor, 30 Finsbury Square, London, EC2 1AG

BANKERS

National Westminster, 567 Kingsbury Road, London, NW9 9EP

SOLICITORS

Winckworth Sherwood LLP., Minerva House, 5 Montague Close, London, SE1 9BB

FIRST WAVE HOUSING LIMITED (04533752)

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

The Directors present their strategic report on the Company for the year ended 31 March 2021. Reference should also be made to the Directors' Report for the year ended 31 March 2021.

Review of the business

First Wave Housing Limited (the 'Company' or 'FWH'), formerly named Brent Housing Partnership Limited ('BHP') (name changed on 11 October 2017) is a local authority owned company of the London Borough of Brent (the 'Council' or 'LBB'), and is limited by guarantee.

FWH is a registered housing provider with the Regulator of Social Housing (RSH) and conforms to standards set out in the Regulatory Framework for Social Housing in respect of Registered Providers with properties under one thousand units. FWH is a public benefit entity.

The Company has also adopted the National Housing Federation (NHF) Governance Code 2015 (the 'Code') and has prepared its financial statements in accordance with the Statement of Recommended Practice for Registered Social Housing Providers (the 'Housing SORP 2018'), complying with the provisions of the Code. The Board takes its responsibilities under regulation and relevant good practice guidance very seriously and has taken appropriate steps to ensure compliance with the requirements set out in the Regulatory Framework.

Results and performance

The Company recorded a loss before tax of £11.320m in 2020/21 compared with a loss before tax of £0.191m in 2019/20. The revenue and capital budgets for the year were managed by the London Borough of Brent (the sole guarantor) through a service level agreement (SLA) between FWH and the Council. The loss is due to a downward revaluation of 4 blocks by £12.458m. This has occurred due to the extensive works amounting to £18.491m required to remediate various defects in the 4 blocks. The company made a surplus of £0.961m before accounting for this revaluation.

Strategy

FWH's primary purpose is to provide good quality, affordable, secure, and well managed homes to Brent residents and to contribute to Brent's Housing Strategy by managing, maintaining, and improving its stock of 329 properties.

The Company's business plan objectives are to:

- Provide safe and sustainable homes
- Increase affordable housing supply
- Run a viable business
- Deliver a consistently good housing service

The identification of significant remediation works that are required to four of the blocks in the portfolio is the most significant challenge facing the business. Options are being reviewed with the shareholder to manage these costs over the longer term ensuring that the business can continue to operate as a going concern. Refinancing and a transfer of the effected assets are the main options being reviewed.

Underlying operational performance has been good with limited impact in rent collection levels being experienced due to Covid. Excluding the impact of the revaluation from £12.458m to nil, VFM ratios have strengthened during the year.

The key areas for focus over the life of the plan are:

- Improving the quality of asset management financial planning data
- Improving the quality of asset management compliance data
- Strengthening the approach to delivering VFM
- Implementing stand alone financial systems for the company

The Company will keep under review the potential for it to contribute further to the housing, investment and regeneration objectives of LBB.

Governance

The Board currently comprises of five members. The Board meets on a monthly basis and takes collective responsibility for the long-term success of the company.

The Board approves a business and financial plan on an annual basis and monitors these along with Key performance indicators throughout the year.

Bi annual meetings take place with the shareholder to review performance and key objectives for the company's business plan.

The company carries out regular risk reviews of its activities which are reviewed at Board level and these risk reviews are used to inform the focus of Audit plans for the company.

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System of internal control

The Board of FWH is committed to the highest standards of business ethics and conduct, and seeks to maintain these standards across all of its activities.

The Board is responsible for ensuring that sound systems of internal control exist within FWH, which focus on the significant risks that threaten our ability to meet our objects, and provide reasonable assurance for the safeguarding of assets. The key means of identifying, evaluation and managing the systems of internal control are:

- Corporate governance arrangements as set out above;
- Policies and procedures for all key areas of the business, which are reviewed periodically to ensure their continued appropriateness;
- An Internal Audit function provides quality assurance and value for money. FWH uses the services of a professional firm of auditors (through the Council) and other specialists as necessary. All audit reports are reviewed by the Board, which also receives updates on the implementation of agreed external and internal audit recommendations;
- Annual reviews into the company's compliance with RSH standards; and
- FWH's Board regularly monitor performance against budgets and other indicators.

The Board confirms that an assessment of the Company's compliance with the RSH Governance and Financial Viability Standard has been completed and certifies that the Company is compliant with the Governance and Financial Standard and the Rent setting standard. The company has identified areas for improvement in respect of its compliance with the Value for Money Standard and areas where its internal governance review processes could be strengthened.

No weaknesses were found in internal controls which resulted in material losses, contingencies or uncertainties that require disclosure in the annual report, for the year ended 31 March 2021 and up to the date of the approval of the annual report.

Risks and Uncertainties

FWH is a registered provider and a wholly owned Council Company, and therefore has to manage risk in line with the expectations of RSH and its Guarantor, the London Borough of Brent. The Company adopts a strategic risk based approach to manage principal risks and uncertainties. A low risk strategy has been adopted which provides the Company, lender and shareholder greater reassurance in the Company's ability to deliver sustainable outcomes.

Granville New Homes

The company acquired 4 blocks consisting of 110 units in 2009. The blocks have suffered from significant water penetration issues. Surveys have been carried out to identify the works required to address these issues and the works are substantial. They include the replacement of the exterior façade roofs and windows. The surveys estimate the cost of rectifying the defects at £18.491m which includes the installation of a fire alarm system and the costs of a waking watch until the fire alarm system is installed. These costs have not been provided for in the accounts. The value of the assets has been revalued down from £12.458m to nil value and this charge is reflected on the face of the P&L. These works are not currently affordable within the current business plan and options are being explored with the shareholder to address these issues including refinancing of the loan portfolio and a transfer of the affected blocks and associated liabilities out of FWH.

Rent Collection

Rent collection has performed well in the year with a small increase in arrears during the 2020/21 financial year and less than forecast in the business plan. The level of risk in this area has reduced compared to last year.

Data Quality

Data quality has been identified as a risk with the main areas being

- Asset management planning data
- Asset management compliance data

Internal Controls

The lack of fully independent financial systems and billing processes has been identified as an Internal controls risk. No material errors have been identified that require disclosure in the annual report. The introduction of new financial system and billing system is intended to improve the transparency of financial processes, improve financial monitoring and support improvements to VFM analysis in the business.

VFM

The review of regulatory compliance has identified the need to improve transparency around VFM. A benchmarking exercise will be carried out through Housemark this year and combined with the use of the social housing regulators indicators will be used to review the VFM approach at FWH and opportunities for improvement.

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Specific risks are monitored and managed through the risk register and discussed at board meetings. Risks are assessed on likelihood and impact to the Company, whilst also considering the Council as sole Guarantor and other key stakeholders. The board uses a RAG rating approach to risk with assessment of risks pre and post-mitigation.

Ref	Risk	Likelihood	Impact	Score (out of 25)
1	Poor data quality on asset management systems means FWH cannot accurately report on stock condition and compliance.	4	5	20
2	High Capital Programme costs undermine the viability of the business plan.	4	5	20
3	The costs of remediation to the Granville and Princess Road blocks threaten the financial viability of FWH.	4	5	20
4	Poor financial processes lead to a lack of transparency around costs meaning FWH cannot effectively report on its costs.	5	2	10
5	Tenant non-payment of rent increases due to unaffordability of rent.	3	3	9

Value for Money – Key Performance Indicators

FWH aims to deliver value for money (VfM) by making the most of the available resources to maximise the social benefit to tenants, communities and the wider local area. As a small provider (with a stock of less than 1000 units), the Company measures its headline VfM performance using the metrics below. This complies with the Regulator of Social Housing Value for Money Standard introduced in April 2018 and accompanying Code of Practice. The Social Housing VFM indicators in the table below that measure cost margins and return on capital have been negatively affected by the £12.458m revaluation of the blocks made in the accounts. By way of comparison the indicators have been provided in addition to excluding the £12.458m revaluation to provide a better view of underlying operational performance.

Metric Number	Metric Description	Excluding Revaluation	FWH	FWH	Sector weighted average
		2020/21	**2020/21**	**2019/20**	**2019/20**
1	Reinvestment (%)	0.0%	0.0%	0.1%	7.2%
2a	New Supply (%)	0.0%	0.0%	0.0%	1.8%
2b	New Supply non social housing (%)	0.0%	0.0%	0.0%	0.0%
3	Gearing (%)	53.6%	66.9%	57.4%	43.7%
4	EBITDA MRI interest cover (%)	221.7%	-905.2%	112.1%	138.0%
5	Headline Social Housing Cost (£ per unit)	4,400	4,400	6,117	4,250
6a	Operating Margin (social housing lettings) (%)	47.7%	47.7%	39.6%	27.8%
6b	Operating Margin (overall) (%)	49.0%	49.0%	42.0%	22.1%
7	Return on Capital Employed (ROCE) (%)	3.9%	3.9%	2.9%	3.2%

Source: Sector averages are taken from the Social Housing regulators VFM indicators in the 2020 global; accounts report.

The key challenge facing FWH is to manage the pressure on its operating viability imposed by the cost of the remediation works to the Granville blocks.

Martin Smith – Chair of the Board

Date: 30/9/2021

Company registration number: 04533752

Registered address: Brent Civic Centre, Engineers Way, Wembley, Middlesex, HA9 0FJ

FIRST WAVE HOUSING LIMITED (04533752)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

The Directors present their report and the audited financial statements of First Wave Housing Limited (the 'Company' or 'FWH') for the year ended 31 March 2021. Reference should also be made to the Strategic Report for the year ended 31 March 2021.

Future developments

The Directors will seek to create a vision for the Company, working in conjunction with the Council, going alongside a revised long-term business plan, which will include estimated investment requirements going forward.

Financial instruments

As at 31 March 2021, FWH had outstanding loans with LBB totalling £36m secured against the housing stock. All loan facilities are extended with fixed interest rates for the full term of the loan, which mitigates any interest rate risk. These loans relate to the past purchase of Granville New Homes (GNH) and dwellings in connection with the Settled Homes Initiative (SHI).

Directors

The directors during the whole of the financial year 2020/21 are shown on page 3 - Company Information. The Company maintains insurance for the benefit of all directors of the Board against liabilities in relation to their services for the Company. There was also third part indemnity insurance in place during the financial year ended 31 March 2021 and at the date of approval of the annual report.

Employees

FWH no longer directly employs staff as all formed BHP staff were transferred back to the Council under TUPE regulations in 2017/18. Instead, the Company 'buys-in' services from the Council under a Service Level Agreement (SLA).

Going concern

The Company (a company limited by guarantee) is a wholly owned subsidiary of LBB. At 31 March 2021, the net assets of the Company amounted to £10.8m, with fixed assets of £50.0m principally consisting of 327 residential properties and 2 commercial units and outstanding loans due to LBB (secured on such stock) of £36m.

The Directors have reviewed the company's forecasts to fund the company's activities. Based on this analysis, at the date of approval of the financial statements, the Directors have a reasonable expectation that the company will continue to operate as a going concern for the foreseeable future, being a period of not less than twelve months from the data of approval of these financial statements. Options have been identified to either refinance or transfer the assets to address the £18.491m investment requirement. A decision will be made on which option to adopt by the end of 2021.

In addition, a letter of support has been issued by London Borough of Brent from the section 151 officer. This states that LBB will provide continuing financial support as the sole guarantor of the Company to enable FWH to fund its liabilities as they fall due and to allow its financial statements to be prepared on a going concern basis.

Statement of directors' responsibilities in respect of the financial statements

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Account Standards and applicable law, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"). 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 the apply them consistently;
- State whether applicable United Kingdom Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers 2018 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 Housing and Regeneration Act 2008 and the Accounting Direction for Registered Providers of Social Housing 2019. 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 corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

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Directors' confirmations

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- 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 auditor is aware of that information.

Independent auditors

Grant Thornton UK LLP, Chartered Accountants and Statutory Auditor

By order of the board

The directors' report was approved by the Board and signed on its behalf by:

Mick Smith

Martin Smith – Chair of the Board

Date: 30/9/2021

Company registration number: 04533752

Registered address: Brent Civic Centre, Engineers Way, Wembley, Middlesex, HA9 0FJ

FIRST WAVE HOUSING LIMITED (04533752)

Independent auditor's report to the members of First Wave Housing Limited

Opinion

We have audited the financial statements of First Wave Housing Limited (the 'company') for the year ended 31 March 2021, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

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Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken during the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the directors

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

Auditor's 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 auditor's 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the financial reporting framework, being Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019;
- We enquired of management and the Board of Directors about the group's policies and procedures relating to the identification, evaluation and compliance with laws and regulations and the detection and response to the risks of fraud and the establishment of internal controls to mitigate risks related to fraud or noncompliance with laws and regulations

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- In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations related to health and safety, environmental matters, and bribery and corruption practices. We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to potential management bias in determining significant accounting estimates, including the valuation of properties.
- Our audit procedures involved:
    - evaluation of the design and implementation of controls that management has in place to prevent and detect fraud;
    - journal entry testing, including those close to the year-end; and
    - challenging assumptions and judgements made by management in its significant accounting estimates.
- In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with the applicable financial reporting framework requirements;
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Joanne Love
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
Date 30/9/2021

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Statement of comprehensive income for the year ended 31 March 2021

	Note	2020/21	2019/20
		£'000	**£'000**
Turnover	5	4,184	4,317
Operating costs	5	(2,305)	(2,503)
Revaluation loss on housing assets		(12,458)	0
Surplus on asset disposal	7	171	0
Surplus on revaluation of investment properties	11	192	30
Surplus on revaluation of commercial properties	11	1	1
Operating (loss) / surplus	7	**(10,215)**	**1,845**
Interest payable and similar charges	9	(1,105)	(2,036)
Loss on ordinary activities before taxation		**(11,320)**	**(191)**
Tax on loss on ordinary activities	10	(175)	(73)
Loss on ordinary activities after taxation		(11,495)	(264)
Loss for the financial year	SOCIE	**(11,495)**	**(264)**
Unrealised gain on revaluation of social housing properties	SOCIE	1,499	1,640
Total comprehensive income for the year		**(9,996)**	**1,376**

The notes on pages 16 to 29 form part of these financial statements.

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FINANCIAL STATEMENTS

Statement of financial position as at 31 March 2021

	Notes	2020/21 £'000	2019/20 £'000
Fixed assets			
Housing properties at valuation - investment properties	11	12,330	12,138
Housing properties at valuation - social housing properties	11	37,423	49,761
Social housing properties - furniture, fixtures & fittings	11	38	51
Commercial properties	11	274	273
Total fixed assets		50,065	62,223
Current assets			
Debtors	12	2,036	1,780
Cash at bank and in hand	13	2,500	1,119
Total current assets		4,536	2,899
Creditors: amounts falling due within one year	14	(1,869)	(1,549)
Net current assets		2,667	1,350
Total assets less current liabilities		52,732	63,573
Provision for deferred tax	15	(933)	(902)
Creditors: amounts falling due after more than one year	15	(35,106)	(35,982)
Long term liabilities		(36,039)	(36,884)
Net assets		**16,693**	**26,689**
Capital and reserves			
Revaluation reserve	SOCIE	16,924	15,531
Revenue reserve	SOCIE	(231)	11,158
Total Capital and Reserves		**16,693**	**26,689**

The notes on pages 16 to 29 form part of these financial statements

The financial statements on pages 12 to 29 were approved by the Board of First Wave Housing Limited (registered number 04533752) and signed on its behalf by:

Martin Smith

Martin Smith
Chair of the Board

Date: 30/9/2021

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Statement of changes in equity for the year ended 31 March 2021

	Notes	Revaluation reserve commercial properties	Revaluation reserve investment properties	Revaluation reserve social housing properties	Total revaluation reserve	Revenue reserve	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2019		227	5,167	8,472	13,866	11,447	25,313
Surplus / (loss) for the financial year						(264)	(264)
Other Comprehensive Income:							
Revaluation of social housing properties	11	-	-	1,640	1,640	-	1,640
Transfers Between Reserves:							
Deferred Tax Adjustment	10	-	(6)	-	(6)	6	-
reserve transfer		(7)	7	-			
Movement of Investment Property Revaluation		-	31	-	31	(31)	-
Balance at 1 April 2020		**220**	**5,199**	**10,112**	**15,531**	**11,158**	**26,689**
Surplus / (loss) for the financial year						(11,495)	(11,495)
Other Comprehensive Income:							
Revaluation of social housing properties	11	-	-	1,499	1,499	-	1,499
Deferred Tax Adjustment	10	-	(31)	-	(31)	31	-
Transfers Between Reserves:							
Disposal of social housing properties		-	-	(268)	(268)	268	-
Movement of Investment Property Revaluation		1	192	-	193	(193)	-
Balance at 31 March 2021		**221**	**5,360**	**11,343**	**16,924**	**(231)**	**16,693**

The notes on pages 16 to 29 form part of these financial statements

FINANCIAL STATEMENTS

Statement of cash flows for the year ended 31 March 2021

	Notes	2020/21 £'000	2019/20 £'000
Cash flows from operating activities			
Loss for the financial year	*SOCI*	(11,495)	(264)
Adjustments for:			
Depreciation of tangible fixed assets	*11*	572	557
Surplus on revaluation	*11*	12,265	(31)
Surplus on Disposal		(171)	-
Interest paid	*9*	1,105	2,036
Current tax	*10*	175	73
Decrease/ (increase) in debtors		912	633
Increase/ (decrease) in creditors		49	(1,042)
Cash from operations		3,412	1,962
Tax paid	*10*	(67)	(102)
Net cash generated from/(utilised in) operating activities		3,345	1,860
Cash flows from investing activities			
Purchase of tangible fixed assets	*11*	-	(89)
Net cash used in investing activities		-	(89)
Cash flows from financing activities			
Interest paid		(1,105)	(2,036)
Repayment of loans to the Council	*16*	(859)	(877)
Net cash used in financing activities		(1,964)	(2,913)
Net increase/(decrease) in cash and cash equivalents		1,381	(1,142)
Cash and cash equivalents at beginning of year	*13*	1,119	2,261
Cash and cash equivalents at end of year	*13*	**2,500**	**1,119**

The notes on pages 16 to 29 form part of these financial statements.

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Notes to the financial statements for the year ended 31 March 2021

1. General Information

First Wave Housing Limited (the 'Company' or 'FWH') managed and maintained social housing and other investment and commercial properties on behalf of its parent local authority, the London Borough of Brent (the 'Council' or 'LBB') up until 30 September 2017, when the Company's Management Agreement with the Council was terminated by LBB. Since that date, the principal activity of FWH is to own and hold its stock of properties. All operations and services in respect of this housing portfolio are now directly managed by LBB. FWH no longer directly employs staff as all former staff were transferred to LBB and, instead, the Company 'buys-in' services from the Council under a Service Level Agreement (SLA) where required.

The Company is a private company limited by guarantee and is incorporated in England (registered number 04533752). The address of its registered office is Brent Civic Centre, Engineers Way, Wembley, Middlesex, HA9 OFJ.

2. Statement of compliance

The financial statements of the Company have been prepared in compliance with the Generally Accepted Accounting Practice in the UK; including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), the Companies Act 2006 and the Accounting Direction for Social Housing in England from April 2019 and the Housing SORP 2018 Statement of Recommended Practice for Social Housing Providers (the "2018 SORP").

First Wave Housing is a public benefit entity. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost basis, as modified by the revaluation of certain assets annually tested for revaluation gains and impairment.

The financial statements have been prepared on an accruals basis. Assets and liabilities are recognised on the Company's statement of financial position when it is probable that future economic benefits or costs will flow and the amounts of the assets and liabilities can be reliably measured, Turnover and expenditure is recognised in the statement of comprehensive income where it can be reliably measured that income has become due to the Company or expenditure has been incurred by the Company.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the financial statements.

(b) Going concern

The Company (a company limited by guarantee) is a wholly owned subsidiary of LBB. The Company is a registered housing provider owning 329 properties at 31 March 2021 with a net book value £50m the funding for which is fully provided by the Council through loans of £36m secured against these properties. The Council has confirmed in writing, of its intention for FWH to remain as a going concern for at least twelve months from the date of approval of the annual report and financial statements.

The Directors have reviewed the company's forecasts to fund the company's activities. Based on this analysis, at the date of approval of the financial statements, the Directors have a reasonable expectation that the company will continue to operate as a going concern for the foreseeable future, being a period of not less than twelve months from the data of approval of these financial statements. Accordingly, they have adopted the going concern basis of preparation in these financial statements.

(c) Turnover

Turnover comprises rental income receivable in the year. Rental income is recognised from the point when properties become available for letting, net of voids. The Company operates both fixed and variable service charges based on the services received by each property. All income is recognised on a receivable basis.

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(d) Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively. Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax
Current tax is recognised for the amount of tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax
Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

The revaluation of the Company's investment properties creates a timing difference, because the gain is recognised in the statement of comprehensive income in the current period, but it will be recognised in taxable profits in a later period (either when the asset is sold and a gain is realised, or as the asset is used, generating taxable income). Accordingly, a deferred tax liability is recognised in the statement of changes in equity.

(iii) Value added tax (VAT)
The Company's VAT affairs are in the name of First Wave Housing Limited. The Company is not registered for VAT and therefore expenditure on its own property portfolio is shown inclusive of VAT, to the extent that it is not recoverable.

(e) Government grants
Government grants have only been received in respect of the Settled Housing Initiative assets and were applied against the initial cost of bringing the assets into use. A note in the accounts records the grant sums received on assets currently held by FWH. Government grants are recognised following the performance model. These sums are only repayable in the event of those assets being sold or ceasing to be used as affordable housing.

(f) Tangible assets
Tangible assets are stated at valuation or cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs. Tangible fixed assets of a value exceeding £1,500 will be capitalised and depreciated.

(i) Land and buildings
Land and buildings include freehold and leasehold properties. Land and buildings including social housing properties are held at valuation.

The directly attributable costs are the labour costs of own employees arising directly from the construction or acquisition of the property and the incremental costs that would have been avoided only if individual properties had not been constructed or acquired. Interest is capitalised on a fair proportion of the borrowings of the Company as a whole, calculated on the costs incurred during the period of development. Improvements are capitalised only when they result in an increase in the net rental income, a reduction in future maintenance costs, or in a significant extension of the useful economic life of the property. All other improvement expenditure is charged to the statement of comprehensive income when incurred.

Commercial properties

Commercial properties have been valued on a market value basis using a conventional investment approach based on the current or anticipated rental income.

Housing properties held for investment

Housing properties held for investment are the land and buildings in the market-rent scheme. Investment properties are carried at fair value, which is based on active market prices adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

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Jones Lang LaSalle (JLL), independent valuers, formed an opinion on the values, in accordance with the Royal Institution & Chartered Surveyors (RICS) publication 'RICS Valuation Professional Standards' (January 2014 edition) as at 31 March 2021.

These valuations are reviewed annually. Following the adoption of FRS 102 standard, gains in fair values are recognised in the statement of comprehensive income and transferred to the revenue reserve. Revaluations which are below carrying value are shown as an impairment and are recognised in the statement of comprehensive income.

Investment properties are included in the statement of financial position at fair value and, in accordance with FRS 102, investment properties are not subject to periodic charges for depreciation.

Social housing properties

This class of asset is made up of social rented properties (general needs), intermediate market rented properties, settled homes initiative properties, new build properties and an equity share property and are subject to depreciation over their estimated useful economic life (100 years). These properties were revalued by JLL as at 31 March 2021 on the basis of their existing use value - social housing (EUV-SH). The Company conducts an annual review of the need to adopt component accounting as per the 2018 SORP.

(ii) Furniture, fixtures and fittings

Furniture, fixtures, and fittings are stated at cost less accumulated depreciation and accumulated impairment losses.

(iii) Depreciation and residual values

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively. Depreciation is charged so as to write down the assets to their residual value on a straight line basis over their estimated useful economic life, unless otherwise noted below. Depreciation is calculated as follows:

Furniture, fixtures and fittings	Depreciated at 40% in the first year of the economic life and at 25% per annum for the remainder of the economic life using the reducing balance method
Furniture, fixtures and fittings - short life	Straight line basis over five years

(iv) Subsequent additions and main components

Repairs, maintenance and minor inspection costs are expensed in the statement of comprehensive income as incurred.

(v) Assets in the course of construction

Assets in the course of construction are stated at historical cost. These assets are not depreciated until they are available for use. There were no assets under construction in this financial year.

(vi) Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the statement of comprehensive income.

(g) Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

(h) Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of comprehensive income.

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(i) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

(j) Provisions and contingencies

(i) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

In particular:

(a) Restructuring provisions are recognised when the Company has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring, and

(b) Provision is not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

(ii) Contingencies

Contingent liabilities are not recognised, except those acquired in a business combination Contingent liabilities arise as a result of past events when (a) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (b) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Company's control. Contingent liabilities are disclosed in tie financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

(k) Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, and loans from the Council classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary cairn of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(l) Related party transactions

The Company discloses transactions with related parties. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the financial statements.

4. 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.

(a) Key accounting estimates and assumptions

(i) Provisions for doubtful debts (note 12)

Provision is made for bad debts on rental income from the Company's owned stock. This provision requires management's best estimate of the likely rent collection rates based upon past experience and trends. In addition, any other provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements.

(ii) Valuation of properties (note 11)

All properties have been included at either cost or valuation, The intermediate rented properties have been classified as social housing properties and were valued by JLL as at 31 March 2021 on the basis of existing use value - social housing (EUV-SH) with special assumptions The special assumptions are those applied to the 15 year term that departs from EUV-SH to reflect the nature of the Company's holding for the properties purchased with a grant, assuming market rents with rental growth capped at RPI and allowing for sales.

5. Particulars of turnover, operating costs and operating surplus

Turnover is derived completely from the principal activities of the Company and arises solely within the United Kingdom.

	Turnover	Turnover	Operating costs	Operating costs	Operating surplus/(loss)	Operating surplus/(loss)
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings	3,470	3,664	(1,814)	(2,211)	1,656	1,453
Market rent	683	625	(320)	(292)	363	333
Other*	31	28	-	-	31	28
Total	**4,184**	**4,317**	**(2,134)**	**(2,503)**	**2,050**	**1,814**

*Includes recharges for tenant utilities collected by Lanten and recharged to FWH.

Social Housing Lettings costs are net of a £0.171m surplus on asset disposals. This surplus is net of repayment of government grant of £0.105m

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Turnover comprises the following elements

	2020/21 £'000	2019/20 £'000
Rental income from the Company's social housing properties	3,470	3,664
Rental income from the Company's market rented properties	683	625
Other*	31	28
Total	**4,184**	**4,317**

*Includes recharges for tenant utilities collected by Lanten and recharged to FWH.

6. Particulars of turnover and operating costs from social housing lettings

	2020/21 £'000	2019/20 £'000
Rent receivable net of service charges	3,470	3,664
Service charges receivable	-	-
Net rental income	3,470	3,663
Management fees	-	-
Turnover from social housing lettings	3,470	3,663
Depreciation - social housing fixtures and fittings	(572)	(557)
Other costs	(1,242)	(1,654)
Operating costs on social housing lettings	(1,814)	(2,211)
Operating surplus on social housing lettings	**1,656**	**1,452**

Void rent loss was £0.23m in 2020/21 and £0.08m in 2019/20. Rental income is recorded net of void rent loss.

Housing accommodation:	**Commercial properties****	**Equity share***	**General needs social rent***	**Intermediate market rent***	**Other Market rent****	**Total**
Number of units in ownership 2021	2	1	89	192	45	**329**
Number of units in ownership 2020	2	1	89	195	45	**332**

*comprises social housing properties

**comprises investment properties

7. Operating surplus is stated after charging /(crediting):

	2020/21 £'000	2019/20 £'000
Agency and consultancy costs	23	-
Supplies and services	1,151	1,111
Depreciation of tangible fixed assets	572	557
Surplus on Disposals	(171)	-
Auditors' remuneration		
- Audit of the financial statements	30	28
- VAT on audit fees	6	5
Property maintenance costs	523	802
Total	**2,134**	**2,503**

8. Employees and directors

There were no employees in the current financial year or the prior financial year.

	2020/21	2019/20
Directors:	**£'000**	**£'000**
Board remuneration (Non-Executive)		
Chair (highest paid)	10	10
Board members	7	7
Total	**17**	**17**

9. Interest payable and similar charges

	2020/21 £'000	2019/20 £'000
Interest payable on loans from the Council	1,105	2,076
Total interest payable	**1,105**	**2,076**

10. Tax on loss on ordinary activities

	2020/21	2019/20
A: Current tax:	**£'000**	**£'000**
UK corporation tax on surplus for the year	320	67
Current Tax charge on ordinary activities	**320**	**67**

Tax on (income)/ expense

	2020/21	2019/20
B: Deferred tax:	**£'000**	**£'000**
Origination and reversal of timing differences	(145)	6
Impact of changes in tax rates	-	-
Total deferred tax (income) expense	**(145)**	**6**
Total tax charge	**175**	**73**

Factors affecting the tax charge

	2020/21	2019/20
	£'000	**£'000**
Loss on ordinary activities before taxation	(11,321)	(191)
Surplus multiplied by the standard rate of tax in the UK of 19% (2018: 19%)	(2,151)	(36)
Effects of:		
Expenses not deductible	2,407	103
income not taxable	(37)	-
Gains rollover reductions	84	-
Adjustment from previous periods	(159)	-
Increase (decrease) in deferred tax liability	31	6
Total tax charge for the year	**175**	**73**
Deferred tax analysis		
Fixed Asset Timing differences	(74)	896
Short term timing differences - trading	(102)	-
Short term timing differences - non trading	933	6
	757	902

As the memorandum and articles of association of the Company are in accordance with HM Revenue & Customs (HMRC) BIM58210, transactions between the Company and the Council are not regarded by HMRC as amounting to trading and will therefore not attract corporation tax. In addition, the surplus on revaluation of the commercial and investment properties is not subject to current tax but has generated a deferred tax liability included in equity. All assets are held as security against the Council's loans to FWH.

The change in deferred tax due of £6,000 in 2019/20 and £31,000 in 2020/21 was in respect of the upward revaluation of the investment property portfolio.

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11. Tangible fixed assets

	Commercial properties	Housing properties held for investment	Social housing properties	Social housing properties furniture, fixtures and fittings	Total
Number of housing units	**2**	**45**	**282**		**329**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Cost or valuation					
As at 1 April 2020	273	12,138	49,761	404	62,576
Additions	-	-	-	-	0
Disposals	-	-	(820)	-	(820)
Revaluation through the P&L	-	-	(12,458)	-	(12,458)
Adjustment on revaluation	1	192	940	-	1,133
As at 31 March 2021	274	12,330	37,423	404	50,431
Accumulated depreciation and impairment					
As at 1 April 2020	-	-	-	(353)	(353)
Charge for the year	-	-	(559)	(13)	(572)
Reversal on revaluation of accumulated depreciation	-	-	559	-	559
As at 31 March 2021	-	-	-	(366)	(366)
Net book value					
As at 31 March 2021	**274**	**12,330**	**37,423**	**38**	**50,065**
As at 1 April 2020	273	12,138	49,761	51	62,223

FIRST WAVE HOUSING LIMITED (04533752)

The assets portfolio is made up of 45 market rented properties held for investment, 89 social housing properties, 192 intermediate rented properties, 2 commercial properties and 1 equity share property. All properties are located in North London. All properties are pledged as security against the Council's loan to FWH.

Following the adoption of FRS 102, gains in fair values of the commercial and investment properties are recognised in the statement of comprehensive income and transferred to the revenue reserve

Revaluations which are below carrying value are shown as a downwards revaluation and are recognised in the statement of comprehensive income.

Investment Properties are recognised in the accounts at their Market Valuation by JLL as per the valuation. The intermediate and social rented properties have been classified as social housing properties and were valued by JLL as at 31 March 2021 on the basis of existing use value - social housing (EUV-SH) with special assumptions applied to some of the properties. The special assumptions are those applied to the 15 year term that departs from EUV-SH to reflect the nature of the Company's holding for the properties purchased with a grant, assuming market rents with rental growth capped at RPI and allowing for sales. The agreement permits a revaluation of investment properties at market value in a different structure for the first 15 years to that permitted thereafter.

The carrying value of the housing properties that would have been carried forward at historical costs less social housing grant, depreciation and impairment is as follows.

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	2020/21	2019/20
	£'000	£'000
Historical cost	55,667	56,211
Depreciation and impairment	(6,789)	(6,230)
	48,878	**49,981**
Social housing grant	(6,456)	(6,561)

Social housing grant is repayable on disposal of the properties

The ownership status of properties is as follows:	2020	2019
	No.	No.
Equity share	1	1
Long leasehold	145	145
Freehold	176	179
Shared freehold	5	5
Commercial	2	2
Total	**329**	**332**

12. Debtors

	2020/21	2019/20
Amounts falling due within one year	£'000	£'000
Rental debtors	755	771
Provision for doubtful debts*	(536)	(497)
Net rental debtors	**219**	**275**
Other debtors	(11)	(20)
Deferred tax asset	176	-
Amounts owed by the Council	1,652	1,525
Total debtors falling due within one year	**2,036**	**1,780**

**Amounts owed by the Council are interest free, unsecured and payable on demand.

***Movement in provision for doubtful debts**

	2020/21	2019/20
	£'000	£'000
Opening balance	(497)	(420)
Provision utilised	(2)	26
New provisions made	(37)	(103)
Closing balance	**(536)**	**(497)**

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13. Cash at bank and in hand

	2020/21	2019/20
	£'000	£'000
Bank current account	2,500	1,119
Total cash at bank and in hand	2,500	1,119

14. Creditors: amounts falling due within one year

	2020/21	2019/20
	£'000	£'000
Amounts owed to the Council*	268	245
Loans owed to the Council**	884	866
Other creditors	136	153
Corporation Tax	320	67
Rental prepayments	261	218
Total creditors falling due within one year	1,869	1,549

15. Provision and Creditors: amounts falling due after more than one year

	2020/21	2019/20
	£'000	£'000
Provision for deferred tax	933	902
Loans owed to the Council**	35,106	35,982
Total provisions and creditors falling due after more than one year	36,039	36,884

*Amounts owed to the Council are interest free, unsecured and payable on demand.

**Loans owed to the Council are secured against all properties, the purchase of which was financed with the respective loans. Details of properties owned are provided in Note 11. Details of loan terms are included in note 17.

The movement in the year in the deferred tax balance is due to the reversal of timing differences (see note 10.)

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16. Loan repayments are analysed as follows:	**2020/21** **£'000**	**2019/20** **£'000**
Within one year	884	877
Between two to five years	3,810	3,875
More than five years	31,296	32,973
Total	**35,990**	**37,725**

Changes in net debt for the year	**2020/21**	**Cashflows**	**2019/20**
	£'000		**£'000**
Cash and Cash equivalents	2,500	1,381	1,119
Borrowing	(35,990)	859	(36,849)
Net Debt	(33,490)	2,240	(35,730)

17. Loans and other borrowings

As at 31 March 2021, loans with the Council for the acquisition of properties totalled £36m. This loan is a concessionary loan to a Public Benefit Entity. The loans were rescheduled on the 1st of April 2020 with the tranche 1 loans at 5% and tranche 2 loans at 6% being combined into a single 28 year loan with an interest rate of 3% per annum.

18. Related party transactions

During 2020/21 the Company had related party transactions with the Council, the company's parent undertaking.

(a) Transactions

Amounts paid to the Council in 2020/21 were £3.72m (2019/20: £3.34m) inclusive of loan interest payment of £1.05m (2019/20: £2.04m).

(b) Amount of outstanding balances

Trade receivables with the Council for 2020/21 were £1.65m (2019/20: £1.52m) and trade payables were £0.27m (2019/20: £0.25m). Loans due to the Council are £35.99m (2019/20: £37.73m) secured on housing properties.

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14. Controlling party

The immediate and ultimate parent undertaking and controlling party is the London Borough of Brent, whose financial statements can be obtained from The Chief Financial Officer, London Borough of Brent, Brent Civic Centre, Engineers Way, Wembley, Middlesex, HA9 0FJ. These financial statements are consolidated into the financial statements of the London Borough of Brent.

15. Reserves

First Wave Housing maintains the following reserve accounts

Revaluation Reserve

The revaluation contains balances arising from the upward revaluation of the company assets. Assets are revalued upwards or downwards through the revaluation reserve. Downward revaluations are recorded in the revaluation reserve to the extent that there is a positive revaluation balance held against the asset. Should insufficient balance exist to offset the downward revaluation then the excess is charged to the revenue reserve.

Revenue Reserve

The revenue reserve includes all prior period retained profits and losses.