

Onward

Hyndburn Homes Repairs Limited

Annual Report and Financial Statements for the year ended
31 March 2019



Companies House registration number 3538264

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BOARD AND ADVISORS

Members of the Board

Alastair Cooper
Alexander Livingstone
Bronwen Rapley

Members who left during the period

Lisa Oxley (resigned 28 February 2019)

Company Secretary

Catherine Farrington (appointed July 2018)
William Gill (resigned July 2018)

Principal Banker

NatWest PLC
33 Piccadilly
Manchester, M1 1LR

Principal Solicitors

Devonshires Solicitors LLP
Park House, Park Square West, Leeds, LS1 2PW

Trowers & Hamlins LLP

55 Princess Street, Manchester M2 4EW

External auditor

KPMG LLP
1 St Peter's Square, Manchester, M2 3AE

Internal auditor

PricewaterhouseCoopers LLP
1 Hardman Square, Manchester, M3 3EB

STRATEGIC REPORT

Introduction

The Board presents its Strategic Report, containing the Operating and Financial Review for the year ended 31 March 2019.

Overview and background

At Hyndburn Homes Repairs Limited's inception in 2006 the company's main purpose was to provide maintenance services, including all of the day to day repairs and some elements of capital investment for Hyndburn Homes Limited. It now delivers maintenance services to the wider Onward Group and it forms an integral part of the wider property services strategy across the Group.

Current strategy

Following the procurement of repairs contracts in April 2019, Hyndburn Homes Repairs Limited expanded its area of operation and it now provides maintenance services including, day to day repairs voids and gas servicing services to the Lancashire operating region of Onward "the Group". From 1 April 2019 the company is trading as Onward Repairs.

Legal structure

Hyndburn Homes Repairs Limited is a company registered at Companies House with a registration number of 3538264.

At the start of the financial year Hyndburn Homes Repairs Limited was a subsidiary of Hyndburn Homes Limited. On 28 September 2018, Onward Group Limited, which is the ultimate parent undertaking of the Group, acquired Hyndburn Homes Repairs Limited. This happened just prior to the transfer of engagement of Hyndburn Homes Limited into Onward Homes Limited on 1 October 2018.

Financial review

The company is reporting a loss for the year of £622,000 (2018: profit of £19,000). The company ended the year with cash and short-term investments of £919,000.

Operating review

The principal activities of the company in the year involved the provision of maintenance services including day to day repairs services.

The company utilises the group risk management framework to ensure all known risks are identified and assessed before any financial commitments are entered into.

A Group review of the business in 2017-18 concluded that extending the provision of services to Onward's customers through the whole of the Lancashire region would provide the necessary scale to improve efficiency and increase surplus in the longer term as well as delivering improvements in customer service. 2018-19 saw the start of the mobilisation of this objective. It resulted in a reduction in turnover as certain types of work were no longer bought from the company, whilst the workforce was increased ready for the start of the new contract in early 2019-20. Investment was also made in equipment and other set up costs. These actions resulted in the operating loss in the year. The loss this year was therefore a planned part of the transition and improvement plan for the company.

Strategic report

The Strategic report including the Operating and Financial Review was approved by the Board on 17 September 2019 and signed on its behalf by:



Catherine Farington

Company Secretary

12 Hanover St, Liverpool, L1 4AA

DIRECTORS' REPORT

The Board presents the Hyndburn Homes Repairs Annual Report (the 'Annual Report') and the audited financial statements for the year ended 31 March 2019. Hyndburn Homes Repairs Limited is registered with Companies House Registration number 3538264.

Principal activities

The principal activities of the company in the year involved the provision of maintenance services including day to day repairs services, to the Lancashire region.

Board members

The current Board members of the company are set out on page 2.

The Board members are made up of the Executive Directors of the Onward Group and have a wide background bringing together professional, commercial and other experiences. The Board members are remunerated as Executive Directors of the Group, additional remuneration is not received for being Board members of Hyndburn Homes Repairs

Statement of compliance

The Board report and financial statements have been prepared in accordance with applicable reporting standards and legislation.

Health and safety

Health and Safety is an integral part of the proper management of all the undertakings over which the company has control. The company promotes safe practices and continuous improvement through a Health and Safety Committee and forums on which all parts of the group are represented. Hyndburn Homes Repairs is committed to ensuring:

- The health, safety and welfare of all its customers, leaseholders, staff, contractors and third parties involved in the operations of the company
- The safety of the general public who use or have access to premises or sites under its control
- The way in which it operates contributes to the wellbeing of the community at large

Corporate governance

The company is governed by a Board who delegate day-to-day operational control to the Head of Repairs. The Board meets to determine policy and to monitor the performance of the company.

The Group operates an Audit and Risk Committee which reports to the Onward Board. The Committee receives reports from Business Assurance which validates, processes and advises on risk and the effectiveness of internal controls.

Board membership of the Group and subsidiaries is tailored to the individual circumstances of its operations. The Nominations and Remuneration Committee deal with any matters relating to the appointment, removal or remuneration of non-executive and executive directors.

Employee involvement

The Board recognises that its employees are its greatest asset and that it cannot achieve its aims and objectives without their involvement and contribution towards running the organisation.

The company communicates and consults with its employees through a variety of structures including regular team briefings, employee emails, newsletters, Colleagues' Forum and trade union meetings (consultation through recognised trade union body; JNCC).

The company is committed to developing a culture in which equality and diversity is integral to all of its activities, including the recruitment and development of colleagues. It aims to achieve an inclusive culture that respects and values differences and eliminates discrimination in all areas.

DIRECTORS' REPORT

Corporate social responsibility

The Board are committed to being a socially responsible organisation. Managing in a socially responsible way, ensuring adherence to legislation and ethical operation.

Disclosure of information to auditor

So far as each of the directors of the company is aware, at the time this report is approved:

- There is no relevant information which the company's auditor is unaware; and
- The directors 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 auditor is aware of that information.

Statement of Directors' responsibilities in respect of the strategic report, the Directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of internal control

The Board acknowledges its ultimate responsibility for ensuring that the company has in place a system of internal control and risk management that is appropriate to the various business environments in which they operate and for the review of the effectiveness of that system during the year.

The Audit and Risk Committee is responsible to the Onward Board for monitoring this system and reporting on its effectiveness.

DIRECTORS' REPORT

Statement of internal control (cont'd)

Internal controls are designed to identify and manage rather than eliminate risks which may prevent an organisation from achieving its objectives. The system of internal control is designed to manage risk and give reasonable rather than absolute assurance with respect to:

- the achievement of key business objectives and expected outcomes
- the preparation and reliability of financial and operational information used within the organisation and for publication
- the maintenance of proper accounting and management records
- the safeguarding of assets against unauthorised use or disposition

Internal assurance activities

The process followed to identify, evaluate and manage significant risks faced by the company is ongoing and has been in place during the past financial year and up to the date of the annual report and financial statements.

Internal audit assurance

The Group's in-house internal audit function is used to provide assurance on the operation of the control framework and the management of risk. Internal audit are not responsible for the design and construction of control systems but provide an assessment as to their effectiveness.

The Audit and Risk Committee oversee the work of the internal auditor and review reports issued by them. The committee is responsible for monitoring that actions identified as a result of internal audit findings are implemented in a timely fashion.

External audit assurance

The work of the external auditor provides some independent assurance over the adequacy of the internal control environment. The company receives a management letter from the external auditor which identifies any internal control weaknesses. The Board itself and through the activities of the Audit and Risk Committee has reviewed the outcome of external audit work and the external audit management letter.

Fraud

The company has a current policy on fraud which includes both fraud prevention and detection. A register of frauds and losses is maintained and is reported to the Audit and Risk Committee.

Review of risk management and governance arrangements

Risk management arrangements should mitigate against risks materialising.

Conclusion

The Board acknowledges that its responsibility applies to the full range of risks and controls across all company activities and is to ensure that planned remedial and improvement actions agreed were implemented in a timely and comprehensive manner.

The Board has considered the effectiveness of the system of internal control in place in the year ended 31 March 2019. The Board considers that systems of internal control, governance and risk management arrangements are working effectively.

DIRECTORS' REPORT

Going concern

Notwithstanding net current liabilities of £383,000 as at 31 March 2019 and a loss for the year then ended of £622,000 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

As noted in the operating review the loss this year resulted from a planned transition and expansion of the business to provide maintenance services to Onward Group Limited as part of the Group's business strategy. The results and cashflow forecasts of the company are included in the approved consolidated Onward Group Limited 30 year financial plan which indicates that, taking account of reasonably possible downsides, the company will have sufficient funds, through trading with Onward Group Limited and support from Onward Group Limited to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Onward Group Limited (the Group's ultimate parent undertaking) not seeking repayment of the amounts currently due, which at 31 March 2019 amounted to £1,834,000, and providing additional financial support during that period. Onward Group Limited has indicated its intention to continue to make available such funds as are needed by the company and does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other Group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Independent auditor

A resolution to re-appoint the company's auditor will be proposed at the forthcoming Annual General Meeting. KPMG LLP have indicated their willingness to continue in office should a resolution concerning their reappointment be agreed at the AGM.

The Directors' Report, including the financial statements, was approved by the Board on 17 September 2019 and signed on its behalf by:



Catherine Farrington

Company Secretary

12 Hanover Street, Liverpool, L1 4AA

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of Hyndburn Homes Repairs Limited

Opinion

We have audited the financial statements of Hyndburn Homes Repairs Limited ("the company") for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flows and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the recoverability of debtors and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Society's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Society's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

INDEPENDENT AUDITOR'S REPORT

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Amanda Latham (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants, 1 St Peter's Square, Manchester, M2 3AE

26th September 2019

Hyndburn Homes Repairs Limited

FINANCIAL STATEMENTS

Statement of Comprehensive Income

for the year ended 31 March 2019

	Notes	2019 £'000	2018 £'000
Turnover	3	3,404	5,227
Cost of sales	3	(4,026)	(5,204)
Operating (loss) / profit	4	(622)	23
Interest receivable and similar income		-	-
Interest payable and similar charges		-	-
(Loss) / profit on ordinary activities before taxation		(622)	23
Taxation on surplus on ordinary activities	7	-	(4)
(Loss) / profit for the year after taxation		(622)	19
Other comprehensive income			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(622)	19

The accompanying notes form part of these financial statements.

Historical cost surpluses and deficits are the same as those shown in the statement of comprehensive income.

Statement of Changes in Equity

	Notes	Non-equity share capital £'000	Revenue reserves £'000	Total reserves £'000
Balance at 31 March 2018		-	239	239
Total comprehensive income for the period				
(Loss) / profit for the year		-	(622)	(622)
Actuarial gains / (losses)		-	-	-
Balance at 31 March 2019	14	-	(383)	(383)

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS

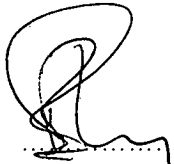
Statement of Financial Position

as at 31 March 2019

	Notes	2019 £'000	2018 £'000
Tangible fixed assets			
Other tangible fixed assets	8	-	-
Current assets			
Stock		47	16
Debtors due within one year	9	603	1,732
Cash and cash equivalents		919	5
		1,569	1,753
Creditors: amounts falling due within one year	10	(1,952)	(1,514)
Net current (liabilities) / assets		(383)	239
Total assets less current liabilities			
		(383)	239
Total net assets			
		(383)	239
Capital and reserves			
Non-equity share capital	13	-	-
Revenue reserves	14	(383)	239
Total capital and reserves		(383)	239

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board on 17 September 2019 and signed on its behalf by:


.....
Bronwen Rapley


.....
Alastair Cooper


.....
Catherine Farrington
Company Secretary

FINANCIAL STATEMENTS

Statement of Cash Flows

for the year ended 31 March 2019

	Notes	2019 £'000	2018 £'000
Net cash generated from operating activities	17	914	(16)
Cash flow from investing activities			
Purchase and construction of tangible fixed assets		-	-
Purchase of other tangible fixed assets		-	-
Proceeds from sale of tangible fixed assets		-	-
Grants received		-	-
Interest received		-	-
Net cash from investing activities		-	-
Cash flow from financing activities			
Interest paid		-	-
New funding		-	-
Repayment of existing borrowing		-	-
Movement in cash deposits		-	-
Net cash from financing activities		-	-
Net change in cash and cash equivalents		914	(16)
Cash and cash equivalents at start of year		5	21
Cash and cash equivalents at end of year		919	5

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Legal status

Hyndburn Homes Repairs Limited is a private company, limited by guarantee, registered under the Companies Act 2006 (registration number of 3538264). The registered office is 12 Hanover Street, Liverpool, L1 4AA.

Hyndburn Homes Repairs Limited is a trading subsidiary of Onward Group Limited which is a non-charitable Registered Society under the Cooperative and Community Benefit Societies Act 2014. It is registered with the Financial Conduct Authority, registration number of 31216R.

2. Accounting policies

a) Basis of accounting

The financial statements of the company are prepared in accordance with Financial Reporting Standard 102 – the applicable financial reporting standard in the UK and Republic of Ireland (FRS 102) and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers Update 2014 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The company's ultimate parent undertaking, Onward Group Limited, includes the company in its consolidated financial statements. The consolidated financial statements of Onward Group Limited are available to the public and may be obtained from <http://www.onward.co.uk/> or 12 Hanover Street, Liverpool, L1 4AA.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

b) Measurement convention

The financial statements are prepared on the historical cost basis.

c) Going concern

Notwithstanding net current liabilities of £383,000 as at 31 March 2019 and a loss for the year then ended of £622,000 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

As noted in the operating review the loss this year resulted from a planned transition and expansion of the business to provide maintenance services to Onward Group Limited as part of the Group's business strategy. The results and cashflow forecasts of the company are included in the approved consolidated Onward Group Limited 30 year financial plan which indicates that, taking account of reasonably possible downsides, the company will have sufficient funds, through trading with Onward Group Limited and support from Onward Group Limited to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Onward Group Limited (the Group's ultimate parent undertaking) not seeking repayment of the amounts currently due, which at 31 March 2019 amounted to £1,834,000, and providing additional financial support during that period. Onward Group Limited has indicated its intention to continue to make available such funds as are needed by the company and does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other Group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

d) Judgement and estimates

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

The following judgements, estimates and assumptions have had the most significant effect in amounts recognised in the financial statements:

NOTES TO THE FINANCIAL STATEMENTS

2. Accounting policies (cont'd)

Judgement and estimates (cont'd)

Other tangible fixed assets

Other than investment properties, tangible assets are depreciated over their useful lives taking into account residual values where appropriate. The estimates of useful life for the different assets are detailed below; a review this year has ensured that the useful economic lives and remaining terms are applied consistently;

Other tangible fixed assets include those assets with an individual value in excess of £10,000.

Depreciation is provided on a straight line basis on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land.

The principal annual rates used for other assets are:

Furniture, fixtures and fittings	5 years
Motor vehicles	4 years
Computers and office equipment	3 years

Basic financial instruments

The assessment of certain loans and interest rate fixes as basic financial instruments requires judgement. Such instruments have been reviewed in detail and have been assessed as basic because key clauses indicate that funders will not suffer a loss on breakage. In addition such instruments are only entered into by the group in order to give budgetary and cash flow certainty; they are not entered into for trading purposes;

e) Basic financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Trade and other creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

f) Turnover

Turnover represents amounts received and receivable for services supplied to customers during the year excluding value added tax. Other income is recognised as receivable on the delivery of services provided.

NOTES TO THE FINANCIAL STATEMENTS

g) Expenses

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred.

h) Interest

Interest payable and similar charges include interest payable and finance charges on liabilities recognised in the statement of comprehensive income using the effective interest method and unwinding of the discount on provisions.

Other interest receivable and similar income includes interest receivable on funds invested.

i) Taxation

Tax on the surplus or deficit for the year comprises current tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised directly in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or deficit for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

j) Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income in the periods during which services are rendered by employees.

Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than twelve months after the reporting date, then they are discounted to their present value.

NOTES TO THE FINANCIAL STATEMENTS

3. Turnover, cost of sales, operating costs and operating surplus

	2019			
	Turnover	Cost of sales	Operating costs	Operating loss
Non-social housing activities				
Management services	3,404	(4,026)	-	(622)
Total	3,404	(4,026)	-	(622)

	2018			
	Turnover	Cost of sales	Operating costs	Operating profit
Non-social housing activities				
Management services	5,227	(5,204)	-	23
Total	5,227	(5,204)	-	23

All turnover relates solely to the principal activities and is all generated from activities in the United Kingdom.

4. Operating surplus

	2019	2018
	£'000	£'000
Operating surplus is stated after charging:		
Depreciation of other fixed assets	-	-
Auditor's remuneration (excluding VAT):		
In their capacity as auditor	-	-
In respect of other services	-	-
Operating lease payments	70	225

Audit fees and fees to the auditors for other services were paid by Onward Group Limited in the year.

5. Board members

No remuneration was paid to the directors on the Board in their capacity as directors of the company.

6. Employee information

	2019	2018
	Number	Number
Average number of employees expressed as full time equivalents (based on an average of 37 hours per week)	59	73

	2018	2017
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	1,596	1,957
Social security costs	149	185
Other pension costs	64	173
Defined benefit scheme pension adjustments	-	-
Severance payments	5	1
	1,814	2,316

NOTES TO THE FINANCIAL STATEMENTS

6. Employee information (cont'd)

A number of additional colleagues working for the company are employed by and all salary costs relating to these employees are paid by Onward. Hyndburn Homes Repairs repays Onward through a management charge which also covers time spent carrying out Hyndburn Homes Repairs work by other staff on joint contracts.

Total employee costs recharged to Hyndburn Homes Repairs from Onward Group amounted to £104,000 (2018: £25,000). In addition, total employee costs recharged to Hyndburn Homes Repairs from Onward Homes was £2,000 (2018: £103,000).

Redundancy payments paid on behalf of Hyndburn Home Repairs colleagues by Onward Group amounted to £11,000 (£39,000).

The aggregate number of full time equivalent staff whose remuneration (including salaries, benefits in kind, pension contributions paid by the employer and any termination payments) exceeded £60,000 were as follows:

	2019	2018
Remuneration between £60,000 and £69,999	-	10
£70,000 and £79,999	1	3
£90,000 and £99,999	-	1

7. Taxation

	2019 £'000	2018 £'000
UK corporation tax		
Current tax charge for the year	-	3
Adjustment in respect of previous years	-	-
	-	3
Deferred tax		
Origination and reversal of timing differences	-	1
Adjustment in respect of previous years	-	-
Effect of tax change on opening balance	-	-
	-	1
Total tax charge on surplus on ordinary activities	-	4

All amounts of taxation are recognised in the statement of comprehensive income.

Factors affecting the tax charge for the period

The current rate of tax for the year is the same as the standard rate of corporation tax in the UK of 19% (2018: 19%). Any differences are explained below:

	2019 £'000	2018 £'000
Surplus on ordinary activities before taxation	(622)	23
Current tax at standard corporation tax rate	(118)	4
Expenses not deductible for tax purposes	118	-
Adjustments in respect of prior periods	-	-
Tax rate differences on deferred tax	-	-
Deferred tax not recognised	-	-
Total tax charge on surplus on ordinary activities	-	4

NOTES TO THE FINANCIAL STATEMENTS

7. Taxation (cont'd)

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. A further reduction to the corporation tax rate by 1% to 17% by 1 April 2020 was announced in the Chancellor's budget statement and was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax assets as at 31 March 2019 have been calculated based on the rate of 17% substantively enacted at this year-end date.

Deferred taxation

The movement in the year is as follows:

	2019 £'000	2018 £'000
Net tax (asset)/liability at start of the year	(4)	(4)
Deferred tax charges in statement of comprehensive income	-	-
Unused tax losses	-	-
Other short-term timing differences	-	-
Net tax (asset)/liability at end of the year	(4)	(4)

In addition to the deferred tax asset above, the company has additional unrecognised gross tax losses of £Nil (2018: £Nil) in respect of losses carried forward, short term timing differences and accelerated capital allowances.

8. Other tangible fixed assets

	Vehicles, fixtures and equipment £'000	Total £'000
Cost		
At 1 April 2018	36	36
Disposals	-	-
At 31 March 2019	36	36
Depreciation		
At 1 April 2018	(36)	(36)
Disposals	-	-
At 31 March 2019	(36)	(36)
Net book value		
At 1 April 2018	-	-
At 31 March 2019	-	-

NOTES TO THE FINANCIAL STATEMENTS

9. Debtors

	2019 £'000	2018 £'000
Amounts falling due within one year:		
Trade debtors	11	-
Amounts owed by related parties	459	1,628
Prepayments and sundry debtors	129	100
Deferred tax	4	4
	603	1,732

10. Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	-	-
Other taxation and social security	-	43
Accruals and deferred income	118	39
Other creditors	-	-
Amounts owed to related parties	1,834	1,429
Corporation tax	-	3
	1,952	1,514

11. Financial instruments

The carrying amounts of the financial assets and liabilities include:	2019 £'000	2018 £'000
Trade and other debtors measured at amortised cost	435	1,732
Trade and other creditors measured at amortised cost	(1,952)	(1,514)
Loan commitments measured at cost	-	-
	(1,517)	218

12. Obligations under operating leases

The company holds its office and some of its office equipment on operating leases. Payments are accounted for in the month in which they fall due. The future minimum lease payments under non-cancellable operating leases is as follows:

	Land and buildings		Vehicles and equipment	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Leases expiring:				
Within one year	61	22	148	120
In the second to fifth years	20	-	655	-
In more than five years	-	-	-	-
At end of the year	81	22	803	120

During the year £70,000 was recognised as an expense in the statement of comprehensive income in respect of operating leases (2018: £225,000).

NOTES TO THE FINANCIAL STATEMENTS

13. Non-equity share capital

	2019	2018
	£	£
Shares of £1 each fully paid and issued:		
At start of the year	1	1
Shares issued in the year	-	-
Cancelled during the year	-	-
At end of the year	1	1

14. Revenue reserves

	2019	2018
	£'000	£'000
At start of year	239	220
Surplus for the year	(622)	19
At end of the year	(383)	239

15. Transactions with related parties

During the year the company transacted with Onward Group Limited, its ultimate parent undertaking, and other subsidiaries as set out below. There are no guarantees given over and above the normal trading terms set out in the intra-group agreement. There are no provisions required for uncollectible balances and no bad debt expense is required.

	2019	2018
	£'000	£'000
Recharge by related party		
Onward Group Limited	6	-
Contour Homes Limited	9	143
Onward Homes Limited	3,401	5,054
	3,416	5,197

	2019	2018
	£'000	£'000
Recharge by service		
Management services	50	-
Repairs	2,768	4,339
Planned investment and initiatives	598	858
	3,416	5,197

	2019	2018
	£'000	£'000
The company received charges from:		
Onward Group Limited	270	25
Onward Homes Limited	-	202
	270	227

NOTES TO THE FINANCIAL STATEMENTS

15. Transactions with related parties (cont'd)

	2019 £'000	2018 £'000
Debtors falling due within one year		
Contour Homes Limited	11	21
Onward Homes Limited	384	1,607
	395	1,628
<hr/>		
Creditors: amounts falling due within one year		
Onward Group Limited	1,834	1,429
Onward Homes Limited	-	-
	1,834	1,429

All transactions with related parties are provided and received at cost and are apportioned in accordance with an agreed group recharge methodology. The recharge methodology recharges costs mainly on the basis of time, headcount or service usage.

There were no transactions with related parties of members of the Board.

16. Capital commitments

There were no capital commitments as at 31 March 2019 (2018: £ Nil)

17. Cash flows generated from operating activities

	2019 £'000	2018 £'000
(Loss) / profit for the year	(622)	19
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	-	-
(Increase) / decrease in stock	(31)	36
Decrease / (increase) in trade and other debtors	1,129	(965)
Increase / (decrease) in trade and other creditors	438	894
Adjustments for investing or financing activities		
Proceeds from disposal of tangible fixed assets	-	-
Interest receivable	-	-
Interest payable	-	-
Net cash generated from operating activities	914	(16)

18. Contingent liabilities

There were no contingent liabilities as at 31 March 2019 (2018: £ Nil)

19. Post Balance Sheet Events

There were no significant post Balance Sheet events requiring adjustment to the financial statements.