

**Heylo Housing Registered Provider  
Limited**

Report and Financial Statements

Year Ended

30 September 2019

Company Number 06573772

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# Heylo Housing Registered Provider Limited

## Company Information

**Directors**

G J Moran  
W R N Raynsford  
M Jones

**Company secretary**

Gravitas Company Secretarial Services Limited

**Registered number**

06573772

**Registered office**

5th Floor  
One New Change  
London  
EC4M 9AF

**Independent auditor**

Ernst & Young LLP  
400 Capability Green  
Luton  
LU1 3LU

**Solicitors**

Pinsent Masons LLP  
30 Crown Place  
London  
EC2A 4ES

# Heylo Housing Registered Provider Limited

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# Heylo Housing Registered Provider Limited

## Strategic Report For the Year Ended 30 September 2019

### Introduction

The Directors present their Strategic Report of Heylo Housing Registered Provider Limited ("HHRP" or "the Company") for the year ended 30 September 2019.

### Business review

The Company is wholly owned by Heylo Housing Group Limited, the ultimate parent company of the Heylo Group of companies.

The Company was acquired by HH No.1 Limited (formerly Heylo Housing Limited) in January 2017 and then in August 2018 was transferred to Heylo Housing Group Limited as part of a corporate reorganisation to create a group parent company for the "Heylo Group", details of which are available in the accounts of Heylo Housing Group Limited.

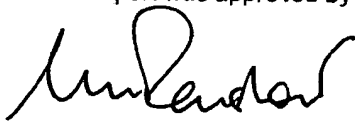
The Company leases properties from property investment companies within the Heylo Group and onward leases them to customers on a part buy - part rent basis.

The profit and loss account shows a profit of £Nil for the year (2018: £Nil).

### Principal risks and uncertainties

The Company receives rent from the shared ownership properties and pays an equivalent amount of rent to the relevant Heylo Group property investment company under its leases. The Company has no borrowings and therefore no interest or repayment obligations. All other operating costs of the Company are met under a parent support agreement. As a consequence, the Company therefore has very limited operating and financial risks.

This report was approved by the board on 8<sup>th</sup> July 2020 and signed on its behalf.



**W R N Raynsford**  
Chairman

# Heylo Housing Registered Provider Limited

## Value for Money Statement For the Year Ended 30 September 2019

### VFM, and Governance and Financial Viability

The mission of HHRP is to work as part of the Heylo Group to become one of the leading shared ownership affordable housing providers in England.

Its key objective continues to be the utilisation of the resources made available by the Heylo Group to satisfy HHRP's mission statement and deliver as much affordable housing as possible in line with the Heylo Group growth strategies.

The Heylo Group's business imperatives, strategies and operational systems have been and currently continue to be reviewed following the appointment of a new CEO in September 2019. For clarity, these are summarised below.

#### Heylo Group purpose

"To make home ownership accessible for aspiring homeowners by expanding part buy - part rent opportunities."

#### Heylo Group Mission

"To become the largest, most respected, most profitable private part buy - part rent landlord in the UK and beyond. Passion for the highest quality service to more customers, dedication to working in partnership with housing suppliers successfully and commitment to acting with integrity".

### Background

In January 2017, the Heylo Group acquired 100% of the share capital in HHRP to facilitate S106 affordable housing delivery and access to the full mortgage market for existing and future shared ownership customers. This was done in line with a business plan which will continue to be implemented and reviewed by the Heylo Group and HHRP.

HHRP was an Intending Provider until July 2017 after which and in line with its business plan, it began to hold interests in long leasehold homes. Since November 2017, when HH No.1 Limited acquired Investment Partner status from Homes England, HHRP has also acquired long leasehold interests in homes part funded with grant subsidy via the Homes England Shared Ownership and Affordable Homes Programme 2016-2021 ("SOAHP"). HHRP aims to continue to grow a portfolio of housing comprised of grant funded homes, sourced by current and when needed, new Investment Partners within the Heylo Group.

As at the year end, HHRP had a stock count of 2,471 homes. For context, given the evolution of the Heylo Group and HHRP business plans, Heylo Group's business plan is to focus on the acquisition of properties which generate low volatility, long term, inflation linked cash flows, and to also support HHRP activities, including all operational costs, in furtherance of affordable housing delivery aspirations.

In simple terms, the business is seeking to deliver high volumes of additional investment into the affordable home ownership market, to house more people quickly and efficiently, at as low a risk as possible to customers, stakeholders and public and private investors.

### Value for Money Statement

The Heylo Group's business model, business plan and focus on part buy - part rent residential property has been devised with the aim of delivering affordable housing for stakeholders and customers using institutional investment in a low risk and efficient format. The model:

- Involves minimal financial risk for HHRP via the long lease and shared ownership lease structure.
- Provides for Heylo Housing Group Limited to support all HHRP's new homes origination activity, as well as ongoing operational and management costs.
- Carries no development or volume sales risk.
- Does not rely on cross subsidy from pro-cyclical private sector tenures.
- Offers customers shared ownership leases based on the Homes England standard form or Local Authority

# Heylo Housing Registered Provider Limited

## Value for Money Statement For the Year Ended 30 September 2019

- approved S106 formats, which post completion are largely quarantined from political/policy volatility.
- Focuses on the delivery of the well-established shared ownership tenure, which by virtue of its leasehold status, offers customers strong protections through Landlord and Leasehold legislation, while carrying less management and maintenance risk and lighter touch regulation than social rented and supported housing.
  - Offers customers rents, management, services and service charges common to the traditional affordable home ownership sector and industry good practice.

The Heylo Group strategy also seeks to address key parts of the current Government's housing Policy, the growing emphasis on affordable home ownership in the 2018 review of the National Planning Policy Framework (NPPF) and the emphasis on home ownership described in the manifestos of the three main English political parties. The Heylo Group continues to work closely with Homes England in pursuit of its aim of a substantial Value for Money (VFM) increase in affordable housing supply through the SOAHP at a time of continuing public funding constraints and where traditional routes are not meeting demand. For example:

- Home Reach provides a method of accelerating house builder build out rates by providing a larger, enfranchised market of eligible low and moderately earning households. It is also appealing to Small and Medium Sized Entity (SME) builders who are often unfamiliar with or unprepared to take advantage of the help-to-buy programme.
- Home Reach enables households priced out of the home ownership market to access affordable, responsibly marketed shared ownership housing, compatible with industry and regulatory standards, a target market that needs complementary or substitute products as delivery wanes via S106 planning deals and may cease from 2023 via Help-to-Buy equity loans.
- The Heylo Group model provides a route for institutional investors, including Local Authority pension funds, to invest in a socially responsible and liability matching asset that should also deliver VFM for local and national taxpayers as described in section 3.19 of the Housing White Paper.

It is worth noting that while HHRP has achieved large provider status and held stock for over a full year and as such is obliged to report an end of year review of the VFM of the business plan, it has not held this status for longer than 18 months with a comparable portfolio of homes or stage of business development. Therefore, it is unable to demonstrate in any meaningful terms how VFM has improved, compared with a previous year of operation.

However, the HHRP board, with the help of its advisors, has developed a VFM reporting template comprising the new VFM metrics published by the Regulator of Social Housing ("RoSH"), following its own review of the VFM standard in April 2018. The HHRP board has asked the RoSH to work with it to agree how HHRP can benchmark itself and report on the new VFM metrics in the most appropriate and proportionate way, given it is a relatively new entrant operating a low risk model that differs from those of traditional RPs.

HHRP has discussed and will meet further with the RoSH to settle on what meaningful and transparent data and reports can be supplied by the Heylo Group in support of its ongoing annual Financial Forecast Returns (FFR).

The board looks forward to concluding this review with the RoSH, first due in the first quarter of 2019 and now likely to be concluded in the Summer of 2020 as the RoSH has recognised that the innovative nature of HHRP may render the direct completion of NROSH (e.g. the Quarterly Risk and Financial Survey) and other regulatory returns confusing or indeed futile for some measures.

HHRP has completed the VFM metrics as it is obliged to do and as described in the Technical guidance note and shall supply additional information to demonstrate VFM when the information is available in May 2020 from the Heylo Group consolidated accounts. Clearly, as the business goes through further cycles of VFM reporting, it will be better able to show progress over time and against peers, especially other for-profit providers.

# Heylo Housing Registered Provider Limited

## Value for Money Statement For the Year Ended 30 September 2019

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### Governance and Financial Viability

The board of HHRP has assessed and is satisfied it is compliant with the Governance and Financial Viability Standard in its status as an actual provider.

The HHRP board has adopted a code of governance based on the NHF Code (promoting board excellence for housing associations) and was due to complete a review of its own performance in the first quarter of 2019, after the second anniversary of the appointment of the Chair of the board and would have by then included the first anniversaries of appointment of all other board members. This review was postponed by the resignation of Christine Whitehead in January 2019 and the planned recruitment of a new board member which was in turn postponed by the departure of the HHRP CEO in June 2019.

The board has agreed to conduct a review of governance, executive/operational support and its performance in 2020 upon the formal appointment of an additional, identified member and completion of the updated Heylo Group business plan, by the newly appointed Group CEO.

The HHRP board has also been involved in and kept abreast of the operational development programme being rolled out across the Heylo Group by the Group's COO. This programme has led to a full review of all policies and procedures, which has been supplemented through the rigorous, independent, due diligence reviews of Group businesses by prospective investors. The reports, published after the year-end, shall be made available to the RoSH and Homes England.

The Homes England Investment Partner Audit of the HH No.1 Ltd grant delivery agreement and programme shall also offer an independent assessment of the performance and compliance of a partner business and inform the HHRP governance and executive review.

The board meets regularly and has a risk management plan and schedule to help it review and respond to risks, including any current or emerging social housing sector risks identified by the regulator. As part of its routine risk assessment the board shall also ensure HHRP and the Heylo Group maintain a regularly updated Living Will, to scenario plan the impact of a failure of all or any Heylo Group constituent entity or key partner and the responses or actions required of HHRP.

The board will routinely re-assess its skills, experience, competencies and behaviours as the business continues to grow.

# Heylo Housing Registered Provider Limited

## Directors' Report For the Year Ended 30 September 2019

The directors present their report and the financial statements for the year ended 30 September 2019.

### Results and dividends

The profit for the year, after taxation, amounted to £Nil (2018: £Nil).

The directors do not recommend the payment of a dividend (2018: No dividend).

### Overview and principal activities

HHRP's entire share capital was acquired by HH No.1 in January 2017 and then in August 2018 was transferred to Heylo Housing Group Limited as part of a corporate reorganisation. HHRP is a registered provider of social housing with Homes England (registration number 4668). It leases properties from Heylo Group Property investment companies which are onward leased on a shared ownership basis. The Company complies with the Governance and Financial Viability Standard Code of Practice.

### Directors

The directors who served during the year were:

M Jones  
G J Moran  
W R N Raynsford

N A McAlpine-Lee (Resigned 31 August 2019)  
C Whitehead (Resigned 25 January 2019)

### Future developments

The business strategy of the Company is to provide shared ownership housing.

The impact of Covid-19 is disclosed in the Heylo Housing Group Limited financial accounts.

The directors have prepared the accounts on a going concern basis as the principal shareholder has agreed to provide necessary financial support.

### Qualifying third party indemnity provisions

The Heylo Group has put in place qualifying third-party indemnity provisions for all of the directors of Heylo Housing Registered Provider Limited which remain in force at the date of this report.

### Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information (being information needed by the auditor in connection with preparing their report), of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Post balance sheet events

On 5 March 2020, HH No.2 Limited entered into a £250,000,000 Facility Agreement with investors to enable it to invest in part-buy part-rent residential properties. HH No.2 Limited will therefore start working in partnership with HHRP.



# Heylo Housing Registered Provider Limited

## Directors' Report For the Year Ended 30 September 2019

### Auditors

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on

8<sup>th</sup> July 2020

and signed on its behalf.



**W R N Raynsford**  
Chairman

# Heylo Housing Registered Provider Limited

## Directors' Responsibility Report for the Year Ended 30 September 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 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 these financial statements, the directors are required to:

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

# Heylo Housing Registered Provider Limited

## Independent Auditor's Report to the Members of Heylo Housing Registered Provider Limited For the Year Ended 30 September 2019

### Opinion

We have audited the financial statements of Heylo Housing Registered Provider Limited for the year ended 30 September 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 14, 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 FRS 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 company's affairs as at 30 September 2019 and of its result for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

### Basis for opinion

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 below. 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.

### Emphasis of matter – disclosure of effects of COVID-19

We draw attention to note 2 and 13 of the financial statements, which describe the impact on the Company of COVID-19 in its operations and assessment of going concern. Our opinion is not modified in respect of this matter.

### Conclusions relating to going concern

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

- 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.

# Heylo Housing Registered Provider Limited

## Independent Auditor's Report to the Members of Heylo Housing Registered Provider Limited for the Year Ended 30 September 2019

### Other information

The other information comprises the information included in the report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in 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 directors' report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

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 directors' report. We have nothing to report in respect of the following matters in relation to which 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.

In examining the financial statements presented to us for audit, the Housing and Regeneration Act 2008 requires us to also consider and report on whether:

- the company keeps proper accounting records of its transactions and its assets and liabilities in relation to its housing activities; and
- the company maintains a satisfactory system of control of those records, its cash holdings and its receipts and remittances in relation to those activities.

We have nothing to report in this regard.

# Heylo Housing Registered Provider Limited

## Independent Auditor's Report to the Members of Heylo Housing Registered Provider Limited for the Year Ended 30 September 2019

### Responsibilities of directors

As explained more fully in the directors' responsibilities report set out on page 6, 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 <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### 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.

Andy  
Clewer

Digitally signed by Andy Clewer  
DN: cn=Andy Clewer,  
email=aclewer@uk.ey.com  
Date: 2020.07.14 14:55:44  
+01'00'

Andrew Clewer (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Luton  
Date

**Heylo Housing Registered Provider Limited**  
Company Number 06573772

**Statement of Comprehensive Income  
For the Year Ended 30 September 2019**

		30 September 2019	30 September 2018
	Note	£'000	£'000
Turnover	3	6,204	4,524
Operating expenditure	6	(6,204)	(4,524)
<b>Operating Profit</b>			-
Non-operating income/expenditure			-
Profit before Tax			-
Tax on profit			-
<b>Profit for the year</b>			-
Other comprehensive income for the year			-
<b>Profit and total comprehensive income for the year</b>			-

All profit and comprehensive income is attributable to the owners of the parent company.

The notes on pages 14 to 18 form part of these financial statements.

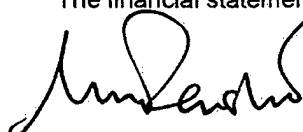
# Heylo Housing Registered Provider Limited

Company Number 06573772

## Statement of Financial Position As at 30 September 2019

	Note	30 September 2019 £'000	30 September 2018 £'000
<b>Current assets</b>			
Debtors: amount falling due within one year	8	53	63
		53	63
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	9	(53)	(63)
<b>Net current assets</b>			-
<b>Net assets</b>			-
<b>Capital and reserves</b>			
Called up share capital	11	-	-
Profit and loss account		-	-
		-	-

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



**W R N Raynsford**  
Chairman

The notes on pages 14 to 18 form part of these financial statements.

# Heylo Housing Registered Provider Limited

Company Number 06573772

## Statement of Changes in Equity For the Year Ended 30 September 2019

	Called up share capital	Profit and loss account	Total equity
	£'000	£'000	£'000
At 30 September 2018	-	-	-
Profit and total comprehensive income for the year	-	-	-
At 30 September 2019	-	-	-

## Statement of Changes in Equity For the Year End 30 September 2018

	Called up share capital	Profit and loss account	Total equity
	£'000	£'000	£'000
At 30 September 2017	-	-	-
Profit and total comprehensive income for the year	-	-	-
At 30 September 2018	-	-	-



# Heylo Housing Registered Provider Limited

## Notes to the Financial Statements For the Year Ended 30 September 2019

### 1. General information

Heylo Housing Registered Provider Limited ('the Company' or 'HHRP') is a private limited company incorporated and registered in England & Wales under the Companies Act and its registered number is 06573772. The registered office is 5th Floor, One New Change, London, EC4M 9AF. The Company is a registered provider of social housing with Homes England. The registered number for the Regulator of Social Housing is 4668.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' ('FRS 102'), the Companies Act 2006, The Housing Statement of Recommended Practice 2014 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £'000.

The preparation of financial statements in compliance with FRS 102 and the Housing Statement of Recommended Practice 2014 requires the use of certain critical accounting estimates. Management have not identified any significant judgements or estimates in applying accounting policies.

All income that passes through HHRP is classified as affordable housing by being in a standard shared ownership format, subject to the Homes England standard form rent setting and review formulae and/or benefiting from private subsidy through the planning system of public grant subsidy via Homes England.

The directors have prepared the accounts on the going concern basis as the parent undertaking has agreed to provide financial support, if required. The Directors are satisfied that the parent undertaking has the ability to facilitate that support and the key consideration in forming that opinion was the sufficiency of existing group wide cash balances in excess of committed property purchases.

The ownership of the long leasehold interests, grant and private subsidy obligations are held by the relevant Heylo investment pod and where relevant, Homes England Investment Partner entities. Disposal of interests in the properties will be notified where required by the Heylo investment pod, not the RP. The HHRP will only record and report on movement in unit numbers between annual SDR returns. The HHRP is currently excused by the Regulator of Social housing (RoSH) from having to submit quarterly reporting returns.

HHRP and the regulator recognise the low risk nature of the business model given that HHRP is only contracted to pay to the relevant Heylo Investment pod the revenues it receives as opposed to those receivable. This is described and confirmed in the Parent Support arrangements between HHGL and HHRP.

The following principal accounting policies have been applied:

#### 2.2 FRS 102 – reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102:

- the requirements of Section 7 'Statement of Cash Flows' and Section 8 'Financial Statement Presentation' paragraph 3.17(d). Accordingly, the Company's statement of cash flows is not presented

# Heylo Housing Registered Provider Limited

## Notes to the Financial Statements for the Year Ended 30 September 2019

- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A.

This information is included in the consolidated financial statements of Heylo Housing Group Limited as at 30 September 2019 and these financial statements may be obtained from 5th Floor, One New Change, London, EC4M 9AF.

### 2.3 Revenue

Revenue comprises of rental income received from the shared ownership properties. Rental income is recognised on a straight-line basis over the lease term.

### 2.4 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement.

The current income tax charge is calculated based on tax rates and laws that have been enacted or substantively enacted by the reporting date.

### 2.5 Financial instruments

#### Financial assets

##### Debtors

Short term debtors are measured at transaction value, less any impairment.

#### Financial liabilities

##### Creditors

Short term creditors are measured at the transaction value.

The structure of the HHRP leases are such that HHRP is only required to pay on to the Head Landlord (i.e. the Pod) the rental income (and other income) it receives under the underlying shared ownership leases. In addition, the monthly fee payable to ResiManagement under the Management Agreements is a percentage of the income collected by ResiManagement i.e. if no income is collected in any month, no fee is payable to ResiManagement.

### 3. Turnover

All revenue from continuing operations is attributable to properties located in the United Kingdom.

### 4. Auditor's remuneration

An audit fee of £6,100 (2018: £6,000) was borne by Heylo Housing Group Limited, the parent undertaking. The fee is not recharged.

# Heylo Housing Registered Provider Limited

## Notes to the Financial Statements for the Year Ended 30 September 2019

### 5. Directors Remuneration

The Company has no employees other than directors. W R N Raynsford received remuneration of £19,667, M Jones £15,000 and C Whitehead £2,125 for the year. Costs were borne by Heylo Housing Group Limited. The other directors did not receive remuneration in respect of their services for Heylo Housing Registered Provider Limited.

### 6. Operating expenditure

Operating expenditure relates to amounts incurred under the leases entered into with Heylo Group property investment companies.

### 7. Taxation

	30 September 2019 £'000	30 September 2018 £'000
Total current tax	-	-
Deferred tax	-	-
Total deferred tax	-	-
Taxation on profit	-	-

#### Factors that may affect future tax charges

On 26 October 2016, legislation was substantively enacted in the UK to reduce the standard rate of corporation tax to 19% from 1 April 2017 and 18% from 1 April 2020. On 6 September 2017, legislation was substantively enacted in the UK to reduce the rate from 1 April 2020 down from 18% to 17%.

### 8. Debtors: Amounts falling due within one year

	2019 £'000	2018 £'000
Tenant debtors	54	63
Unpaid share capital	-	-
	54	63

Tenant debtors comprise of rental owed by shared ownership leaseholders.

# Heylo Housing Registered Provider Limited

## Notes to the Financial Statements For the Year Ended 30 September 2019

### 9. Creditors: Amounts falling due within one year

	2019 £'000	2018 £'000
Leasehold creditors	54	63

Leasehold creditors comprise of amounts owed to HH No.1 Limited, HH No.3 Limited and Heylo Housing Secured Bond Plc Limited under its leases.

### 10. Financial instruments

	2019 £'000	2018 £'000
<b>Financial assets</b>		
Financial assets measured at amortised cost	54	63
Unpaid share capital measured at amortised cost	-	-
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(54)	(63)

Financial assets measured at amortised cost comprise trade debtors and unpaid share capital.

Financial liabilities measured at amortised cost comprise trade creditors.

### 11. Share capital

	2019 £'000	2018 £'000
<b>Shares classified as equity</b>		
<b>Allotted and called up</b>		
200 Ordinary shares of £1 each	-	-
The allotted shares are not fully paid (note 8).	-	-

The shares have attached to them full voting, dividend and capital distribution rights. They do not confer any rights of redemption.

# Heylo Housing Registered Provider Limited

## Notes to the Financial Statements For the Year Ended 30 September 2019

### 12. Related party transactions

Up to August 2018 the Company was a wholly owned subsidiary of HH No. 1 Limited. As part of a corporate reorganisation HHRP is now a wholly owned subsidiary of Heylo Housing Group Limited, the immediate and ultimate parent undertaking which is incorporated in England and Wales. The Company has taken advantage of the option provided by paragraph 33.1A of Section 33, 'Related Party Disclosures', of FRS 102 which allows the Company not to disclose transactions with wholly-owned members of the group headed by Heylo Housing Group Limited.

Except as disclosed elsewhere in the financial statements, there are no other related party transactions.

### 13. Post balance sheet events

On 5 March 2020, HH No.2 Limited entered in a £250,000,000 Facility Agreement with investors to enable it to invest in part-buy part-rent residential properties. HH No.2 Limited will therefore start working in partnership with HHRP.

Following the balance sheet date, COVID-19 has spread rapidly. Government has implemented significant restrictions on movement of people and trade in order to contain the further spread of the virus. The Group and the Company reaffirm that the operational performance of its rental portfolio continues within 5-10% of expectations and the Covid-19 pandemic has, to date, had only had a limited impact on the Group's and the Company's cashflow

As the Covid-19 developments remain ongoing, it is premature to assess the implications of recent events on market pricing of underlying assets, which could have a material adverse impact on the carrying value of investment property. Whilst the full consequences of the pandemic and its effects on the portfolio cannot yet be known, the Group and Company believe that its liquidity position, its business model, diversified portfolio and its focus on risk mitigation combined with operational cash and funding reserves, offer a significant degree of protection against liquidity risk.

### 14. Controlling party

The largest and smallest group in which the Company are consolidated is that headed by Heylo Housing Group Limited. The consolidated accounts of Heylo Housing Group Limited are available to the public from its registered office, 5th Floor, One New Change, London, EC4M 9AF.

The ultimate controlling party is the parent company.