

Financial Statements

31 March 2019

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Housing Maintenance Solutions Limited
Company Registration Number: 07237932



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HMS BOARD MEMBERS, EXECUTIVE DIRECTORS, ADVISORS AND BANKERS

Board Member	Category	Changes in the year
Wayne Hughes Peter Fieldsend	Chair Board Member & Company Secretary	
Paula McGrath Gordon Hood Paul Worthington Ian Clayton Ralph Middlemore	Board Member Board Member Board Member Board Member Board Member	Resigned 31/12/2018 Appointed 01/01/2019 Appointed 01/01/2019

Executive Director	Category	Changes in the year
Paul Worthington	Managing Director	
John Barrow	Operations Director	Changed job title to Construction Director 01/01/2019
Francis Eades	Commercial Director	Left 31/01/2019
Haydn Hansford	Director of Maintenance	Appointed 01/01/2019

Registered office

Helena Central
4 Corporation Street
St Helens, WA9 1LD

Auditors

Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester, M3 3EB

Solicitors

Brabners LLP
Horton House
Exchange Flags
Liverpool, L2 3YL

Bankers

Barclays Bank PLC
Liverpool Lord Street Branch
48b & 50 Lord Street , Liverpool L2 1TD

National Westminster Bank PLC
5 Ormskirk Street
St Helens, WA10 1DR

REPORT OF THE BOARD

The Board presents its report and audited financial statements for the year ended 31 March 2019.

Business Review

Housing Maintenance Solutions Limited ("HMS" or "the Company") is a wholly owned subsidiary of Torus62 Limited ("Torus"). HMS is a Building and Maintenance company operating across the North West of England. In 2018/19 turnover increased to £34.1m (2018: £32.0m). The increase in turnover was due to greater business activity following the Torus merger. Gross operating profits dropped to £1.0m (2018: £2.1m) a decrease of 52% on the previous year and gross margin decreased to 3% (2018: 7%) this due to HMS holding contract prices with Torus62 Limited and an increase in external contracts which carry a lower gross margin.

HMS is a wholly owned subsidiary of Torus 62 Limited, which acquired HMS as part of the amalgamation of the Torus and Liverpool Mutual Homes groups on 1 January 2019. HMS is a company limited by shares.

Donations

HMS has made no donations to political organisations during the period.

Post Balance Sheet Events

Gift Aid donations of £1.0m payable to Torus Foundation are intended to be paid out post year end.

In May 2019, Torus Commercial Services Ltd became a subsidiary of Housing Maintenance Solutions Limited. During 2019-20 Torus Commercial Services Limited will be wound down and all assets, liabilities and contracts will be transferred to Housing Maintenance Solutions Limited.

We consider that there are no other events since the year-end that have had a significant effect on HMS's financial position.

HMS's approach to financial management is outlined in the Strategic Report.

Board Members and Executive Directors

Details of the Board members who served throughout the year and up to the date of this report are detailed on page three.

Following the amalgamation between Torus and Liverpool Mutual Homes Limited on 1 January 2019, Board membership was reviewed and new appointments were made following an assessment of skills and competencies.

Insurance policies indemnify Board members and officers against liability when acting for the company.

Employees

HMS recognises the importance of employee engagement in the company's culture to maintain on-going success. Various mechanisms exist to involve, motivate and communicate with employees. The values of the organisation are embedded within the operating practices. HMS is committed to achieving equality and diversity within the workplace and has policies in place to ensure opportunity

and inclusion for individuals with regard to recruitment, employment, learning and development activities. HMS is aware of its responsibilities in respect of equality and diversity.

Financial Risk Management

The company uses various financial instruments including cash, trade debtors and trade creditors that arise directly from its operations. The Company manages its credit risk through its customer take-on procedures. It is not currently exposed to any currency or interest rate risk.

Going Concern

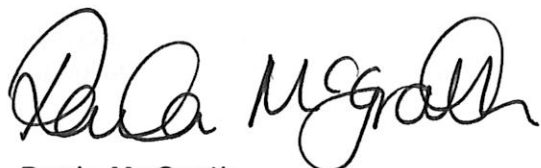
After reviewing the company's forecasts and projections, the directors have a reasonable expectation that HMS has adequate resources to continue in operational existence for the foreseeable future being a period of not less than 12 months from the date of approval of these financial statements. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Annual General Meeting

HMS is not required to hold an Annual General Meeting under its Articles of Association.

Approval

The report of the Board was approved by the HMS Board on 3 September 2019 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Paula McGrath', written in a cursive style.

Paula McGrath
Board Member

STRATEGIC REPORT

HMS provides construction and maintenance services for Torus group customers and other clients across the North West of England.

Following amalgamation on 1 January 2019, a contract was agreed with Torus62 Limited for the provision of repair and maintenance services to Torus properties in St Helens and Warrington. The in House contractor operations for the legacy Torus subsidiaries Helena Partnerships Limited and Golden Gates Housing Trust was transferred into HMS, including a TUPE transfer of staff.

In 2018/19, HMS turnover increased to £34.1m (2017/8: £32.0m) as a result of the move into new-build developments and an increase in repairs and maintenance work following the Torus merger. Operating profit for the year was £1.0m (2017/18: £2.1m). In addition to generating profits to be gift aided to the Torus Group's charitable arm Torus Foundation, HMS held charge rates for maintenance activity for fourth year running, absorbing increased costs with the business and resulting in a real-terms efficiency benefit for the client. These increased costs contributed to reduced operating profit compared to the previous year.

100% of profits made by HMS are reinvested as a social dividend to support social outcomes. In 2018/19, HMS gift aided £2.1m to Torus Foundation for investment into meaningful social projects (2017/18: £2.0m).

Repairing and maintaining homes

HMS undertakes Reactive and Planned Maintenance activities for Torus and other landlord clients, including Steve Biko Housing Association Limited (SBHA). Performance for the year was as follows:

- 48,913 repairs completed, including emergencies
- 172 average responsive repairs completed per day
- £4.2m investment and modernisation in 943 vacant homes
- 100% routine and emergency repairs completed within target time (2017/18: 100% emergency and routine completed within target time)

On average, routine repairs were completed in 7.3 days. Operatives always send a text or email to confirm appointments before arriving on site.

During the year, HMS undertook planned maintenance project that included the installation of:

- 10,800 metres of fencing
- 56 bathrooms
- 89 kitchens
- 204 boilers
- 4,916 smoke and heat alarms

Adapting homes

Adapted living and domestic property extensions support people to live independently in their homes. In 2018/19 HMS transformed homes across Liverpool, St. Helens, Warrington and Cheshire West & Chester by installing level access showers, new bathrooms and mechanical support equipment.

Refurbishment and property development

HMS completed the refurbishment and new build of over 45 flats and housing units during the financial year including Grade II listed Ogdens development, Refurbishment of various properties for let across Liverpool.

Service Performance

Business critical key performance indicators (KPIs) are used by the HMS Board and the Operational Management Team to monitor achievement with respect to the delivery of HMS's corporate objectives. These include financial, regulatory and operational measures.

Key Performance Indicator	2018/19 Performance	2018/19 Target
% All HMS repairs completed in target time	99.63%	95%
% HMS staff turnover	1.22%	1.62%
HMS Turnover	£34.1m	£30.9m
HMS average working days lost due to sickness absence	10.47 days	7 days

In addition to financial performance, the HMS Board and Operational Management Team receive regular performance reports on headline KPIs, which have been identified as being critical to the delivery of HMS's Corporate Plan. Key performance data is reviewed quarterly by the board and monthly by the Operational Management Team.

KPI targets are a mix of contractual performance and business measures. HMS operational performance has remained strong over the course of 2018/19 in all core areas of the business. Contract performance is dictated to HMS by client organisations through contract documentation. Service related contracts are reviewed annually.

The Business Plan anticipates continuing to meet key performance targets set in 2019/20, however the challenge will be to deliver the performance at a reduced cost.

Future Prospects

Following the amalgamation of Torus62 Limited, HMS has been awarded a contract extension to provide repairs and maintenance services to the new group. In addition to this HMS will also continue to support both the investment and house building programs for Torus62 Limited. This establishes HMS as one of the largest providers of housing maintenance services in the North West, placing it in a strong position to bid for further similar types of contracts for other regional providers and councils.

Risks to Delivery of the Business Plan

Risks that may prevent HMS delivering its Business Plan are reported to the Group Audit and Risk Committee on a quarterly basis. Risks are recorded and assessed in terms of their impact and probability with the report analysing:

- HMS's current exposure to these risks;
- The management action to mitigate this exposure; and
- The high risk areas critical to successful delivery of the Business Plan

A summary of the current risk areas for Contracting Operations are provided below:

Key Risk	Status	Planned Development in Internal Controls
Failure to achieve planned volume and/or financial contribution from new business achieved	<ul style="list-style-type: none"> • Torus Development scheme have been awarded to HMS, including, Garston Old Road, Mill Lane, Pensby Road and Higher Heyes. • Turnover targets for non-Group works is meeting aspirational target for 2019/20 	<ul style="list-style-type: none"> • New Business Development Manager engaged to increase tendering opportunities. • HMS continue to work with Group Development on Joint projects
Inadequate safety arrangements	<ul style="list-style-type: none"> • Strategic arrangements for Health and Safety have been reviewed. • Workplace Health & Safety Inspections. 	<ul style="list-style-type: none"> • The HMS safety management system is continuously under review to ensure it fits with the changing needs of the business.
Potential loss or failure of systems and key business processes	<ul style="list-style-type: none"> • New mobile system currently being implemented. 	<ul style="list-style-type: none"> • Implementation of new software forms part of the group business transformation programme.

HMS Board reviews all strategic risks on an annual basis.

Approval

The Strategic Report was approved by the Board on 3 September 2019 and signed on its behalf by:



Paula McGrath
Board Member

STATEMENT OF THE RESPONSIBILITIES OF THE DIRECTORS FOR THE REPORT AND FINANCIAL STATEMENTS

The Directors are responsible for preparing the Strategic Report and Report of the Board and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 and 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 judgments and accounting estimates that are reasonable and prudent and;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- The Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

Approval

The Statement of the responsibilities of the directors for the report and financial statements was approved by the Board on 3 September 2019 and signed on its behalf by:



Paula McGrath
Board Member

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOUSING MAINTENANCE SOLUTIONS LIMITED

Opinion

We have audited the financial statements of Housing Maintenance Solutions Limited (the 'company') for the year ended 31 March 2019 which comprise Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of the its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Report and Financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the report of the board for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the report of the board have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the report of the board.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company 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.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Stuart Muskett
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

Date 11 September 2019

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Turnover	3	34,123	32,021
Cost of sales		(33,118)	(29,867)
Gross profit	4	<u>1,005</u>	<u>2,154</u>
Interest receivable		8	-
Profit on ordinary activities before taxation		<u>1,013</u>	<u>2,154</u>
Tax on profit on ordinary activities	5	211	209
Profit for the financial year		<u>1,224</u>	<u>2,363</u>
Other Comprehensive Income		-	-
Total Comprehensive Income for the year		<u>1,224</u>	<u>2,363</u>

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Share Capital £'000	Revenue reserve £'000	Total reserves £'000
Balance at 1 April 2017	2,000	2,846	4,846
Profit for the year	-	2,363	2,363
Gift Aid	-	(3,096)	(3,096)
Other Comprehensive Income	-	-	-
Balance at 31 March 2018	<u>2,000</u>	<u>2,113</u>	<u>4,113</u>
Profit for the year	-	1,224	1,224
Gift Aid	-	(2,123)	(2,123)
Other Comprehensive Income	-	-	-
At 31 March 2019	<u>2,000</u>	<u>1,214</u>	<u>3,214</u>

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	Note	2019 £'000	2018 £'000
Tangible fixed assets	7	264	72
Current assets			
Stock & Work in Progress	8	1,176	715
Debtors	9	4,498	6,976
Cash at bank and in hand		2,127	244
		<u>7,801</u>	<u>7,935</u>
Creditors: Amounts falling due within one year	10	(4,728)	(3,894)
Net current Assets		<u>3,074</u>	<u>4,041</u>
Total assets less current liabilities		<u>3,337</u>	<u>4,113</u>
Provisions for liabilities		(123)	-
Net Assets		<u>3,214</u>	<u>4,113</u>
Capital and reserves			
Share Capital	11	2,000	2,000
Revenue reserve	12	1,214	2,113
Total Funds		<u>3,214</u>	<u>4,113</u>

The financial statements were approved by the Board on 3 September 2019 and signed on its behalf by:



Paula McGrath
Board Member



Peter Fieldsend
Secretary

Company number : 07237932

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Legal status

Housing Maintenance Solutions Limited ("the Company") is a company limited by shares and is registered under the Companies Act. The company's registered office is 4 Corporation Street, St Helens, WA9 1LD.

2. Principal Activities

HMS's principal activities include the provision of property maintenance and construction services. In 2018/19 the business has undertaken a range of reactive and planned maintenance projects to properties owned and managed by Torus62 Limited. In addition to this core activity, HMS has undertaken minor and major adaptation works and construction and refurbishment projects for third party customers across the North West and a number of new build development contracts for Torus62 Developments Limited. These projects have included working in schools, commercial premises and domestic properties.

3. Accounting policies

Basis of accounting

The Financial Statements have been prepared under the historical cost convention and in accordance with UK accounting standards, including Financial Reporting Standard 102, the Financial Reporting standard applicable in the United Kingdom and the Republic of Ireland, and with the Companies Act 2006. The financial statements are presented in sterling (£).

The company has adopted the following disclosure exemptions as per FRS102:

- the requirement to present a statement of cash flows and related notes
- financial instrument disclosures, including:
 - categories of financial instruments,
 - items of income, expenses, gains or losses relating to financial instruments, and exposure to and management of financial risks.
- the requirement to disclose key management personnel compensation.

Going Concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that HMS has adequate resources to continue in operational existence for the foreseeable future being a period of not less than 12 months from the date of the approval of these financial statements. The directors therefore continue to adopt the going concern basis in preparing its financial statements.

Significant Judgements and Estimates

Preparation of the financial statements requires management to make significant judgements and estimates. There have been no significant judgements or estimates made in the preparation of these accounts.

Pensions

The Company provides a Group Stakeholder Money Purchase Pension Scheme supplied by AVIVA. The charge for the year represents the employer contribution payable to the scheme for the accounting period.

NOTES TO THE FINANCIAL STATEMENTS

Turnover and revenue recognition

Turnover is the revenue arising from the sales of goods and services. It is stated at the fair value of the consideration receivable, net of value added tax. Revenue from services provided is recognised when the company has performed its obligations and in exchange obtained the right to consideration. Revenue from the sale of goods is recognised at the date of delivery.

Tangible fixed assets and depreciation

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line basis over the expected useful economic lives of the asset over the following periods.

Telephony/computers	3-5 years
Furniture, Fixtures and Fittings	3-10 years
Motor Vehicles	3-10 years
Plant and equipment	3-10 years

Useful economic lives of all tangible fixed assets are reviewed annually

Operating lease agreements

Rentals payable under operating leases are charged to profit and loss on a straight-line basis over the terms of the lease, unless the rental payments are structured to increase in line with expected general inflation, in which case the company recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives is recognised as a reduction to the expense recognised over the lease term on a straight line basis.

Stocks and work-in-progress

Stock and work-in-progress is stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price less all further costs to complete and all costs to be incurred in marketing, selling and distribution.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method less any impairment.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Taxation

The charge for taxation is based on the taxable profit for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes.

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date. Deferred tax balances are not discounted.

NOTES TO THE FINANCIAL STATEMENTS

3. Turnover

	2019 £'000	2018 £'000
Sale of goods	2,950	1,494
Services	31,173	30,527
	<u>34,123</u>	<u>32,021</u>

All turnover for the current and prior periods arose in the United Kingdom.

4. Operating profit

This is arrived at after charging:

	2019 £'000	2018 £'000
Depreciation of other tangible fixed assets	42	17
Operating lease rentals		
Land & Buildings	82	78
Motor Vehicles	1,139	529
	<u>1,261</u>	<u>624</u>

Auditor's remuneration for the company are included within the fees to Torus62 Limited and charged to HMS via the service level agreement.

The company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group accounts of the parent company.

NOTES TO THE FINANCIAL STATEMENTS

5. Tax on ordinary activities

	Note	2019 £'000	2018 £'000
Tax charge for the year			
UK corporation tax		(211)	(210)
Deferred tax charge		0	1
Total tax credit		<u>(211)</u>	<u>(209)</u>
Current tax reconciliation			
Profit on ordinary activities before tax		<u>1,013</u>	<u>2,154</u>
Theoretical tax at UK Corporation tax rate of 19% (2018: 19%)		192	409
Effects of:			
Adjust closing deferred tax to average rate		-	3
Adjust opening deferred tax to average rate		-	(4)
Movements of current tax for Gift Aid		(403)	(613)
Fixed asset differences		-	(4)
Total tax charge for the year		<u>(211)</u>	<u>(209)</u>
Deferred tax			
		2019 £'000	2018 £'000
At 1 April		28	29
Charge/ (credit) for the year		-	(1)
At 31 March	9	<u>28</u>	<u>28</u>
Deferred tax comprises of:			
Fixed asset timing differences		6	6
Short term timing differences		22	22
		<u>28</u>	<u>28</u>

NOTES TO THE FINANCIAL STATEMENTS

6. Employees

Average monthly number of employees expressed in full time equivalents:

	2019 No.	2018 No.
Administration	38	28
Housing Support	613	246
	<u>651</u>	<u>274</u>

Employee costs:

	2019 £'000	2018 £'000
Wages and salaries	10,321	7,338
Social security costs	1,004	696
Other pension costs	583	195
	<u>11,908</u>	<u>8,229</u>

The Company operates a Stakeholder Money Purchase Pension Scheme supplied by AVIVA. The charge for the year represents contributions payable by the Company in respect of the year. Pension payments recognised as an expense during the year amount to £583,000 (2018: £195,202).

Board Members and Executive Directors Remuneration

The Chairman of the HMS Board received emoluments for his services to the Company during the year. A salary of £9,875 (2018: £9,000) with associated Employer costs of £200 (2018: £1,242) was paid. No pension contributions were paid.

One of the Company's directors is employed by the Company's parent undertaking Torus62 Limited (2018: 1). Amounts paid by Torus62 Limited in respect of emoluments in 2019 £192,073 (2018: £171,211).

Key Management Personnel

	2019 £'000	2018 £'000
Basic Pay	257	246
Benefits in Kind	24	24
Pension Contributions	13	12
Employers NIC	36	34
	<u>330</u>	<u>317</u>

NOTES TO THE FINANCIAL STATEMENTS

7. Tangible fixed assets

	Fixtures & fittings £'000	Computer equipment £'000	Total £'000
Cost			
At 1 April 2018	435	912	1,347
Additions	151	83	234
At 31 March 2019	<u>586</u>	<u>995</u>	<u>1,581</u>
Depreciation			
As at 1 April 2018	435	840	1,275
Charged in year	4	38	42
At 31 March 2019	<u>439</u>	<u>878</u>	<u>1,317</u>
Net book value			
At 31 March 2018	<u>-</u>	<u>71</u>	<u>72</u>
At 31 March 2019	<u>147</u>	<u>117</u>	<u>264</u>

HMS has no bank loans therefore has no tangible assets pledged as security.

8. Stock and work in progress

	2019 £'000	2018 £'000
Raw materials & consumables	673	320
Work in progress	503	395
	<u>1,176</u>	<u>715</u>

Stock recognised in cost of sales during the year as an expense was £4.2m (2018: £2.8m). An impairment loss of £26k (2018: £81k) was recognised against stock. No stock has been pledged as security.

NOTES TO THE FINANCIAL STATEMENTS

9. Debtors

	2019 £'000	2018 £'000
Due within one year		
Amount due to Group undertakings	3,135	6,404
Accrued income and prepayments	777	164
Deferred tax	28	28
Trade debtors	316	170
Other debtors	242	210
	<u>4,498</u>	<u>6,976</u>

An impairment loss of £7,915 (2018: £1,997) was recognised against trade debtors.

10. Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Trade Creditors	1,218	900
Other taxation and social security	244	235
Other creditors	157	338
Accruals	2,916	2,017
Corporation tax	193	404
	<u>4,728</u>	<u>3,894</u>

11. Share capital

	2019 No. of shares	2019 Share Capital value £'000	2018 No. of shares	2018 Share Capital value £'000
At 31 March – Ordinary Shares of £1 each	<u>2,000,000</u>	<u>2,000</u>	<u>2,000,000</u>	<u>2,000</u>

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distributions on a winding up.

NOTES TO THE FINANCIAL STATEMENTS

12. Reserves

Share capital represents the nominal value of shares that have been issued.

Revenue reserve includes all current and prior period retained profits and losses.

13. Operating leases

The Company's future minimum operating lease payments are as follows;

	2019 £'000	2018 £'000
(i) Land and buildings, leases expiring		
Within one year	72	72
One to five years	216	216
More than five years	-	-
	<u>288</u>	<u>288</u>
(ii) Motor vehicles, leases expiring		
Within one year	1,014	493
One to five years	290	705
	<u>1,304</u>	<u>1,199</u>

14. Relationship with parent company

The immediate and ultimate parent company and controlling party is Torus62 Limited.

15. Related parties

The company has taken advantage of the exemption under Financial Reporting Standard 102 section 33 and not disclosed transactions with Torus62 Limited, Torus Foundation and Torus Developments Limited on the grounds that all entities are wholly owned.

