

12.

Company No: 07517785



# Hera Management Services Limited

Annual Report and Financial Statements

Year ended 31 March 2018

FRIDAY



\*A7DZUCJL\*

A22

07/09/2018

#41

COMPANIES HOUSE

## Contents of the Annual Report

	<b>Page</b>
Legal and Administrative Details	1
Directors' Report	2
Independent Auditor's Report	4
Statement of Comprehensive Income	6
Statement of Changes in Equity	6
Statement of Financial Position	7
Notes to the Financial Statements	8

## Legal and Administrative Details

### Directors

Valerie Owen	Chair – Resigned 1 April 2017
Alan Palmer	Resigned 1 April 2017
Sukhvinder Kaur-Stubbs	Resigned 1 April 2017
John Synnuck	
Parmjit Dhanda	Resigned 1 April 2017
Peter Baynham	Resigned 1 April 2017
Marie Li Mow Ching	Resigned 1 April 2017
Sheila Lewis	Resigned 1 April 2017
Jamie Smith	

### Secretary

Jamie Smith	Resigned 22 March 2018
Susan McBride	Appointed 22 March 2018

### Registered office

Pilgrim House  
High Street  
Billericay  
Essex  
CM12 9XY

### Banker

Royal Bank of Scotland plc  
29 East Walk  
Basildon  
Essex  
SS14 1HD

### External Auditor

Grant Thornton UK LLP  
101 Cambridge Science Park  
Milton Road  
Cambridge  
CB4 0FY

### Internal Auditor

RSM Risk Assurance Services LLP  
25 Farringdon Street  
London  
EC4A 4AB

### Solicitor

Devonshires Solicitors LLP  
Salisbury House  
Finsbury Circus  
London  
EC2M 7DT

Company's Registered Number 07517785

## Directors' Report

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

### Principal activity

Hera Management Services Limited (the "Company") principal activity is the provision of property management services and consultancy concerning housing related IT systems.

### Review of the business

The Company recorded a pre-tax loss for the year of £19,839 (2017: profit of £483,897). The movement in the loss for the year and the profit in the prior year is due to the decision of the immediate parent undertaking (Swan New Homes Limited) to waive the debt owed to them of £572,000 during the prior year. The Directors who served during the year are detailed on page 1.

### Statement of Comprehensive Income

The Statement of Comprehensive Income is presented with these financial statements on page 6.

### Directors' Responsibilities Statement

The Directors are responsible for preparing 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 laws, 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 and profit or loss of the Company for that year.

In preparing these financial statements, the Directors are required to:

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

### Directors' Indemnity Insurance

The Company maintains directors' and officers' liability insurance for its Board members and officers, which is renewed annually.

### Disclosure of information

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 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.

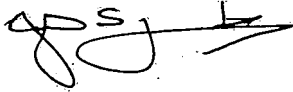
## Directors' Report (continued)

### Auditor

A resolution to reappoint Grant Thornton UK LLP as auditor of the Company is to be proposed in accordance with Section 485 Companies Act 2006.

In preparing this report, the Directors have taken advantage of the small companies exemption in Part 15 of the Companies Act 2006.

Approved by the Board of Directors and signed on their behalf by:

A handwritten signature in black ink, appearing to be 'JS', with a long horizontal stroke extending to the right.

John Synnuck  
12 July 2018

# **Independent Auditor's Report to the Members of Hera Management Services Limited**

## **Opinion**

We have audited the financial statements of Hera Management Services Limited (the 'Company') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position and 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 2018 and of its loss 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.

## **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. 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.

## **Who we are reporting to**

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.

## **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.

## **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.

# **Independent Auditor's Report to the Members of Hera Management Services Limited (continued)**

## **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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has 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 Directors' report.

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

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; or
- the Directors were not entitled to take advantage of the small companies exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

## **Responsibilities of Directors for the financial statements**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



Tobias Wilson BA (Hons), FCA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Norwich

1 August 2018

## Statement of Comprehensive Income

	Notes	2018 £	2017 £
Turnover	7	535,412	462,732
Cost of sales		<u>(459,707)</u>	<u>(356,646)</u>
<b>Gross profit</b>		75,705	106,086
Administrative expenses		<u>(90,770)</u>	<u>(152,134)</u>
<b>Operating loss</b>		(15,065)	(46,048)
Interest receivable and similar income	10	1,515	1,060
Interest payable and similar charges	9	(6,289)	(43,115)
Waiver of debt owed to parent undertaking	8	<u>-</u>	<u>572,000</u>
<b>(Loss)/profit on ordinary activities before taxation</b>	8	(19,839)	483,897
Tax charge on (loss)/profit on ordinary activities	11	-	-
<b>(Loss)/profit for the financial year being total comprehensive (expenditure)/income for the year</b>		<u>(19,839)</u>	<u>483,897</u>

All of the Company's operations are classified as continuing. There were no gains or losses in either year, other than those included in the Statement of Comprehensive Income above.

The notes on pages 8 to 14 form part of these financial statements.

## Statement of Changes in Equity

	Share Capital £	Profit and loss account £	Total £
Balance as at 1 April 2016	1	(459,771)	(459,770)
Total comprehensive income for the year	-	483,897	483,897
Balance as at 31 March 2017	<u>1</u>	<u>24,126</u>	<u>24,127</u>
Total comprehensive expense for the year	-	(19,839)	(19,839)
<b>Balance as at 31 March 2018</b>	<u>1</u>	<u>4,287</u>	<u>4,288</u>

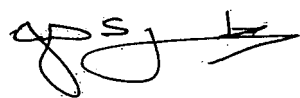


## Statement of Financial Position

	Notes	2018 £	2017 £
<b>Fixed assets</b>			
Intangible fixed assets	12	-	-
Tangible fixed assets	13	2,458	4,458
		<u>2,458</u>	<u>4,458</u>
<b>Current assets</b>			
Stock		1,032	558
Debtors	14	46,323	47,496
Cash at bank and in hand		10,123	1,200
		<u>57,478</u>	<u>49,254</u>
<b>Creditors - amounts falling due within one year</b>	15	(55,648)	(29,585)
<b>Net current assets</b>		<u>1,830</u>	<u>19,667</u>
<b>Total assets less current liabilities being net assets</b>		<u>4,288</u>	<u>24,127</u>
<b>Capital and reserves</b>			
Share capital	16	1	1
Profit and loss account		4,287	24,126
<b>Shareholders' funds</b>		<u>4,288</u>	<u>24,127</u>

The notes on pages 8 to 14 form part of these financial statements.

The financial statements were approved by the Board of Directors on 12 July 2018 and were signed on its behalf by:



J Synnuck  
Company Number 07517785

## Notes to the Financial Statements

### 1. Company Information

Hera Management Services Limited is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is Pilgrim House, High Street, Billericay, Essex CM12 9XY.

### 2. Basis of Preparation

The financial statements of the Company have been prepared in compliance with United Kingdom accounting standards, including FRS 102 'the Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102'), and Companies Act 2006.

The principal accounting policies applied in the preparation of these financial statements are set out below in note 4. These policies have been consistently applied in all years presented, unless stated otherwise.

These financial statements are prepared on a going concern basis, under the historical cost convention.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS102, as it is a qualifying entity and its financial statements are included in the consolidated financial statements of its ultimate parent company, Swan Housing Association Limited (see note 19).

- the requirements of Section 4 Statement of Financial Position 4.12 (a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d)
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c); and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent undertaking, Swan Housing Association Limited, includes the Company's cash flows in its consolidated financial statements.

#### Going concern

On the basis of their assessment of the trading prospects and other aspects of its financial position, the Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. The Company has the benefit of a facility of up to £428,000 provided by Swan New Homes Limited at an interest rate of 0.5% over the lender's cost of funds which was repayable on 30 March 2019, but which has been extended since the balance sheet date and is now repayable on 30 March 2022. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

### 3. Significant judgements and estimates

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the year end and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Due to the nature of the Company's activities, the Directors consider that there are no significant judgements or key sources of estimation uncertainty.

## Notes to the Financial Statements (continued)

### 4. Principal Accounting Policies

#### Turnover

Turnover represents the amounts receivable from the provision of the Company's services and is stated exclusive of VAT.

Management fees in relation to property management are recognised when the services have been provided in line with the agreed contract.

Adhoc property fees are recognised when the agreed service or product has been performed or provided.

Consultancy fees are recognised at the point at which the service is provided.

#### Expenditure

Net operating expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms.

#### Interest payable

Interest payable is recognised on a time apportioned basis by reference to the principal outstanding and the effective interest rate. Borrowing costs are recognised in the Statement of Comprehensive Income on an accruals basis in the period in which they are incurred.

#### Taxation

Current tax is recognised for the amount of corporation tax payable in respect of the taxable surplus for the current or past reporting periods using the rates and laws that have been enacted or substantially enacted at the reporting date.

#### Deferred taxation

Deferred tax is recognised in respect of all timing differences at the reporting date, except as indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

Deferred tax is calculated using the rates and laws enacted or substantively enacted at the reporting date that are expected to apply to the reversal of the timing difference. Deferred tax liabilities are presented in provisions for liabilities and deferred tax assets in debtors. Such assets and liabilities are only offset where the Company has a legal right of set off.

#### VAT

The Company is registered for VAT and consequently expenditure is shown exclusive of VAT.

#### Pensions

The Company currently operates a defined contribution benefit schemes for active members. The charge to expenditure represents the employer contribution payable to the scheme for the accounting period.

#### Tangible fixed assets

Tangible fixed assets represents the cost of acquisition less depreciation charged over the anticipated life of the underlying asset using the straight line method at the following rate:

Computer equipment over 4 years.

#### Intangible fixed assets

Intangible fixed assets represents the cost of goodwill arising on the acquisition of the business of Swicks & Co Limited on 1 April 2011. Amortisation is charged on a straight line basis over the expected useful life of 20 years. This intangible fixed asset is now fully amortised.

#### Trade debtors

Trade debtors which do not carry any interest are stated at their fair value amount and included in current assets where maturity is less than 12 months.

#### Trade creditors

Trade creditors on normal terms are not interest bearing and are stated at their fair value.

## Notes to the Financial Statements (continued)

### 5. Directors' remuneration

None of the Directors received any remuneration for their qualifying services to the Company in the year (2017: £nil). The Company does not currently provide a retirement benefits scheme for its Directors in either the current or proceeding years.

### 6. Staff numbers and costs

The average monthly number of persons (including Executive Directors) employed by the Company during the year was:

	2018 No.	2017 No.
Administrative team	9	10
	<u>9</u>	<u>10</u>

The aggregate payroll cost of these persons was as follows:

	2018 £	2017 £
Wages and salaries	283,447	247,378
Social security costs	29,379	22,436
Other Pension Costs	2,480	1,145
	<u>315,306</u>	<u>270,959</u>

The Company has a defined contribution stakeholder pension scheme for its staff. The number of staff who participated in the scheme during the year ended 31 March 2018 was 13 (2017: 11), the cost of which was £2k (2017: £1k).

### 7. Turnover

	2018 £	2017 £
Turnover by activity comprises of:		
Property management	535,412	393,727
IT consultancy	-	69,005
	<u>535,412</u>	<u>462,732</u>

All of the Company's turnover has been derived in the UK.

## Notes to the Financial Statements (continued)

### 8. (Loss)/profit on ordinary activities before tax

	2018	2017
	£	£
(Loss)/profit on ordinary activities before tax is stated after charging/(crediting):		
Depreciation of tangible fixed assets	2,000	4,592
Amortisation of intangible fixed assets	-	2,048
Impairment of intangible fixed assets	-	67,575
Waiver of debt owed to parent undertaking	-	(572,000)

On 30 March 2017, Swan New Homes Limited notified the Company that it had decided to waive the then balance of £572,000 owing by the Company to it.

Auditor's remuneration for audit services to the Company amounting to £2,500 (2017: £2,500) were borne by Swan Housing Association Limited.

### 9. Interest payable and similar charges

	2018	2017
	£	£
Interest payable to immediate parent undertaking	320	37,266
Bank charges	5,969	5,849
	<u>6,289</u>	<u>43,115</u>

### 10. Interest receivable and similar income

	2018	2017
	£	£
Bank interest	<u>1,515</u>	<u>1,060</u>

## Notes to the Financial Statements (continued)

### 11. Tax charge on (loss)/profit on ordinary activities

	2018 £	2017 £
UK corporation tax on (loss)/profit for the year	-	-
Tax charge on (loss)/profit on ordinary activities recorded in the Statement of Comprehensive Income	-	-
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Tax reconciliation</b>		
(Loss)/profit on ordinary activities before tax	(19,838)	483,897
(Loss)/profit on ordinary activities multiplied by standard rate of Corporation Tax in the UK for the period of 19% (2017: 20%):	(3,769)	96,779
Permanent differences	(201)	(100,648)
Group relief	3,970	3,869
Total tax charge on profit on ordinary activities	-	-

A deferred tax asset of £29k (2017: £29k) relating to tax losses carried forward amounted to £170k (2017: £170k) has not been recognised since, although the Directors expect the business to generate future profits capable of offset by the losses, they do not consider that it is probable that they will be utilised in the foreseeable future.

#### Factors impacting future taxes

The Company is a wholly owned subsidiary of a charitable Company and was formed on the expectation that its profits would be donated to its charitable parent under the gift aid scheme. Such donations if made within nine months of the end of an accounting period may be used to reduce the corporation tax payable in respect of the profits of that year. No provision for such a donation out of the 2018 profits has been included in these financial statements since no obligation to make that payment exists, however the Directors expect that such a donation will be made within nine months of 31 March 2018 and the corporation tax liability above will be correspondingly relieved.

The UK Government has announced that the rate of UK Corporation tax will reduce to 17% with effect from 1 April 2020.

## Notes to the Financial Statements (continued)

### 12. Intangible fixed assets

	Goodwill
	£
<b>Cost</b>	
At 1 April 2017 and at 31 March 2018	<u>81,909</u>
<b>Amortisation</b>	
At 1 April 2017 and at 31 March 2018	<u>81,909</u>
<b>Net book value</b>	
At 31 March 2018	<u>-</u>
At 31 March 2017	<u>-</u>

### 13. Tangible fixed assets

	Computer equipment
	£
<b>Cost</b>	
At 1 April 2017 and at 31 March 2018	<u>42,995</u>
<b>Depreciation</b>	
At 1 April 2017	38,537
Charge for the year	<u>2,000</u>
At 31 March 2018	<u>40,537</u>
<b>Net Book Value</b>	
At 31 March 2018	<u>2,458</u>
At 31 March 2017	<u>4,458</u>

### 14. Debtors

	2018	2017
	£	£
Trade debtors	21,205	25,062
Amounts owed by group undertakings	-	9,267
Other debtors	3,132	-
Other taxes	-	25
Prepayments and accrued income	<u>21,986</u>	<u>13,142</u>
	<u>46,323</u>	<u>47,496</u>

## Notes to the Financial Statements (continued)

### 15. Creditors: amounts falling due within one year

	2018	2017
	£	£
Amounts owing to group undertakings	27,378	20
Other taxes and social security costs	8,144	6,144
Other creditors	520	1,141
Deferred consideration payable	-	439
Accruals	19,606	21,841
	<u>55,648</u>	<u>29,585</u>

### 16. Share capital

	2018	2017
	£	£
Called up, allotted and fully paid		
1 Ordinary share of £1	1	1
	<u>1</u>	<u>1</u>

### 17. Related party transactions

The Company is entitled to the exemption allowed by FRS102 in relation to the disclosure of transactions with other companies in the group and its results are consolidated in the accounts for Swan Housing Association Limited.

### 18. Contingent liabilities

As a member of a VAT group, whose representative member is Swan Housing Association Limited, the Company has joint and several liability for amounts owing which at 31 March 2018 were £nil (2017: £576k).

### 19. Ultimate parent undertaking

Hera Management Services Limited is a wholly owned subsidiary of Swan New Homes Limited, the immediate parent undertaking. The Directors regard Swan Housing Association Limited, a Registered Society and a Co-operative and Benefit Society incorporated and registered in England and Wales, as its ultimate parent undertaking and controlling party.

The smallest and largest group to consolidate the results of the Company is that headed by Swan Housing Association Limited. Consolidated financial statements of Swan Housing Association Limited can be obtained from its registered office at Pilgrim House, High Street, Billericay, Essex CM12 9XY.