

**Hyelm**  
**(Limited by Guarantee)**



**Hyelm**  
**(Limited by Guarantee)**

**Report and Financial Statements**  
**15 October 2013**

Hyelm is a company limited by guarantee, registration No. 00244598, and is registered with the Homes and Communities Agency No. HO312. Hyelm is charitable and is registered with the Charity Commission No. 215575.

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**Report and Financial Statements 15 October 2013**

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# Hyelm

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## Members, Senior Staff, Advisors and Bankers

### **Board**

|                    |  |
|--------------------|--|
| Chair              | Susan Parsonage – (from 19 December 2012)<br>Arvinda Gohil – (to 19 December 2012)   |
| Honorary Treasurer | Howard Webb  |
| Ordinary Members   | Rebecca Begej<br>Graham Briscoe – (from 27 April 2013)<br>Lee Buss<br>Keith Douglas (Chief Executive)<br>Tunji Faleye – (to 27 April 2013)<br>Robin Park – (to 28 January 2013)<br>Charlotte Paxton – (from 18 June 2013)<br>Alex Sutton – (to 10 December 2013)<br>Helen Taylor – (from 18 June 2013)<br>Bryony Willett<br>Wayne Willis |

### **Senior Staff**

|                                     |                                       |
|-------------------------------------|---------------------------------------|
| Chief Executive & Company Secretary | Keith Douglas                         |
| Director of Operations              | Simon Wright                          |
| Director of Finance                 | Mark Sharman – (from 1 February 2013) |

### **Auditors**

Grant Thornton UK LLP  
Chartered Accountants  
202 Silbury Boulevard  
Central Milton Keynes  
MK9 1LW

### **Principal Investment Advisors**

Deutsche Bank  
BNY Mellon House  
Ingrave Road  
Brentwood  
Essex CM15 8TG

### **Principal Bankers**

|  |   |
|--|---|
| Barclays Bank<br>28 Hampstead High Street<br>Hampstead<br>London NW3 1QB | Allied Irish Bank<br>10 Berkeley Square<br>London W1J 6AA |
|--|---|

### **Registered Office**

Arthur West House  
79 Fitzjohns Avenue  
Hampstead  
London NW3 6PA

# **Hyelm**

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## **Report of the Board**

The Board presents its report and audited financial statements for the year ended 15 October 2013.

### **Legal Status**

Hyelm is a Company Limited by Guarantee and does not have share capital. It is a non-profit making concern registered as a Charity (The Hyelm Group) and a Registered Provider under the Housing Acts.

### **Principal Activity and Public Benefit**

Hyelm provides high standards of affordable accommodation, services and facilities in homely environments for London's key workers, now referred to as priority groups, and for young people on low to moderate incomes who are coming to or are in the capital to work or to study.

The Board confirms that it has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing Hyelm's aims and objectives and in formulating future plans.

### **Format of Financial Statements**

The Board is pleased to present its report and financial statements based on a limited company format and in accordance with accounting requirements by legislation and as set out in the Statement of Recommended Practice 'Accounting by Registered Social Landlords' ('SORP' – Update 2010).

### **Review of the Year and Future Plans**

During the course of the year high levels of occupancy and operational income were maintained.

The Board is pleased to report that the deficit of £558 for the year (2012: deficit £21,814), outperformed business plan budget and forecasts, principally due to high occupancy levels which have been sustained during the first 3 months of 2013/14.

The Old Street development, which was completed in March 2008, was financed from our cash-backed reserves, capital grant of £3m from the Homes and Communities Agency and a loan of £6.736m from Allied Irish Bank. The interest rate on this loan has been fixed for the 30 year term at a rate of 5.5%.

In accordance with the objectives of the Strategic Plan 2012-2015 – *Making a Real Difference*, the Board considered the future of Arthur West House. Although the property is well maintained and occupancy levels remain high, it is recognised that the design of the accommodation no longer meets the requirements of our target customer base. The Board has therefore determined that Arthur West House should be sold, with the proceeds being reinvested in accommodation that more suits the accommodation needs of the young people that the Group was established to provide accommodation for.

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## **Report of the Board**

### **Board**

During the course of the year an extensive review was undertaken to ensure that the Board and governance arrangements reflect best practice. Following the review, the Board has adopted and now complies with the principal recommendations of the National Housing Federation's most recent codes on best governance practice and conduct. Hyelm is a member of the Federation. A detailed review of the organisation's performance against the new regulatory standards of the Homes and Communities Agency was also carried out during the year and full compliance with these standards has been achieved where necessary.

In addition, a comprehensive Board and Board members appraisal process was put in place during the year. This led to the adoption of a governance development plan, which is now being implemented.

The implementation of the NHF code of governance has resulted in a number of changes to the Board membership during the course of the year.

The Board also reviewed the structure of the Board and at its Annual General Meeting held in April 2012 agreed to abolish the positions of President and Vice President.

In accordance with the Articles of Association, the following Board members are required to stand down at Annual General Meeting, but will remain eligible for re-appointment to the Board:

|                  |                |
|------------------|----------------|
| Howard Webb      | Bryony Willett |
| Charlotte Paxton | Helen Taylor   |

### **Value for money**

Following the development of our Value for Money Strategy last year, we have taken a number of actions to begin to deliver our plan and to meet the required Standard.

Getting best value from our resources is essential to ensure we can continue to deliver quality services to our residents and to ensure that appropriate investment is made in order to provide high standards of accommodation.

During the course of the year, the board agreed to dispose of our property in Hampstead, Arthur West House, which does not meet the type of accommodation sought by our residents, and due to its age is increasingly expensive to maintain and does not meet current standards in relation to environmental and sustainability issues. Due to its location, the property has a significant market value and the proceeds of the sale will be invested in more modern and appropriate accommodation that will achieve better value for money than the current site.

As a small organisation where even small increases in cost can have an adverse effect on the ability to generate a surplus, Hyelm is aware of the importance of maintaining a low cost base. To ensure that costs are constrained as far as possible, Hyelm regularly reviews its supplier base, and through competitive tendering seeks to ensure both low costs and best value for money. Where possible we seek to obtain fixed price contract values in order to have certainty over price, and for contracts in excess of one year's duration, increases in cost are linked to the increase in the Consumer Price Index wherever possible.

The Executive Team report regularly to the Board on progress against the objectives agreed within the value for Money strategy, thereby ensuring that we can develop a value for money culture within the organisation.

We also recognise that the value of our housing assets is significantly more than our operating costs and to demonstrate value we need to make sure that we are using these assets effectively and efficiently to meet housing need. With this in mind over the past year we worked with our residents group to obtain their views on how we could make better use of our assets and in particular how our staff can add value through the services they provide to residents. Through this

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## Report of the Board

forum we have already identified a number of opportunities to interact more positively with our residents.

The Board is committed to getting value for money embedded in the culture and decision-making processes of the organisation and thereby exceeding the expectations of the Standard. The Group is working towards publishing a Value for Money Self Assessment in September 2014.

### **Officer's Insurance**

As a fully subscribed member of the National Housing Federation, the Company receives indemnity insurance to safeguard voluntary Board members and senior executive staff.

### **Key Policies and Strategies**

#### Reserves Policy

The vast majority of reserves are currently held in the revenue reserve.

Designated reserves are also maintained with funds earmarked for the following specific purposes:

- Future developments.
- Non-accommodation activities such as the provision of sporting, recreational and social facilities.

The Development fund represents funds available to meet future development expenditure. Each year, investment and similar income less development expenditure incurred, is transferred to the Development fund.

Any surplus income from the provision of non-accommodation activities is returned to the Activities fund.

#### Treasury Management

Our surplus cash is currently held on interest bearing bank accounts with Barclays Bank.

#### Rent

Increases take into account the income of our residents, charges levied by competing organisations and are in line with guidance from the Homes and Communities Agency.

### **Statement on Internal Controls Assurance**

The Board acknowledges its responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by the company is ongoing and has been in place throughout the period commencing 16<sup>th</sup> October 2012 up to the date of approval of the report and financial statements.

Key elements of the control framework include:

- Board approved terms of reference and delegated authorities for all sub committees of the Board
- Clearly defined management responsibilities for the identification, evaluation and control of significant risks
- Robust strategic business planning processes, with detailed financial budgets and forecasts
- Formal recruitment, retention, training and development policies for all staff

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- Established authorisation and appraisal procedures for significant new initiatives and commitments
- Regular reporting to the appropriate committee on key business objectives, targets and outcomes
- Board approved whistle-blowing policies and anti-theft and corruption policies
- Board approved fraud policies, covering prevention, detection and reporting, together with recoverability of assets
- Regular monitoring of loan covenants and requirements for new loan facilities.

A fraud register is maintained and reviewed by the Board on a regular basis. During the year no frauds were reported.

The Board has received the Chief Executive's annual review of the effectiveness of the system of internal controls which are designed to provide reasonable, not absolute, assurance. The Board has also received the annual report of the internal auditor.

### **NHF Codes of Governance and Conduct**

We are pleased to report that the group complies with the principal recommendations of the NHF code of governance (revised). A review of risk management procedures was undertaken during 2012-13 to ensure such procedures are operating effectively. The Association has published a new Governance Manual which provides a comprehensive manual of policies, procedures and guidance notes for all areas covered by the Code and has published a statement on all its accountability mechanisms. Policies and procedures are reviewed by the management team in accordance with a published timetable (or according to need) and all significant changes are reported to the Board.

### **Statement of the Board's Responsibilities**

The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

Company Law requires the board to prepare financial statements for each financial year. Under that law the Board has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under that 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 and profit or loss of the company. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers, have been followed, subject to any material departures disclosed and explained in the financial statements.;
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the company will continue in business.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable it to ensure that the financial statements comply with the Companies Acts 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.

It is 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.

### **Going concern**

After making enquiries, the Board has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve

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months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

### **Disclosure of information to Auditors**

At the date of making this report, each of the company's directors, as set out on page 2, confirm the following:

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

The Report of the Board was approved by the Board on the 18<sup>th</sup> March 2014 and signed on its behalf by:

**Susan Parsonage**  
**Chair**

**Keith Douglas**  
**Chief Executive**

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## **Independent Auditors Report**

### **Independent auditor's report to the members of Hyelm**

We have audited the financial statements of Hyelm for the year ended 15 October 2013 which comprise the income and expenditure account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the board and the auditor**

As explained more fully in the Statement of Board's Responsibilities set out on page 6, the board is responsible for the preparation of the financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 15 October 2013 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Board for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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:

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- 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.

Subarna Banerjee  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Milton Keynes

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## Income and Expenditure Account for the year ended 15 October 2013

|  | Note | 2013<br>£           | 2012<br>£              |
|--|------|---------------------|------------------------|
| <b>Turnover: continuing operations</b>           | 2    | 2,263,340           | 2,148,425              |
| <b>Operating costs</b>                           | 2,3  | <u>(1,898,412)</u>  | <u>(1,807,860)</u>     |
| <b>Operating surplus : continuing operations</b> | 2,4  | <b>364,928</b>      | <b>340,565</b>         |
| Interest receivable and similar income           | 7    | 6,688               | 7,086                  |
| Interest payable                                 | 8    | (372,174)           | (369,465)              |
| <b>Deficit for the financial year</b>            |      | <b><u>(558)</u></b> | <b><u>(21,814)</u></b> |

The notes on pages 13 to 24 form part of these accounts.

There are no recognised gains and losses other than those included in the income and expenditure account.

All activities relate to continuing operations.

Historical cost surpluses and deficits were identical to those shown in the income and expenditure account.

The financial statements were approved by the Board on 18 March 2014.

**Susan Parsonage**  
Chair

**Keith Douglas**  
Chief Executive

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**Company Number: 00244598**

## Balance Sheet as at 15 October 2013

|  | Note | 2013<br>£         | 2012<br>£         |
|--|------|-------------------|-------------------|
| <b>Fixed assets</b>                          |      |                   |                   |
| Housing properties                           | 9    | 14,051,987        | 16,678,793        |
| Social housing grant                         |      | (5,317,182)       | (5,317,182)       |
|  |      | <b>8,734,805</b>  | <b>11,361,611</b> |
| <br>   |      |                   |                   |
| Other fixed assets                           | 10   | <b>474,135</b>    | <b>463,179</b>    |
| <b>Current assets</b>                        |      |                   |                   |
| Properties held for sale                     | 9    | 2,463,942         | -                 |
| Stocks                                       | 11   | 5,995             | 5,806             |
| Debtors                                      | 12   | 273,036           | 157,871           |
| Cash at bank and in hand                     |      | 1,976,438         | 1,934,087         |
|  |      | <b>4,719,411</b>  | <b>2,097,764</b>  |
| <b>Creditors</b>                             |      |                   |                   |
| Amounts falling due within one year          | 13   | (664,831)         | (647,086)         |
|  |      | <b>4,054,580</b>  | <b>1,450,678</b>  |
| <b>Net current assets</b>                    |      |                   |                   |
|  |      | <b>4,054,580</b>  | <b>1,450,678</b>  |
| <b>Total assets less current liabilities</b> |      |                   |                   |
|  |      | <b>13,263,520</b> | <b>13,275,468</b> |
| <b>Creditors</b>                             |      |                   |                   |
| Amounts falling due after one year           | 14   | 6,692,410         | 6,703,800         |
| <b>Capital and reserves</b>                  |      |                   |                   |
| Members' capital subscriptions               | 15   | -                 | 95                |
| Designated reserves                          | 16   | 95,951            | 90,641            |
| Revenue reserve                              | 16   | 6,475,159         | 6,480,932         |
|  |      | <b>13,263,520</b> | <b>13,275,468</b> |
| <b>Total funds</b>                           |      |                   |                   |
|  | 17   | <b>13,263,520</b> | <b>13,275,468</b> |

The notes on pages 13 to 24 form part of these accounts.

The financial statements were approved by the Board on 18 March 2014.

**Susan Parsonage**  
Chair

**Keith Douglas**  
Chief Executive

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## Cash Flow Statement for the year ended 15 October 2013

|  | Note | 2013<br>£            | 2012<br>£             |
|--|------|----------------------|-----------------------|
| <b>Net cash inflow from operating activities</b>       | 18   | <u>604,942</u>       | <u>712,963</u>        |
| <b>Returns on Investments and Servicing of Finance</b> |      |                      |                       |
| Interest received                                      | 7    | 6,688                | 7,086                 |
| Interest payable                                       | 8    | <u>(372,174)</u>     | <u>(369,465)</u>      |
|  |      | <u>(365,486)</u>     | <u>(362,379)</u>      |
| <b>Capital Expenditure and Financial Investments</b>   |      |                      |                       |
| Additions to housing properties                        | 9    | (40,436)             | -                     |
| Purchase of other fixed assets                         | 10   | <u>(143,879)</u>     | <u>(100,588)</u>      |
|  |      | <u>(184,315)</u>     | <u>(100,588)</u>      |
| <b>Financing</b>                                       |      |                      |                       |
| Repayment of loans                                     | 19   | <u>(12,790)</u>      | -                     |
|  |      | <u>(12,790)</u>      | -                     |
| <b>Increase in cash</b>                                |      | <u><b>42,351</b></u> | <u><b>249,996</b></u> |

The notes on pages 13 to 24 form part of these accounts.

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## **Notes to the Financial Statements 15 October 2013**

### **1. Accounting Policies**

#### **Accounting Basis**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Statement of Recommended Practice 'Accounting by Registered Social Landlords' (Update 2010) ('SORP') and comply with the Accounting Direction for Private Registered Providers of Social Housing 2012.

Hyelm is the sole corporate trustee of The Ames House Trust ("Ames House") which is an unincorporated charitable trust operating in London. Ames House is, therefore, a quasi-subsiary undertaking of Hyelm under FRS 5 criteria.

The financial statements only present information about the company and do not contain information relating to the group as a whole. The company is not required to prepare group accounts under section 248 of the Companies Act 2006 because the group qualifies as small-sized and is not an ineligible group.

#### **Accounting Policies**

The Board has reviewed the company's accounting policies and is satisfied that they are appropriate.

#### **Turnover**

Turnover comprises rental income from residents receivable in the year, income from the provision of sporting, recreational or social facilities and costs recharged to Ames House for management services relating to the management by Hyelm of the leasehold property owned by Ames House.

#### **Housing Properties**

Housing properties are principally properties available for rent and are stated at cost less social housing grant and depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

Improvements are works which result in an increase in the net rental income, such as a reduction in future maintenance costs, or result in a significant extension of the useful economic life of the property in the business. Only the direct overhead costs associated with new developments or improvements are capitalised.

#### **Depreciation of Housing Properties**

Freehold land is not depreciated.

Depreciation is charged so as to write down the net book value of housing properties to their estimated residual value on a straight-line basis, over their estimated useful economic lives in the business. The depreciable amount is assessed on an annual basis and is arrived at on the basis of original cost, less residual value. While it is the company's policy to depreciate housing properties, the cost of the Arthur West House, Hampstead property has been financed by social housing grant to the extent that the net cost of the property after deduction of the social housing grant and

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## Notes to the Financial Statements 15 October 2013

### 1. Accounting Policies (continued)

#### Depreciation of Housing Properties (continued)

taking into account the expected remaining economic life of the property, results in an annual depreciation charge which is not deemed material.

Depreciation is being charged in respect of the Old Street property using component accounting methodology to write down the cost of the major components over their anticipated useful economic life. The rates used are:

|                          |          |
|--------------------------|----------|
| Roofs                    | 30 years |
| Lifts                    | 30 years |
| Windows & External Doors | 15 years |
| Internal Doors           | 15 years |

The remaining costs are depreciated to a residual value of nil over 50 years, being the anticipated useful life of the building.

#### Impairment

Assets are reviewed for impairment on an annual basis. Where there is evidence of impairment, fixed assets are written down to the recoverable amount. Any such write down would be charged to operating surplus.

#### Social Housing Grant

Social housing grant (SHG) is receivable from the Homes and Communities Agency and is utilised to reduce the capital costs of housing properties. The amount of SHG receivable is calculated on a fixed basis depending on the size, location and type of housing property. SHG due from the Homes and Communities Agency or received in advance is included as a current asset or liability. SHG received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates.

SHG is subordinated to the repayment of loans by agreement with the Homes and Communities Agency. SHG released on sale of a property is normally available to be recycled to a Recycled Capital Grant Fund and included in the balance sheet in Creditors. When SHG is actually repayable on the balance sheet date it is included in Creditors in the normal way.

#### True and Fair Override

Under the requirements of the SORP, Capital Grants are shown as a deduction from the cost of the housing properties (note 9). This is a departure from the rules under the Companies Act 2006 and in the opinion of the Board is a relevant accounting policy, comparable to those adopted by other Registered Providers, which has been adopted to give a true and fair view.

#### Other Tangible Fixed Assets and Depreciation

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. The principal annual rates for other assets are:

|                       |           |
|-----------------------|-----------|
| Fixtures and fittings | 10% - 25% |
| Computer Equipment    | 20%       |

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## Notes to the Financial Statements 15 October 2013

### 1. Accounting Policies (continued)

#### Current Asset Investments

Where these are held, they are stated at market value.

#### Investment Income

Interest from Certificates of Deposit and Fixed Interest Bonds is accounted for on a receivable basis.

Dividend income is accounted for on a received rather than receivable basis. The difference is not material to the accounts.

#### Interest Payable

Interest is capitalised on borrowings to finance developments.

Other interest is charged to the income and expenditure account during the year.

#### Loan Issue Costs

Loan Issue Costs reflect arrangement fees payable in respect of loan facilities. Loan issue costs are amortised over the term of the respective loan facility and offset against loan balances within creditors.

#### Liquid Resources

Liquid Resources are readily disposable current asset investments.

#### Pensions

Hyelm employees are encouraged to take out Personal Pension Plans and after a minimum service period and subject to the employee contributing a minimum of 5% of basic salary, the Company will make contributions up to a maximum of 7.5% of basic salary (Chief Executive 10%).

#### Members' Capital Subscriptions

Members have historically paid a single subscription of £1, due and payable on the first day of the month after they have been admitted to the membership. This requirement was rescinded at the Annual General Meeting held on 28 April 2012. Balances held will be repaid to members on request.

#### Stock

Stock is calculated at the lower of cost or net realisable value.

#### VAT

Following the opening of the Old Street property, Hyelm is now subject to VAT partial exemption rules.

#### Development Fund

The development fund represents funds available to meet future development expenditure which falls within the company's objectives.

#### Club Activities Fund

The club activities fund supports expenditure in respect of non-accommodation activities such as the provision of sporting, recreational and social facilities.

Any surplus achieved through the provision of such activities is returned to the fund.

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## Notes to the Financial Statements 15 October 2013

### 2. Turnover, operating costs and operating deficit

Housing accommodation 290 units (2012: 290 units)

|   | Turnover<br>£    | Operating<br>costs<br>£ | 2013<br>Operating<br>surplus<br>£ | Turnover<br>£    | 2012<br>Operating<br>surplus<br>£ |
|---|------------------|-------------------------|-----------------------------------|------------------|-----------------------------------|
| <b>Key Worker/Priority Groups &amp; General Needs housing</b> |                  |                         |                                   |                  |                                   |
| Housing accommodation (note 3)                                | 1,865,083        | 1,539,337               | 325,746                           | 1,784,602        | 344,379                           |
| <b>Other housing activities</b>                               |                  |                         |                                   |                  |                                   |
| Management services (note 25)                                 | 368,393          | 333,792                 | 34,601                            | 343,736          | 22,975                            |
| Other income  | 29,864           | 25,283                  | 4,581                             | 20,087           | (26,789)                          |
| Development costs not capitalised                             | -                | -                       | -                                 | -                | -                                 |
|   | <u>398,257</u>   | <u>359,075</u>          | <u>39,182</u>                     | <u>363,823</u>   | <u>(3,814)</u>                    |
|   | <u>2,263,340</u> | <u>1,898,412</u>        | <u>364,928</u>                    | <u>2,148,425</u> | <u>340,565</u>                    |

Management services relates to costs recharged to The Ames House Trust for services relating to the management by Hyelm of the leasehold property owned by The Ames House Trust.

### 3. Turnover, operating costs and operating surplus on social housing lettings

|                                    |                                  |                           | 2013             | 2012             |
|------------------------------------|----------------------------------|---------------------------|------------------|------------------|
|                                    | General<br>Needs<br>Housing<br>£ | Supported<br>Housing<br>£ | Total<br>£       | Total<br>£       |
| Turnover - Net Rent Receivable     | 876,800                          | 988,283                   | 1,865,083        | 1,784,602        |
| Services                           | 277,597                          | 532,646                   | 810,243          | 752,452          |
| Management                         | 180,696                          | 285,497                   | 466,193          | 422,156          |
| Bad Debts                          | -                                | 280                       | 280              | 3,881            |
| Day to day maintenance             | 15,011                           | 22,442                    | 37,453           | 47,257           |
| Cyclical maintenance               | -                                | 21,868                    | 21,868           | 11,177           |
| Depreciation on housing properties | 203,300                          | -                         | 203,300          | 203,300          |
| Operating costs                    | <u>676,604</u>                   | <u>862,733</u>            | <u>1,539,337</u> | <u>1,440,223</u> |
| Operating surplus                  | <u>200,196</u>                   | <u>125,550</u>            | <u>325,746</u>   | <u>344,379</u>   |
| Voids                              | -                                | -                         | -                | -                |

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## Notes to the Financial Statements 15 October 2013

### 3. Turnover, operating costs and operating surplus on social housing lettings (Continued)

General Needs accommodation is provided at our Old Street Scheme for priority workers and young people on moderate incomes. Supported housing income is generated from the Arthur West House scheme where a range of support services are provided to young people to enable them to live independently.

### 4. Operating surplus for the year

|  | <b>2013</b>           | <b>2012</b>           |
|--|-----------------------|-----------------------|
|  | <b>£</b>              | <b>£</b>              |
| <b>Operating surplus for the year is after charging:</b> |                       |                       |
| Depreciation on housing properties                       | 203,300               | 203,300               |
| Depreciation on tangible, owned fixed assets             | <u>132,923</u>        | <u>125,809</u>        |
| Total depreciation                                       | <b><u>336,223</u></b> | <b><u>329,109</u></b> |
| Loss on disposal of tangible fixed assets                | <u>-</u>              | <u><b>4,992</b></u>   |
| <b>Auditor's remuneration:</b>                           |                       |                       |
| Auditor's remuneration exclusive of VAT:                 |                       |                       |
| In their capacity as auditors                            | <u><b>9,350</b></u>   | <u><b>12,192</b></u>  |
| For non-audit services                                   | <u><b>4,195</b></u>   | <u><b>1,523</b></u>   |

### 5. Directors and Members

|   | <b>2013</b>           | <b>2012</b>           |
|---|-----------------------|-----------------------|
|   | <b>£</b>              | <b>£</b>              |
| Emoluments of the Company's Chief Executive, Director of Finance & Director of Operations including pension contributions. The Director of Finance was appointed on the 1st February 2013 after the post being vacant since 2010. | <u><b>141,576</b></u> | <u><b>101,306</b></u> |
| Emoluments of the Chief Executive, who was the highest paid "Director", excluding pension contributions   | <u><b>60,542</b></u>  | <u><b>60,938</b></u>  |
| Contributions to the Chief Executive's personal pension plan  | <u><b>5,935</b></u>   | <u><b>5,936</b></u>   |

No members of staff were paid more than £60,000 other than the Chief Executive.

No emoluments were paid to members of the Board during the year. Expenses paid during the year to members of the Board amounted to £1,790 (2012: £6,384).

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## Notes to the Financial Statements 15 October 2013

### 6. Employee information

|   | <b>2013</b>           | <b>2012</b>           |
|---|-----------------------|-----------------------|
|   | <b>Number</b>         | <b>Number</b>         |
| The average monthly number of employees (including the Chief Executive) expressed in full time equivalents. | <u><b>17</b></u>      | <u><b>17</b></u>      |
| <b>Employee Costs:</b>  | <b>£</b>              | <b>£</b>              |
| Wages and salaries  | 431,563               | 383,514               |
| Social security costs   | 41,868                | 36,920                |
| Other pension costs   | 9,130                 | 8,362                 |
|   | <u><b>482,561</b></u> | <u><b>428,796</b></u> |

### 7. Interest receivable and similar income

|                                      | <b>2013</b>  | <b>2012</b>  |
|--------------------------------------|--------------|--------------|
|                                      | <b>£</b>     | <b>£</b>     |
| Interest receivable from investments | <u>6,688</u> | <u>7,086</u> |

### 8. Interest payable and similar charges

|       | <b>2013</b>    | <b>2012</b>    |
|-------|----------------|----------------|
|       | <b>£</b>       | <b>£</b>       |
| Loans | <u>372,174</u> | <u>369,465</u> |

No interest was capitalised on development borrowings during the year (2012: Nil).

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**Notes to the Financial Statements 15 October 2013**

**9. Tangible fixed assets – housing properties**

|   | <b>Freehold Housing<br/>properties held for<br/>letting</b> |
|---|---|
|   | <b>£</b>  |
| <b>Cost</b>                               |   |
| At 16 October 2012                        | 17,592,985  |
| Additions                                 | 40,436  |
| Transfer to current assets                | (2,463,942)   |
| At 15 October 2013                        | <u><u><b>15,169,479</b></u></u>                             |
| <br><b>Depreciation</b>                   |   |
| At 16 October 2012                        | 914,192   |
| Charged during year                       | 203,300   |
| At 15 October 2013                        | <u><u>1,117,492</u></u>                                     |
| <b>Cost less Depreciation</b>             |   |
| At 15 October 2012                        | 16,678,793  |
| At 15 October 2013                        | <u><u><b>14,051,987</b></u></u>                             |
| <b>Social Housing Grant</b>               |   |
| At 16 October 2012 and at 15 October 2013 | <u><u>5,317,182</u></u>                                     |
| <b>Net Book Value</b>                     |   |
| At 15 October 2013                        | <u><u><b>8,734,805</b></u></u>                              |
| At 15 October 2012                        | <u><u>11,361,611</u></u>                                    |

Housing properties book value, net of depreciation and grants comprises:

|                             | <b>2013</b>                    | <b>2012</b>              |
|-----------------------------|--------------------------------|--------------------------|
|                             | <b>£</b>                       | <b>£</b>                 |
| Freehold land and buildings | <u><u><b>8,734,805</b></u></u> | <u><u>11,361,611</u></u> |

No Development or Finance costs were capitalised in the year (2012: Nil).

# Hyelm

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## Notes to the Financial Statements 15 October 2013

### 10. Other tangible assets

|  | Accommodation<br>Furniture &<br>Equipment<br>£ | Computer<br>Equipment<br>£ | Total<br>£              |
|--|--|----------------------------|-------------------------|
| <b>Cost at 16 October 2012</b>         | 1,257,064                                      | 73,762                     | 1,330,826               |
| Additions                              | 83,418   | 60,461                     | 143,879                 |
| <b>Cost at 15 October 2013</b>         | <b><u>1,340,482</u></b>                        | <b><u>134,223</u></b>      | <b><u>1,474,705</u></b> |
| <b>Depreciation at 16 October 2012</b> | 798,161  | 69,486                     | 867,647                 |
| Charged during year                    | 118,827  | 14,096                     | 132,923                 |
| <b>Depreciation at 15 October 2013</b> | <b><u>916,988</u></b>                          | <b><u>83,582</u></b>       | <b><u>1,000,570</u></b> |
| <b>Net book value</b>                  |  |                            |                         |
| At 15 October 2013                     | <b><u>423,494</u></b>                          | <b><u>50,641</u></b>       | <b><u>474,135</u></b>   |
| At 15 October 2012                     | <b><u>458,903</u></b>                          | <b><u>4,276</u></b>        | <b><u>463,179</u></b>   |

### 11. Stocks

|                     | 2013<br>£           | 2012<br>£           |
|---------------------|---------------------|---------------------|
| Bar stocks and food | <b><u>5,995</u></b> | <b><u>5,806</u></b> |

### 12. Debtors

|               | 2013<br>£             | 2012<br>£             |
|---------------|-----------------------|-----------------------|
| Rent arrears  | 5,787                 | 1,857                 |
| Other debtors | 267,249               | 156,014               |
|               | <b><u>273,036</u></b> | <b><u>157,871</u></b> |

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

|                              | 2013<br>£             | 2012<br>£             |
|------------------------------|-----------------------|-----------------------|
| Advance payment of rent      | 60,948                | 57,020                |
| Other creditors and accruals | 603,883               | 590,066               |
|                              | <b><u>664,831</u></b> | <b><u>647,086</u></b> |

# Hyelm

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## Notes to the Financial Statements 15 October 2013

### 14. Creditors: Amounts falling due after one more than one year

|                  | <b>2013</b>      | <b>2012</b>      |
|------------------|------------------|------------------|
|                  | <b>£</b>         | <b>£</b>         |
| Bank loans       | 6,723,210        | 6,736,000        |
| Loan issue costs | (30,800)         | (32,200)         |
|                  | <b>6,692,410</b> | <b>6,703,800</b> |

The loan from Allied Irish Bank (GB) is secured by a legal charge over the Old Street development and is repayable within 30 years. The loan bears a fixed interest rate of 5.5% over the whole term, with capital payments having commenced during the year to 15<sup>th</sup> October 2013.

|   | <b>2013</b> | <b>2012</b> |
|---|-------------|-------------|
|   | <b>£</b>    | <b>£</b>    |
| Payments due between one and two years  | 47,281      | 28,337      |
| Payments due between two and five years | 158,274     | 100,566     |
| Payments due after five years           | 6,517,655   | 6,607,097   |

### 15. Members capital subscriptions

|   | <b>2013</b> | <b>2012</b> |
|---|-------------|-------------|
|   | <b>£</b>    | <b>£</b>    |
| Balance at 16 October 2012                    | 95          | 95          |
| Transfer of subscriptions to general reserves | (95)        | -           |
|   | <b>-</b>    | <b>95</b>   |

The members do not hold shares and in the event of the Company being wound up the liability of members is limited to £1 each. Following changes to the Articles of Association, membership subscriptions are no longer required. Existing subscriptions have been transferred to general reserves and are repayable on demand.

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## Notes to the Financial Statements 15 October 2013

### 16. Reserves

|   | Revenue Reserve<br>£ | Club Activities<br>£ | Development Fund<br>£ | Total<br>£       |
|---|----------------------|----------------------|-----------------------|------------------|
| Balance at 16 October 2012                      | 6,480,932            | 56,847               | 33,794                | 6,571,573        |
| Surplus for the year                            | (558)                | -                    | -                     | (558)            |
| Transfer of members subscriptions               | 95                   | -                    | -                     | 95               |
| <u>Transfers between funds</u>                  |                      |                      |                       |                  |
| Transfer of deficit on club activities          | 7,408                | (7,408)              | -                     | -                |
| Transfer of surplus investment and other income | (12,718)             | -                    | 12,718                | -                |
| <b>Balance at 15 October 2013</b>               | <b>6,475,159</b>     | <b>49,439</b>        | <b>46,512</b>         | <b>6,571,110</b> |

### 17. Reconciliation of movement in total funds

|                                | 2013<br>£         | 2012<br>£         |
|--------------------------------|-------------------|-------------------|
| Opening funds                  | 13,275,468        | 13,295,882        |
| Deficit for the financial year | (558)             | (21,814)          |
| Loan financing received        | 1,400             | 1,400             |
| Loans repaid                   | (12,790)          | -                 |
| Closing funds                  | <b>13,263,520</b> | <b>13,275,468</b> |

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## Notes to the Financial Statements 15 October 2013

### 18. Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities

|  | <b>2013</b>    | <b>2012</b>    |
|--|----------------|----------------|
|  | <b>£</b>       | <b>£</b>       |
| Operating surplus                                | 364,928        | 340,565        |
| Loss on disposal of fixed assets                 | -              | 4,992          |
| Depreciation of tangible fixed assets            | 336,223        | 329,109        |
| Amortisation of loan issue costs                 | 1,400          | 1,400          |
|  | <b>702,551</b> | <b>676,066</b> |
| <b>Working capital movements</b>                 |                |                |
| Debtors  | (115,165)      | (63,798)       |
| Creditors  | 17,745         | 98,992         |
| Stocks   | (189)          | 1,703          |
| <b>Net cash inflow from operating activities</b> | <b>604,942</b> | <b>712,963</b> |

### 19. Reconciliation of net cash flow to movement in debt

|  | <b>2013</b>        | <b>2012</b>        |
|--|--------------------|--------------------|
|  | <b>£</b>           | <b>£</b>           |
| Increase in cash                                   | 42,351             | 249,996            |
| Cash flow from decrease in financing               | 12,790             | -                  |
| <b>Movement in net debt arising from cash flow</b> | <b>55,141</b>      | <b>249,996</b>     |
| <b>Total movement in net debt</b>                  | 55,141             | 249,996            |
| Net debt at 16 October 2012                        | (4,801,913)        | (5,051,909)        |
| <b>Net debt at 15 October 2013</b>                 | <b>(4,746,772)</b> | <b>(4,801,913)</b> |

### 20. Analysis of changes in net debt

|                          | <b>2012</b>        | <b>Cash flow</b> | <b>2013</b>        |
|--------------------------|--------------------|------------------|--------------------|
|                          | <b>£</b>           | <b>£</b>         | <b>£</b>           |
| Cash at bank and in hand | 1,934,087          | 42,351           | 1,976,438          |
| Loans                    | (6,736,000)        | 12,790           | (6,723,210)        |
| <b>Net debt</b>          | <b>(4,801,913)</b> | <b>55,141</b>    | <b>(4,746,772)</b> |

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## Notes to the Financial Statements 15 October 2013

### 21. Commitments

Capital expenditure commitments are as follows:

|  | 2013           | 2012           |
|--|----------------|----------------|
|  | £              | £              |
| Expenditure authorised by the Board, but not contracted: | <b>728,995</b> | <b>180,200</b> |

Expenditure authorised by the Board but not contracted relates to planned refurbishment and improvements at Arthur West House to planning and development costs for the planned replacement of Arthur West House.

The company had no operating lease commitments at 15 October 2013 (2012: £nil).

### 22. Contingent liabilities

There were no contingent liabilities at 15 October 2013 (2012: £nil).

### 23. Post balance sheet events

In accordance with the agreed Strategic Plan 2012-2015 – *Making a Real Difference*, the Board has taken the decision to market Arthur West House for sale, the proceeds of which will be to fund new accommodations and future growth.

### 24. Legislative provisions

Hyelm is incorporated under the Companies Act.

### 25. The Ames House Trust

During the financial year to 15 October 2013 the turnover of Ames House, a quasi – subsidiary of Hyelm, was £412,812, (2012: £391,606). The net movement in funds was surplus £27,218 (2012: surplus £27,116), resulting in total capital and reserves of £2,988,657 at 15 October 2013 (2012: £2,961,439).

The sum of £368,393 was payable by Ames House to Hyelm during the year in respect of costs recharged to Ames House for management services relating to the management by Hyelm of the leasehold property owned by Ames House (2012: £349,806).

The sum of £309,085 was due to Ames House at the end of the financial year in respect of rental income collected by Hyelm on behalf of Ames House in accordance with the Management Agreement (2012: £231,160). A sum of £127,216 was owed to Hyelm by the Ames House Trust in respect of the management services provided during the year (2012: £16,282).