

# **Housing Growth Partnership Limited**

(England & Wales: 09504850)

## **Financial Statements**

**For the year ended 31 March 2017**

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**GENERAL INFORMATION**

Directors	J Feeney A Hulme SD Cruickshank (resigned 23 June 2016) PA Shepherd (resigned 31 July 2016) HB Swales (resigned 23 June 2016)
Secretary	P Gittins
Registered Office	C/o Lloyds Banking Group Plc 25 Gresham Street London, EC2V 7HN
Investment Manager	Housing Growth Partnership Manager Limited C/o Lloyds Banking Group Plc 25 Gresham Street London, EC2V 7HN
Solicitors	Pinsent Masons LLP 30 Crown Place London, EC2A 4ES
Bankers	Lloyds Banking Group Plc 25 Gresham Street London, EC2V 7HN
Independent Auditors	PricewaterhouseCoopers LLP 7 More London Riverside London, SE1 2RT
Administrators	Langham Hall UK Services LLP 5th Floor 5 Old Bailey London, EC4M 7BA

## **DIRECTORS' REPORT**

The Directors submit their report together with the financial statements of Housing Growth Partnership Limited ("the Company") for the year ended 31 March 2017 along with the comparative period from 23 March 2015 to 31 March 2016.

The Company was incorporated on 23 March 2015. The company is limited by shares, as per the certificate of incorporation filed on companies house.

### **Dividends**

No dividends were paid or proposed during the year ended 31 March 2017 (2016 nil).

### **Business Review**

The company is an investment holding company with investments in subsidiaries, joint ventures and associates.

The loss for the year to 31 March 2017 was £893,091 (2016: £2,949,740). The total assets at 31 March 2017 were £9,727,103 (2016: £6,939,821). The increase in assets includes investments of £7,229,253 (2016: £2,001,109). The directors are satisfied with the financial position of the company.

### **Going Concern**

As set out in Note 2 'Going concern – Principles underlying going concern assumption' of the notes to the financial statements, the directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future and consequently the going concern basis continues to be appropriate in preparing the financial statements.

### **Directors**

The directors of the Company who were in office during the year end and up to the date of signing the financial statements are shown on page 3.

### **Directors' indemnities**

Lloyds Banking Group Plc has granted to the Directors of the Company, (including former Directors who resigned during the year), a deed of indemnity through deed poll which constituted 'qualifying third party indemnity provisions' for the purposes of the Companies Act 2006. The deed was in force during the whole of the financial year and at the date of approval of the financial statements (or from the date of appointment in respect of the Directors who joined the Board of the Company during the financial year). Directors no longer in office but who served on the Board of the Company at any time in the financial year had the benefit of this contract of indemnity during that period of service. The indemnity remains in force for the duration of a Director's period of office. The deed indemnifies the Directors to the maximum extent permitted by law. The Deed for existing Directors is available for inspection at the registered office of Lloyds Banking Group Plc. In addition, Lloyds Banking Group Plc has in place appropriate Directors and Officers Liability Insurance cover which was in place throughout the financial year.

### **Statement of Directors' Responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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.

## **DIRECTORS' REPORT (Continued)**

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Financial Risk Management Objectives and Policies**

The Company is exposed to a variety of financial risks as a result of its activities. These risks include market risk (including changes in asset values), credit risk and liquidity risk. These risks have been considered by the directors in forming their judgement to adopt a going concern basis in preparing the financial statements of the Company. These risks are further detailed in note 4.

### **Employees**

The Company has no employees. The key management personnel have been identified as the directors of Housing Growth Partnership Limited. The directors received no remuneration for their services to the Company.

### **Disclosure of Information to the Auditors**

Each of the persons who is a director at the date of this report confirms that:

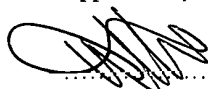
- as far as each of them is aware, there is no information relevant to the audit of the Company's financial statements for the year ended 31 March 2017 of which the auditors are unaware; and
- the director has taken all steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor aware of that information.

This confirmation is given and should be interpreted in accordance with provisions of section 418 of the Companies Act 2006.

### **Independent Auditors**

PricewaterhouseCoopers LLP are deemed to be re-appointed as auditor under section 487(2) of the Companies Act 2006.

Approved by the board of directors and signed on its behalf by:

  
ANDREW HULME  
Director

30 November 2017

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOUSING GROWTH PARTNERSHIP LIMITED**

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**Report on the financial statements**

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**Our opinion**

In our opinion, Housing Growth Partnership Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss and cash flows for the year then ended;
  - have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
  - have been prepared in accordance with the requirements of the Companies Act 2006.
- 

**What we have audited**

The financial statements, included within the Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 March 2017;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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

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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.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Directors' Report. We have nothing to report in this respect.

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**Other matters on which we are required to report by exception**

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**Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, 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.

We have no exceptions to report arising from this responsibility.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOUSING GROWTH PARTNERSHIP LIMITED (Continued)**

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**Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

**Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

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

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**Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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**What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Directors' Report, we consider whether this report includes the disclosures required by applicable legal requirements.



Jonathan Hinchliffe (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
/ December 2017

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	Year Ended 31 March 2017 £	Period Ended 31 March 2016 £
Finance income	6	321	-
Administrative expenses	5	(893,199)	(2,665,883)
Finance costs	6	(213)	(339)
Fund setup cost		-	(283,518)
<b>Loss before tax</b>		<b>(893,091)</b>	<b>(2,949,740)</b>
Taxation	14	-	-
<b>Loss for the year/period</b>		<b>(893,091)</b>	<b>(2,949,740)</b>
Other comprehensive income		-	-
<b>Total other comprehensive loss for the year/period</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year/period</b>		<b>(893,091)</b>	<b>(2,949,740)</b>

The accompanying Notes on pages 12 to 20 form an integral part of these Financial Statements.



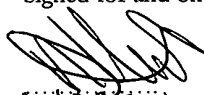
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

		As at 31 March 2017	As at 31 March 2016
ASSETS	Notes	£	£
<b>Non-current assets</b>			
Investment in subsidiaries	7	4,694,995	1,770,469
Investments in associates and joint ventures	8	4,535,367	230,640
<b>Total non-current assets</b>		<b>9,230,362</b>	<b>2,001,109</b>
<b>Current assets</b>			
Trade and other receivables	9	56,116	3,000,130
Cash and cash equivalents	10	440,625	1,938,582
<b>Total current assets</b>		<b>496,741</b>	<b>4,938,712</b>
<b>Total assets</b>		<b>9,727,103</b>	<b>6,939,821</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	15	100	100
Accumulated losses		(3,842,831)	(2,949,740)
<b>Total equity</b>		<b>(3,842,731)</b>	<b>(2,949,640)</b>
<b>Non-current liabilities</b>			
Loans and borrowings	13	13,537,404	9,701,351
<b>Total non-current liabilities</b>		<b>13,537,404</b>	<b>9,701,351</b>
<b>Current liabilities</b>			
Trade and other payables	11	32,430	188,110
<b>Total current liabilities</b>		<b>32,430</b>	<b>188,110</b>
<b>Total equity and liabilities</b>		<b>9,727,103</b>	<b>6,939,821</b>

These financial statements have been prepared in accordance with The Companies Act 2006 as applicable to companies using IFRS.

The Financial Statements on pages 8 to 11 were approved by the Board on 30 November 2017

Signed for and on behalf of the Board of Directors

  
ANDREW HULME  
Director

The accompanying Notes on pages 12 to 20 form an integral part of these Financial Statements.

**STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31 MARCH 2017**

	<u>Share capital</u>	<u>Accumulated losses</u>	<u>Total equity</u>
	<u>£</u>	<u>£</u>	<u>£</u>
<b>As at 23 March 2015</b>	-	-	-
Total comprehensive loss for the period	-	(2,949,740)	(2,949,740)
Other comprehensive income	-	-	-
Issue of share capital	100	-	100
<b>Balance as at 31 March 2016</b>	<u>100</u>	<u>(2,949,740)</u>	<u>(2,949,640)</u>
Total comprehensive loss for the year	-	(893,091)	(893,091)
Other comprehensive income	-	-	-
<b>Balance as at 31 March 2017</b>	<u><u>100</u></u>	<u><u>(3,842,831)</u></u>	<u><u>(3,842,731)</u></u>

The accompanying Notes on pages 12 to 20 form an integral part of these Financial Statements.

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017**

	<b>Year ended 31 March 2017</b>	<b>Period ended 31 March 2016</b>
	<b>£</b>	<b>£</b>
<b>Operating activities</b>		
Loss before tax	(893,091)	(2,949,740)
Decrease/(increase) in receivables	2,944,014	(3,000,030)
(Decrease)/ increase in payables	(155,680)	188,110
<b>Net cash flow from/(used in) operating activities</b>	<b>1,895,243</b>	<b>(5,761,660)</b>
<b>Investing activities</b>		
Payments for associates, joint ventures and subsidiaries	(30)	(75)
Loans advanced to associates and joint ventures	(5,924,576)	(230,590)
Loans advanced to subsidiaries	(1,304,647)	(1,770,444)
<b>Net cash flow used in investment activities</b>	<b>(7,229,253)</b>	<b>(2,001,109)</b>
<b>Financing activities</b>		
Proceeds from borrowings	3,836,053	9,701,351
<b>Net cash flow from financing activities</b>	<b>3,836,053</b>	<b>9,701,351</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(1,497,957)</b>	<b>1,938,582</b>
Cash and cash equivalents at the beginning of the year / period	1,938,582	-
<b>Cash and cash equivalents at the end of the year / period</b>	<b>440,625</b>	<b>1,938,582</b>

The accompanying Notes on pages 12 to 20 form an integral part of these Financial Statements.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

**1 GENERAL INFORMATION**

The Company is incorporated and domiciled in the United Kingdom. The registered office is located at C/o Lloyds Banking Group Plc 25 Gresham Street, London, EC2V 7HN.

The Company's principal activity is to make, hold, monitor and realise investments, being principally equity and equity-related investments in projects developed in conjunction with UK based house builders. The Company seeks to support the regional housebuilding community in growing its capacity and increasing the number of new homes built.

**2 ACCOUNTING POLICIES**

**a) Basis of preparation**

The financial statements of the Company have been prepared on a going concern basis, applying the historical cost basis. The financial statements are presented in Great British Pounds (£). The financial statements have been prepared in accordance with The Companies Act 2006 as applicable to companies using International Financial Reporting Standards (IFRSs) as issued by the IFRS Interpretations Committee (IFRS IC) and as adopted by the European Union.

These financial statements are prepared for the year from 1 April 2016 to 31 March 2017.

These separate Financial Statements contain information about the Company only and do not contain consolidated financial information. The Company has taken advantage of the exemptions under IFRS 10 Consolidated Financial Statements and Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements and from accounting for its equity investments in joint ventures by the equity method. The Company and its investees are included in the consolidated Financial Statements of the Company's ultimate parent company.

The Company has adopted all the Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the IFRS Interpretations Committee (IFRS IC) of the IASB that are relevant to its operations and effective for accounting periods beginning from 1 April 2016.

**b) Cash flow statement**

The company reports cash flows from operating activities using the indirect method. Interests received and paid are presented within financing cash flows.

**c) New standards, amendments and interpretations issued but not yet effective**

As at 31 March 2017, the following new or amended standards and interpretations, which have not been applied in these financial statements, had been issued by the International Accounting Standards Board (IASB) but are yet to become effective.

Standard / interpretation	Content	Applicable for financial years beginning on/after
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019

The adoption of IFRS 9, which the Company plans to adopt for the year beginning 1 April 2018, may impact both the measurements and disclosures of financial instruments. The adoption of IFRS 15 and IFRS 16 are not expected to impact on the Company's financial statements.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Continued)**

**2 ACCOUNTING POLICIES (Continued)**

**d) Going concern – Principles underlying going concern assumption**

The Directors are satisfied that it is the intention of Housing Growth Partnership LP that its subsidiaries, including the Company, will continue to have access to liquidity and capital resources for the foreseeable future and, accordingly, the financial statements have been prepared on a going concern basis.

**e) Investment in associates, joint ventures and subsidiaries**

Investments in associates, joint ventures and subsidiaries are initially recognised at cost and held at cost less any adjustments required by annual impairment reviews.

**f) Trade and other receivables**

Trade and other receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

**g) Cash and cash equivalents**

Cash and cash equivalents in the Statement of Financial Position comprise cash in hand and at bank.

**h) Loans and Borrowings**

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

**i) Trade and other payables**

Trade and other payables are recognised and carried at amortised cost. Where the time value of money is material, payables are subsequently carried at amortised cost. Generally this results in their recognition at their nominal value.

**j) Taxation**

Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in Other Comprehensive Income (OCI).

Current tax represents the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is not recognised for the following temporary differences:

- the initial recognition of assets and liabilities in a transaction that is not a business combination, which affects neither accounting nor taxable profits or losses; and
- investments in subsidiaries where the Company controls the timing of the reversal of temporary differences and it is probable that these differences will not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the asset or liability and is not discounted.

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses and other temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Continued)**

**3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the Company's Financial Statements requires the Directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected.

**Accruals and provisions**

Estimates relating to the Company are accruals for management fee and administration expenses. The directors monitor the level of expenditure incurred against the Company's service agreements and accruals are provided for when necessary.

Impairment of the Company's investments is a key source of estimation uncertainty; however, in accordance with the accounting policy of the Company, investments are initially recognised at cost and held at cost less any adjustments required by annual impairment reviews.

**4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company is exposed to a variety of financial risks as a result of its activities. These risks include market risk (including changes in asset values), credit risk and liquidity risk. These risks have been considered by the Directors in forming their judgement to adopt a going concern basis in preparing the financial statements of the Company.

**a) Market risk**

The Company is affected by the performance of the UK housing market which affects the valuation of certain of the Company's main non-financial assets. Market risk is managed by having a valuation review process, which looks at costs incurred, costs to complete and sales proceeds for individual investments.

**b) Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company has not yet made any sales and its exposure to credit risk is therefore limited to cash deposits with banks and financial institutions.

**c) Liquidity risk**

The Company monitors its risk of a shortage of funds using detailed cash flow monitoring. Liquidity risk is managed by ensuring that the level and maturity of shareholder loans used to finance the investments matches the forecast operational or capital cash flows from its portfolio.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Continued)

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

c) Liquidity risk (Continued)

The maturity analysis of financial instruments is as follows:

As at 31 March 2017	Less than 1 year	From 1 to 5 years	After 5 years	TOTAL
	£	£	£	£
<b>Financial assets</b>				
Trade and other receivables	56,116	-	-	56,116
Cash and cash equivalents	440,625	-	-	440,625
	<u>496,741</u>	<u>-</u>	<u>-</u>	<u>496,741</u>
<b>Financial liabilities</b>				
Loans and borrowings	-	-	13,537,404	13,537,404
Trade and other payables	32,430	-	-	32,430
	<u>32,430</u>	<u>-</u>	<u>13,537,404</u>	<u>13,569,834</u>

As at 31 March 2017	Less than 1 month	From 1 to 3 months	From 3 to 12 months	TOTAL
	£	£	£	£
<b>Financial assets</b>				
Trade and other receivables	56,116	-	-	56,116
Cash and cash equivalents	440,625	-	-	440,625
	<u>496,741</u>	<u>-</u>	<u>-</u>	<u>496,741</u>
<b>Financial liabilities</b>				
Trade and other payables	-	32,430	-	32,430
	<u>-</u>	<u>32,430</u>	<u>-</u>	<u>32,430</u>

As at 31 March 2016	Less than 1 year	From 1 to 5 years	After 5 years	TOTAL
	£	£	£	£
<b>Financial assets</b>				
Trade and other receivables	3,000,130	-	-	3,000,130
Cash and cash equivalents	1,938,582	-	-	1,938,582
	<u>4,938,712</u>	<u>-</u>	<u>-</u>	<u>4,938,712</u>
<b>Financial liabilities</b>				
Loans and borrowings	-	-	9,701,351	9,701,351
Trade and other payables	188,110	-	-	188,110
	<u>188,110</u>	<u>-</u>	<u>9,701,351</u>	<u>9,889,461</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Continued)

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

c) Liquidity risk (Continued)

As at 31 March 2016	Less than 1 month £	From 1 to 3 months £	From 3 to 12 months £	TOTAL £
<b>Financial assets</b>				
Trade and other receivables	3,000,130	-	-	3,000,130
Cash and cash equivalents	1,938,582	-	-	1,938,582
	<b>4,938,712</b>	<b>-</b>	<b>-</b>	<b>4,938,712</b>
<b>Financial liabilities</b>				
Trade and other payables	-	188,110	-	188,110
	<b>-</b>	<b>188,110</b>	<b>-</b>	<b>188,110</b>

5 ADMINISTRATIVE EXPENSES

	Year ended 31 Mar 2017 £	Period ended 31 Mar 2016 £
Management fees	807,208	2,516,761
Irrecoverable VAT	14,082	18,457
Audit fees	15,107	18,318
Other	56,802	101,247
Taxation fees	-	11,100
<b>Total administrative expenses</b>	<b>893,199</b>	<b>2,665,883</b>

6 FINANCE INCOME / (EXPENSE)

	Year ended 31 Mar 2017 £	Period ended 31 Mar 2016 £
Interest Income	321	-
<b>Finance Income</b>	<b>321</b>	<b>-</b>
Interest Expense	(213)	(339)
<b>Finance Expense</b>	<b>(213)</b>	<b>(339)</b>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Continued)**

**7 INVESTMENT IN SUBSIDIARIES**

	<b>Loans</b>	<b>Capital</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>As at 1 April 2016</b>	1,770,444	25	1,770,469
Additions	2,924,526	-	2,924,526
<b>As at 31 March 2017</b>	<b>4,694,970</b>	<b>25</b>	<b>4,694,995</b>

The Company has the following significant holdings:

<b>Name</b>	<b>Registered Office</b>	<b>% interest held</b>	<b>Nature of relationship</b>	<b>Cost £</b>
Brington North Hold Co Limited	25 Gresham Street, London, EC2V 7HN	100%	Subsidiary	4,694,995

**8 INVESTMENT IN ASSOCIATES AND JOINT VENTURES**

	<b>Loans</b>	<b>Capital</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>As at 1 April 2016</b>	230,590	50	230,640
Additions	4,304,697	30	4,304,727
<b>As at 31 March 2017</b>	<b>4,535,287</b>	<b>80</b>	<b>4,535,367</b>

Set out below are the associates and joint ventures of the group as at 31 March 2017, which, in the opinion of the directors, are material to the group. The associates and joint ventures as listed below have share capital consisting solely of ordinary shares, which are held directly by the group; the country of incorporation or registration is also their principal place of business.

<b>Name</b>	<b>Registered Office</b>	<b>% interest held</b>	<b>Nature of relationship</b>	<b>Cost £</b>
Devonshire Homes (Cullompton) Limited	Devonshire House, Lowman Green, Tiverton, Devon, EX16 4LA	50%	Joint venture	1,535,337
AMA (Slateford) Limited	15 Coates Crescent, Edinburgh, EH3 7AF	30%	Associate	3,000,030
				<b>4,535,367</b>

No investments were impaired during the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Continued)

9 TRADE AND OTHER RECEIVABLES

	As at 31 March 2017	As at 31 March 2016
	£	£
Funds held in escrow	-	3,000,030
Other receivable	100	100
Amounts due from undertakings	56,016	-
<b>Total trade and other receivables</b>	<b>56,116</b>	<b>3,000,130</b>

There were no significant past due or impaired receivables as at 31 March 2017.

10 CASH AND CASH EQUIVALENTS

	As at 31 March 2017	As at 31 March 2016
	£	£
Cash at bank	440,625	1,938,582
<b>Total cash and cash equivalents</b>	<b>440,625</b>	<b>1,938,582</b>

11 TRADE AND OTHER PAYABLES

	As at 31 March 2017	As at 31 March 2016
	£	£
Other payables	6,225	-
Accruals	26,205	188,110
<b>Total trade and other payables</b>	<b>32,430</b>	<b>188,110</b>

12 TRANSACTIONS WITH RELATED PARTIES

Investments in subsidiaries are related parties and are detailed in note 7.

Investments in joint venture and associates are related parties and are detailed in note 8.

During the year the Company incurred management fees of £807,208 (2016: £2,516,761) and setup costs of £nil (2016: £283,518) payable to Lloyds Bank Plc. Of these amounts, £17,838 (2016: £136,870 payable) was due back as at year end and included within trade and other receivables.

The Company's cash and cash equivalents balance is held with Lloyds Bank Plc.

**Transactions with key management personnel**

There were no transactions between the Company or its subsidiaries with key management personnel during the current year. Key management personnel are employed by other companies in Lloyds Banking Group Plc and consider that their services to the Company are incidental to their other activities within Lloyds Banking Group Plc. The directors' emolument was therefore £nil (2016: £nil).

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Continued)**

**12 TRANSACTIONS WITH RELATED PARTIES (Continued)**

**Transactions with Housing Growth Partnership LP**

During the year amounts due from Housing Growth Partnership LP related to due diligence costs of joint ventures, legal advice and management fee. The outstanding receivable at the end of the year was £38,178 (2016: £nil).

**13 BORROWINGS**

Lender	As at 31 March 2017 £	As at 31 March 2016 £
Housing Growth Partnership LP	13,537,404	-
Lloyds Bank Plc	-	6,378,176
Homes and Communities Agency	-	3,323,175
	<b>13,537,404</b>	<b>9,701,351</b>

In fiscal 2016, the Company entered into a £100,000,000 loan agreement with its previous shareholders, Lloyds Bank Plc and Homes and Communities Agency. During fiscal 2017, the loan agreement was assigned to Housing Growth Partnership LP as part of their purchase of the previous shareholders ownership in the Company. At year end there was £57,918,555 (2016: £90,298,549) of uncalled commitment, which can be called to cover liabilities as they fall due.

**14 TAXATION**

A reconciliation between tax charge and the product of profit before tax multiplied by the average rate is as follows:

	As at 31 March 2017 £	As at 31 March 2016 £
<b>Loss for the year - continuing operations</b>	(893,091)	(2,949,740)
Tax on loss at standard UK tax rate of 20% (2016: 20.02%)	(178,618)	(590,538)
Effects of:		
Expenses not deductible	6,966	64,592
Amounts not recognised - deferred tax benefit	171,652	525,946
Tax charge for the period	-	-

The standard rate of corporation tax in the UK is 20% with effect from 1 April 2015. Accordingly the Company's profits for this accounting year are taxed at an effective rate of 20% (2016: 20.02%).

**Factors that may affect future tax charges**

The Government announced, in the 2015 Summer Budget, that the main rate of UK corporation tax will fall to 19% from 1 April 17 and further to 18% from 1 April 2020. The 2016 Finance Bill announced a further reduction in tax relates to 17% from 1 April 2020. This change was substantively enacted in September 2016 and will affect any future cash tax payable.

A deferred tax asset has not been recognised in respect of excess management expenses of £3,488,633 (2016: £2,630,372) carried forward as there are no predicted future taxable profits against which the unrelieved management expenses can be utilised.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Continued)**

**15 SHARE CAPITAL**

	As at 31 March 2017 £	As at 31 March 2016 £
100 (2016: 100) ordinary shares issued and not fully paid of £1 each	100	100
	<u>100</u>	<u>100</u>

The number of issued share capital remains unpaid at the end of the year. On 23 June 2016, Lloyds Bank Plc and Homes and Communities Agency sold their shares to Housing Growth Partnership LP.

**16 PARENT UNDERTAKING AND ULTIMATE HOLDING COMPANY**

The parent of the Company is Housing Growth Partnership LP. The company regarded as the ultimate parent company and controlling party is Lloyds Banking Group Plc (incorporated in Scotland), which is also the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member. As at 31 March 2017, Lloyds Bank Plc is the parent undertaking of the smallest such group of undertakings. Copies of the group financial statements may be obtained from Group Secretariat, Lloyds Banking Group Plc, 25 Gresham Street, London, EC2V 7HN.

**17 SUBSEQUENT EVENTS**

On 13 October 2017 the parent undertaking of the smallest such group of undertakings changed from Lloyds Bank Plc to LBG Equity Investments Limited. There have been no other changes to the structure and the ultimate parent continues to be Lloyds Banking Group Plc.