

Report to Audit Committee

7 July 2021

By the Directors of the Housing Companies'



Not Exempt

Subsidiary Housing Company Accounts

Executive summary

In March 2019, Cabinet approved the creation of two companies for the purposes of providing affordable rental housing in the District. Horsham District Homes Ltd (HDH), the development company, was incorporated in August 2019 and Horsham District Homes (Holdings) Ltd (HDHH) was incorporated in December 2019.

Company law requires the directors of the companies to prepare financial statements for each financial period.

The Council is not required to prepare consolidated group accounts for 2020/21 as the value of the transactions in the companies' accounts are considered immaterial. However, the accounts for the companies have been audited by an independent auditor and will be approved and signed by the boards at the companies' board meeting in July 2021.

The audited annual report and financial statements for both companies are included within this report.

Recommendations

That the Committee is recommended to note:

- i) the statement of accounts for the subsidiary companies.
- ii) the update from the subsidiary companies provided within this report.

Reasons for recommendations

- i) Clause 8.1.2 of the shareholders agreement says the Company shall provide to the Council the annual accounts as soon as practicable.
- ii) In preparation for these accounts being material and potentially being consolidated with the Councils statement of accounts in 2021/22.

Background papers: None

Wards affected: All

Contact: Samantha Wilson, Director, 01403 215309

Background Information

1 Introduction and background

- 1.1 The Council incorporated two housing subsidiary companies in 2019. Company law requires the directors of the companies to prepare financial statements for each financial period. This report provides background information to the financial statements.
- 1.2 The Council is not required to prepare group accounts for 2020/21 as the value of the transactions within the companies is considered immaterial. The accounts for the companies have been audited, by an independent auditor, and will be approved and signed by the companies' boards of directors at the July board meetings.

2 Relevant Council policy

- 2.1 For 2021/22, the Council is likely to be required to produce consolidated financial statements under the Accounts and Audit (England) Regulations 2015.

3 Details

3.1 Horsham District Homes Limited (HDH)

The accounts for the year ended 31 March 2021 are included within this report. No development activity took place during the year. The Company continued investigating the feasibility of developing affordable homes on Council owned land. The first development at Roman Way, Billinghamurst has been delayed due to Covid-19. The company is also in the process of exploring an opportunity in Horsham Town for it's next development. General operational running costs were incurred during in the year, resulting in the reported loss for the year.

3.2 Horsham District Homes (Holdings) Limited (HDHH)

The accounts for the period ending 31 March 2021 are included within this report. The period reported is from 10 December 2019 to 31 March 2021. The company has received s106 housing and enabling contributions from the Council to purchase 5 homes in Slinfold, one 2-bedroom house and four 1-bedroom flats. These properties are all reported as assets under construction for the period. Since 31 March the 2-bedroom house has been transferred to HDHH and the first tenant has moved in. This income will be shown in the 2021/22 accounts, which will reduce the current loss the company has reported.

- 3.3 The accounts for both companies have been prepared on a going concern basis due to anticipated losses in the early years being supported by the Council, which will continue until the companies return a profit, which is currently forecast towards the end of the Council's medium term financial strategy.

4 Next steps

- 4.1 The committee is asked to note the accounts which be approved and signed by the boards of Directors at the companies' board meeting in July 2021.
- 4.2 The Council will continue to review the materiality of the transactions for the purposes of group accounts.

5 Outcome of consultations

No consultations were required.

6 Other courses of action considered but rejected

6.1 None

7 Resource and legal consequences

7.1 There are no direct Council resource or legal consequences arising from this report.

8 Risk assessment

8.1 There are no risks to the Council for 2020/21 due to the companies' accounts not being consolidated to form group accounts with the Council's Statement of Accounts.

8.2 There is no risk that the companies will miss the deadline for filing the statements with Companies House is September 2021 as they will be signed and submitted in July 2021.

9 Other considerations

9.1 The recommended actions of this report have no impact on Crime & Disorder; Human Rights or Equality & Diversity and Sustainability.

HORSHAM DISTRICT HOMES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

HORSHAM DISTRICT HOMES LIMITED

COMPANY INFORMATION

Directors	S Wilson (previously Wells) A Chalmers B Elliott
Company number	12173332
Registered office	Parkside Chart Way Horsham West Sussex RH12 1RL
Auditor	Richard Place Dobson Services Limited 1-7 Station Road Crawley West Sussex RH10 1HT

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DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present their annual report and financial statements for the year ended 31 March 2021.

Principal activities

The principal activity of the company continued to be that of development of affordable housing for resale

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

S Wilson (previously Wells)
A Chalmers
B Elliott

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

.....
Samantha Wilson

Date:

HORSHAM DISTRICT HOMES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

The directors are responsible for preparing the annual 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). 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 judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

HORSHAM DISTRICT HOMES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HORSHAM DISTRICT HOMES LIMITED

Opinion

We have audited the financial statements of Horsham District Homes Limited (the 'company') for the year ended 31 March 2021 which comprise the profit and loss account, the balance sheet and notes to the financial statements, including 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 state of the company's affairs as at 31 March 2021 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.

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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.

HORSHAM DISTRICT HOMES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HORSHAM DISTRICT HOMES LIMITED

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 directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatements due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing the risks of material misstatement in respect of irregularities, including fraud, the audit engagement team made enquiries of management, and those charged with governance, regarding the procedures relating to identifying, evaluating and complying with;

1. laws and regulations and whether they were aware of any instances of non-compliance;
2. detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
3. the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;

HORSHAM DISTRICT HOMES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HORSHAM DISTRICT HOMES LIMITED

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, General Data Protection Regulations, Companies Act 2006, NHBC, Employment and Taxes regulations. We performed audit procedures to detect non-compliance, which may have a material impact on the financial statements. These included reviewing financial statement disclosures and evaluating advice received from external advisors. There were no significant laws and regulations we deemed as having an indirect impact on the financial statements.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside of the normal course of business.

As part of our testing of the risks identified the audit team have conducted the following:

- Enquiry of management and those charged with governance around actual and potential litigation and claims.
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

A further description of our responsibilities is available 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.

For and on behalf of Richard Place Dobson Services Limited Richard Place
Dobson Services Limited

Chartered Accountants
Statutory Auditor

HORSHAM DISTRICT HOMES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	£	£
Administrative expenses	(13,883)	(26,946)
Loss before taxation	(13,883)	(26,946)
Tax on loss	-	-
Loss for the financial year	(13,883)	(26,946)

HORSHAM DISTRICT HOMES LIMITED**BALANCE SHEET***AS AT 31 MARCH 2021*

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	4		43,755		-
Current assets					
Debtors	5	402,893		500,000	
Cash at bank and in hand		26,406		-	
		<u>429,299</u>		<u>500,000</u>	
Creditors: amounts falling due within one year	6	<u>(13,883)</u>		<u>(26,946)</u>	
Net current assets			<u>415,416</u>		<u>473,054</u>
Net assets			<u>459,171</u>		<u>473,054</u>
Capital and reserves					
Called up share capital			500,000		500,000
Profit and loss reserves			<u>(40,829)</u>		<u>(26,946)</u>
Total equity			<u>459,171</u>		<u>473,054</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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

.....
Samantha Wilson

Director

Company Registration No. 12173332

HORSHAM DISTRICT HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Company information

Horsham District Homes Limited is a private company limited by shares incorporated in England and Wales. The registered office is Parkside, Chart Way, Horsham, West Sussex, RH12 1RL.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land under development

Assets in the course of construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.3 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

HORSHAM DISTRICT HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.4 Cash and cash equivalents

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

1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

HORSHAM DISTRICT HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

1.7 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.8 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Total	-	-

HORSHAM DISTRICT HOMES LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*****FOR THE YEAR ENDED 31 MARCH 2021*****4 Tangible fixed assets**

	Land and buildings £
Cost	
At 1 April 2020	-
Additions	43,755
	<u>43,755</u>
At 31 March 2021	<u>43,755</u>
Depreciation and impairment	
At 1 April 2020 and 31 March 2021	-
	<u>-</u>
Carrying amount	
At 31 March 2021	<u>43,755</u>
At 31 March 2020	<u>-</u>

5 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Amounts owed by group undertakings	23,304	-
Other debtors	379,589	500,000
	<u>402,893</u>	<u>500,000</u>

6 Creditors: amounts falling due within one year

	2021 £	2020 £
Other creditors	<u>13,883</u>	<u>26,946</u>

HORSHAM DISTRICT HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

7 Related party transactions

Parent Undertaking

The parent undertaking and person with significant control of Horsham District Homes Ltd is Horsham District Council, a local authority in England and Wales. The address of the Council's principal place of business is Parkside, Chart Way, Horsham, West Sussex, RH12 1RL.

Related Party Transactions

A summary of the Company's transactions with Horsham District Council is outlined below:

- Under a services agreement, Horsham District Council provides support services to Horsham District Homes Ltd, these are included in administration costs. Amounts owed to Horsham District Council in respect of these services are included in trade creditors (note 3)
- Horsham District Homes Ltd is 100% owned by Horsham District Council. During the year to 31 March 2021 Horsham District Council paid up 125,000 shares at £1 each, at the balance sheet date the 325,000 shares remain unpaid.

Horsham District Homes Ltd wholly owns Horsham District Homes (Holdings) Ltd. During the year Horsham District Homes Ltd provided Horsham District Homes (Holdings) Ltd with a loan to settle their support services costs with the parent company, Horsham District Council.

8 Going Concern

The Directors believe that preparing the financial statements on a going concern basis is appropriate due to the continued financial support of Company's parent undertaking.

9 Covid-19

At the reporting date Covid-19 caused widespread lockdown measures to be imposed in the UK and worldwide. This has resulted in a reduction in both supply and demand in the economy. It is not currently possible to estimate the impact this will have on the future financial results of the company but management consider it to be a significant uncertainty. Management have assessed the impact of Covid-19 on the results reported for the financial year ended 31 March 2021 and consider that all COVID 19 related costs and effects have been reflected in the accounts.

HORSHAM DISTRICT HOMES (HOLDINGS) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021

HORSHAM DISTRICT HOMES (HOLDINGS) LIMITED

COMPANY INFORMATION

Directors	S Wilson	(Appointed 19 December 2019)
	A Chalmers	(Appointed 10 December 2019)
	B Elliott	(Appointed 19 December 2019)
	R Jarvis	(Appointed 19 December 2019)

Company number 12356952

Registered office Parkside
Chart Way
Horsham
West Sussex
RH12 1RL

Auditor Richard Place Dobson Services Limited
1-7 Station Road
Crawley
West Sussex
RH10 1HT

HORSHAM DISTRICT HOMES (HOLDINGS) LIMITED

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HORSHAM DISTRICT HOMES (HOLDINGS) LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 MARCH 2021

The directors present their annual report and financial statements for the period ended 31 March 2021.

Principal activities

The principal activity of the company is the purchase of affordable housing to be rented to residents on Horsham District Council waiting list

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

S Wilson
A Chalmers
B Elliott
R Jarvis

Auditor

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

.....
Samantha Wilson

Date:

HORSHAM DISTRICT HOMES (HOLDINGS) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 31 MARCH 2021

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. 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). 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 judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

HORSHAM DISTRICT HOMES (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HORSHAM DISTRICT HOMES (HOLDINGS) LIMITED

Opinion

We have audited the financial statements of Horsham District Homes (Holdings) Limited (the 'company') for the period ended 31 March 2021 which comprise the profit and loss account, the balance sheet and notes to the financial statements, including 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 state of the company's affairs as at 31 March 2021 and of its loss for the period 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.

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial period 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.

HORSHAM DISTRICT HOMES (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HORSHAM DISTRICT HOMES (HOLDINGS) LIMITED

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 directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatements due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing the risks of material misstatement in respect of irregularities, including fraud, the audit engagement team made enquiries of management, and those charged with governance, regarding the procedures relating to identifying, evaluating and complying with;

1. laws and regulations and whether they were aware of any instances of non-compliance;
2. detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
3. the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;

HORSHAM DISTRICT HOMES (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HORSHAM DISTRICT HOMES (HOLDINGS) LIMITED

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, General Data Protection Regulations, Companies Act 2006, Employment and Taxes regulations. We performed audit procedures to detect non-compliance, which may have a material impact on the financial statements. These included reviewing financial statement disclosures and evaluating advice received from external advisors. There were no significant laws and regulations we deemed as having an indirect impact on the financial statements.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside of the normal course of business.

As part of our testing of the risks identified the audit team have conducted the following:

- Enquiry of management and those charged with governance around actual and potential litigation and claims.
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

A further description of our responsibilities is available 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.

For and on behalf of Richard Place Dobson Services Limited Richard Place
Dobson Services Limited

Chartered Accountants
Statutory Auditor

Draft Financial Statements at 24 May 2021 at 17:15:10
HORSHAM DISTRICT HOMES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 31 MARCH 2021

	2021
	£
Administrative expenses	(42,956)
Loss before taxation	(42,956)
Tax on loss	<u>-</u>
Loss for the financial period	<u>(42,956)</u>

HORSHAM DISTRICT HOMES LIMITED**BALANCE SHEET***AS AT 31 MARCH 2021*

	Notes	2021 £	£
Fixed assets			
Assets under construction	4	308,490	
Current assets			
Debtors	5	1	
		<hr/>	
		308,491	
Creditors: amounts falling due within one year	6	(19,652)	
Long Term Creditors	7	<u>(331,794)</u>	
Net current assets			<hr/>
Net assets			<u>(42,955)</u>
Capital and reserves			
Called up share capital			1
Profit and loss reserves			<u>(42,956)</u>
Total equity			<u>(42,955)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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

.....

Samantha Wilson

Director

Company Registration No. 12356952

HORSHAM DISTRICT HOMES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2021

1 Accounting policies

Company information

Horsham District Homes (Holdings) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Parkside, Chart Way, Horsham, West Sussex, RH12 1RL.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Assets in the course of construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.3 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

HORSHAM DISTRICT HOMES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2021

1 Accounting policies

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.4 Cash and cash equivalents

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

1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

HORSHAM DISTRICT HOMES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2021

1 Accounting policies

1.7 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.8 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

	2021
	Number
Total	-

HORSHAM DISTRICT HOMES (HOLDINGS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 MARCH 2021**

4	Tangible fixed assets	Assets under Construction £
	Cost	
	Additions	308,490
	At 31 March 2021	<u>308,490</u>
	Depreciation and impairment	
	At 31 March 2021	<u>-</u>
	Carrying amount	
	At 31 March 2021	<u><u>308,490</u></u>
5	Debtors	2021 £
	Amounts falling due within one year:	
	Amounts owed by group undertakings	1
		<u>1</u>
6	Creditors: amounts falling due within one year	2021 £
	Other Creditors	<u>19,652</u>
7	Long Term Creditors	2021 £
	Amounts owed to group undertakings	23,304
	Government Grants received	308,490
		<u><u>331,794</u></u>

HORSHAM DISTRICT HOMES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2021

8 Related party transactions

Parent Undertaking

The parent undertaking and person with significant control of Horsham District Homes (Holdings) Ltd is Horsham District Homes Ltd. The ultimate parent undertaking is Horsham District Council, a local authority in England and Wales. The address of the Council's principal place of business is Parkside, Chart Way, Horsham, West Sussex, RH12 1RL.

Related Party Transactions

A summary of the Company's transactions with Horsham District Homes (Holdings) Ltd is outlined below:

- Horsham District Homes (Holdings) Ltd borrowed £23,304 from Horsham District Homes Ltd to pay for the support services during the period. This amount is shown in long term creditors.
- Horsham District Homes (Holdings) Ltd is 100% owned by Horsham District Homes Ltd. During the period to 31 March 2021 Horsham District Homes (Holdings) Ltd issued 1 share at £1 each, at the balance sheet date these shares remain unpaid.
- Horsham District Homes (Holdings) Ltd received grant income from Horsham District Council. The grants are shown in in long term creditors and will be classed as income once the grant conditions have been met.
- Under a services agreement, Horsham District Council provides support services to Horsham District Homes (Holdings) Ltd, these are included in administration costs. Amounts owed to Horsham District Council in respect of these services are included in trade creditors (note 6)

9 Going Concern

The Directors believe that preparing the financial statements on a going concern basis is appropriate due to the continued financial support of Company's parent undertaking.

10 Covid-19

At the reporting date Covid-19 caused widespread lockdown measures to be imposed in the UK and worldwide. This has resulted in a reduction in both supply and demand in the economy. It is not currently possible to estimate the impact this will have on the future financial results of the company but management consider it to be a significant uncertainty. Management have assessed the impact of Covid-19 on the results reported for the financial period ended 31 March 2021 and consider that all COVID 19 related costs and effects have been reflected in the accounts.