

Financial Statements

31 March 2020

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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	Chair	Resigned 24/07/2020
Peter Fieldsend	Board Member & Company Secretary	Resigned Secretary 31/03/2020
Paula McGrath	Board Member and Chair	Appointed Chair 24/07/2020
Paul Worthington	Board Member	
Ian Clayton	Board Member	Resigned 26/09/2019
Ralph Middlemore	Board Member	
Catherine Murray Howard	Board Member	Appointed 07/10/2019
Ronnie Clawson	Company Secretary	Appointed 01/04/2020

Registered office
 Helena Central
 4 Corporation Street
 St Helens, WA9 1LD

Registered number
 07237932

Auditors
 BDO LLP
 5 Temple Square
 Temple Street
 Liverpool, L2 5RH

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 2020.

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 2019/20 turnover increased to £61.3m (2019: £34.1m). The increase in turnover was due to greater business activity following the Torus merger, with this being the first full year of turnover in support of Torus’ 38,000 homes. Gross operating profits increased to £3.4m (2019: £1.0m) due to increased turnover and improved productivity.

HMS is a wholly owned subsidiary of Torus62 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. In July 2019 HMS purchased its sister business Torus62 Commercial Services Limited and amalgamated ongoing service contracts with external customers, together with any existing assets and liabilities.

Donations

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

Post Balance Sheet Events

Gift Aid donations of £2.5m payable to Torus Foundation are intended to be paid out post year end, however this may be impacted by the Coronavirus pandemic. In response to the pandemic HMS temporarily restructured its business activities to reflect the reduced demand in quarter 1 of 2020/21 financial year. HMS has revised its business plans and financial forecasts together with additional borrowing to support the business through this turbulent period. HMS has taken advantage of the HMRC furlough scheme with the aim of protecting all existing employees. Demand for services is expected to return to normal by the autumn of 2020.

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

Financial Management

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.

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.

Business Relationships

HMS is committed to maintaining productive relationships with suppliers, customers and other stakeholders. Further details are set out in the Section 172 statement.

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

HMS is an inherently sound and profitable company. Losses of £1.5m forecast in 2020/21 financial year are due to activity reducing as a result of the Coronavirus pandemic. Activity has resumed and as productivity increases over time HMS will return to profitability.

In the medium term, Torus and Torus Developments will continue with investment and development activities ensuring a pipeline of work is available to HMS. Short term support has been made available from Torus, ensuring HMS can meet its commitments in the short term. HMS has sufficient working capital facilities in place and continues to generate cash from ongoing activities. It is therefore considered that HMS remains a going concern and accounts have been prepared on this basis.

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 1 September 2020 and signed on its behalf by:



Paula McGrath
Chair

STRATEGIC REPORT

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

In 2019/20, HMS turnover increased to £61.3m (2018/9: £34.1m) as a result of the move into new-build developments and an increase in repairs and maintenance work following the Torus merger, with this being the first full 12 months trading period where HMS provided services to all Torus' 38,000 homes. Operating profit for the year was £3.4m (2018/9: £1.0m), profit growth was achieved by greater operational efficiency on core activities and increased works for 3rd party customers and construction/development contracts. 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 the fifth year running, absorbing increased costs within the business and resulting in a real-terms efficiency benefit for the client.

An intragroup loan of £2m is in place with Torus62 Limited. This loan was taken out to provide working capital for TCS activities and was novated to HMS during 2019/20. In addition, a further £1m working capital loan facility was put in place during 2019/20, although this was undrawn at 31 March 2020. Loans are secured through a debenture over HMS assets.

100% of profits made by HMS are reinvested as a social dividend to support social outcomes. In 2019/20, HMS gift aided £1.0m to Torus Foundation for investment into meaningful social projects (2018/9: £2.1m).

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:

- 176,088 repairs completed, including emergencies
- 367 average responsive repairs completed per day
- £7.1m investment and modernisation in 1,744 homes
- 99.1% routine and emergency repairs completed within target time (2018/19: 100% emergency and routine completed within target time)

On average, routine repairs were completed in 8.74 days. Operatives always send a text or email to confirm appointments before arriving on site.

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

- 1,135 metres of fencing
- 563 bathrooms
- 573 kitchens
- 656 boilers
- 3,159 smoke and heat alarms

Adapting homes

Adapted living and domestic property extensions support people to live independently in their homes. In 2019/20 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. It also undertook refurbishment of various properties for let across the region.

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	2019/20 Performance	2019/20 Target
% All HMS repairs completed in target time	95.68%	95%
% HMS staff turnover	3.68%	8%
HMS Turnover	£61.3m	£66.07m
HMS average working days lost due to sickness absence	9.63 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 2019/20 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 2020/21, however the challenge will be to deliver the performance at a reduced cost in a more challenging post pandemic environment.

Environmental Management and Carbon Usage

The company is required to disclose information relating to energy and carbon emissions through the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (SI 2018/1155).

The annual quantity of emissions in tonnes of carbon dioxide resulting from activities for which the company is responsible involving:

- The combustion of gas is 40,232 kWh
- The consumption of fuel for the purposes of transport is 74,162 L/100Km
- The annual quantity of emissions in tonnes of carbon dioxide equivalent resulting from the purchase of electricity by the company for its own use is 76,012 kWh

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.
COVID19 response	<ul style="list-style-type: none"> • Wholesale Business Continuity review in response to the pandemic 	<ul style="list-style-type: none"> • The groups Business Continuity, Gold Team has been activated. • Activated the HMS silver Group of key business leaders • Implemented group business continuity plans • Revised business and operational plans in line with new guidelines

		<ul style="list-style-type: none"> • Customer and suppliers contacted to initiate business continuity plans • Furlough of employees in line with new government scheme • Temporary cancellation of secondment agreements • Other mitigating actions.
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HMS Board reviews all strategic risks on an annual basis.

Section 172 Statement

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision making. The Directors continue to have regard to the interests of the Company’s employees and other stakeholders, the impact of its activities on the community, the environment and the Company’s reputation for good business conduct, when making decisions. In this context, acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Company for its members in the long term. We explain in this annual report, and below, how the Board engages with stakeholders.

- The company promotes and maintains regular contact with its key customers and suppliers. The company supports its main customers’ community and social programmes and actively supports the tenants of Torus62 Limited.
- The company maintains regular contact and performance reviews with key suppliers. The company is committed to paying its suppliers in a timely and effective manner and actively support the prompt payment initiatives.
- The company adopts a strong performance culture which is embedded within the organisation which allows performance to be measured and scrutinised by both management and Board. A suite of key performance indicators have been agreed and targets annual targets are set to ensure continuous improvement across all business operations which are monitored via performance management software. Where performance is not reaching the required expectations a clear explanation is provided and actions are agreed to address any issues and ensure improvement in performance.
- The company as part of the Torus62 Group, adopts the National Housing Federation Governance code of conduct, details of which are published in the group annual reports.
- The company actively engages with all its employees including trade union forums, weekly team briefings, toolbox talks, an ongoing recognition policy and rewards schemes.
- The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006. To ensure the Company was operating in line with good corporate practice, all Directors received refresher training on the scope and application of section 172 in writing. This encouraged the Board to reflect on how the Company engages with its stakeholders and opportunities for enhancement in the future and was considered at the Company’s Annual General Meeting. A section 172 notice has been included with the board papers since 1 April 2019. As required, the Senior Legal Counsel and Company Secretary will provide support to the Board to help ensure that sufficient consideration is given to issues relating to the matters set out in s172(1)(a)-(f).
- The Board regularly reviews the Company’s principal stakeholders and how it engages with them. This is achieved through information provided by management and also by direct engagement with stakeholders themselves.

- We aim to work responsibly with our stakeholders, including suppliers and customers, as a business we are actively involved in our key customers’ community initiatives and intervention programmes. The Board has recently reviewed its anti-corruption and anti-bribery, equal opportunities and whistleblowing policies.

The key Board decisions made in the year are set out below:

Significant events/decisions	Key s172 matter(s) affected	Actions and impact
Acquisition of Torus62 Commercial Services	Shareholders, employees	<ul style="list-style-type: none"> • Shareholder consultation took place in accordance with regulatory requirements. • Employee talent management and retention programme was created and implemented.
Restructuring	Employees	<ul style="list-style-type: none"> • Decisions were made by the executive team in consultation with the Board after carefully considering employee impact. • Impacted departments were consulted in respect of changes to job descriptions. • Key employees were offered a retention bonus to mitigate the risk of them leaving the Company.
COVID19 pandemic response and subsequent downturn in the sector	Customers Employees	<ul style="list-style-type: none"> • Customers have been consulted in relation to how the Company’s technology could be used to mitigate this risk. • New ways of working have been implemented to facilitate working during the pandemic • Employees were consulted on contractual changes and ways of working including the use of the government furlough scheme
Business Development Team	Customers, employees	<ul style="list-style-type: none"> • Customer consultation in relation to the Company’s expanded service offer to ensure that services developed match customer needs. • The development teams have been consulted and trained to work with an expanded customer base
Social Impact Strategy	Customers, Employees, Wider community	<ul style="list-style-type: none"> • A social impact strategy has been developed to help understand how HMS fits into its wider community supporting the 3 core heartland areas of Warrington, Liverpool and St Helens

Revised Working Capital Facilities	All	<ul style="list-style-type: none"> Put in place revised working capital facilities with group parent to support diversity and turnover growth
Approved Business Plan and Budget	Customers, Employees and Wider Community	<ul style="list-style-type: none"> Approved 5 year plan for the business and annual budget to set targets and growth aspirations for the medium term plans
Risk Appetite Modelling	All	<ul style="list-style-type: none"> Board has reviewed and set risk appetite model for future business plans, growth and market diversity
Revised Golden Rules and Key Performance Indicators	All	<ul style="list-style-type: none"> Revised key performance indicators and business reporting targets in light of revised business plans
Incentive scheme	Employees	<ul style="list-style-type: none"> Employee incentive scheme participation was widened to include all employees of the new combined business

Approval

The Strategic Report was approved by the Board on 1 September 2020 and signed on its behalf by:



Paula McGrath
Chair

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 1 September 2020 and signed on its behalf by:



Paula McGrath
Chair

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 2020 which comprise the statement of comprehensive income, the statement of changes in equity, the statement of financial position and the 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 2020 and of 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 Annual Report, 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 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 Report of the Board have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Report of the Board.

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, 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.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

BDO LLP

Hamid Ghafoor (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Liverpool, UK

Date: 10 September 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Turnover	3	61,341	34,123
Other income		78	-
Cost of sales		(58,001)	(33,118)
Gross profit	4	<u>3,418</u>	<u>1,005</u>
Interest receivable		4	8
Interest payable		(57)	-
Profit on ordinary activities before taxation		<u>3,365</u>	<u>1,013</u>
Tax on profit on ordinary activities	5	(473)	211
Profit for the financial year		<u>2,892</u>	<u>1,224</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>2,892</u>	<u>1,224</u>

STATEMENT OF CHANGES IN EQUITY

	Note	Share Capital £'000	Revenue Reserve £'000	Total £'000
Balance at 31 st March 2018		2,000	2,113	4,113
Profit for the year		-	1,224	1,224
Gift Aid to Torus Foundation		-	(2,123)	(2,123)
Other comprehensive income		-	-	-
Balance at 31 st March 2019		<u>2,000</u>	<u>1,214</u>	<u>3,214</u>
Profit for the year		-	2,892	2,892
Gift Aid to Torus Foundation		-	(1,013)	(1,013)
Capital contribution - loss on acquisition of group undertaking	19	-	(779)	(779)
Balance at 31 st March 2020		<u>2,000</u>	<u>2,314</u>	<u>4,314</u>

STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Note	2020 £'000	2019 £'000
Tangible fixed assets	7	<u>245</u>	<u>264</u>
Current assets			
Stock & work in progress	8	1,171	1,176
Debtors	9	12,416	4,498
Cash at bank and in hand		<u>634</u>	<u>2,127</u>
		14,221	7,801
Creditors: amounts falling due within one year	10	<u>(8,152)</u>	<u>(4,728)</u>
Net current assets		6,069	3,073
Total assets less current liabilities		6,314	3,337
Creditors: amounts falling due after more than one year	11	(2,000)	-
Provisions for liabilities	12	<u>-</u>	<u>(123)</u>
Net assets		<u>4,314</u>	<u>3,214</u>
Capital and reserves			
Share capital	13	2,000	2,000
Revenue reserve	14	<u>2,314</u>	<u>1,214</u>
Total funds		<u>4,314</u>	<u>3,214</u>

The financial statements were approved by the Board on 1 September 2020 and signed on its behalf by:



Paula McGrath
Chair



Ronnie Clawson
Secretary

Company number : 07237932

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Legal status and principal activities

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

HMS’s principal activities include the provision of property maintenance and construction services. In 2019/20 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.

2. 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.

This information is included in the consolidated financial statements of Torus62 Limited as at 31 March 2020 and these financial statements may be obtained from its registered office: 4 Corporation Street, St. Helens, Merseyside, WA9 1LD.

Going Concern

HMS has been impacted by the coronavirus pandemic, however in the medium term, Torus62 and Torus62 Developments will continue with investment and development activities ensuring a pipeline of work is available to HMS. Short term support has been made available from Torus62, ensuring HMS can meet its commitments in the short term. HMS has sufficient working capital facilities in place and continues to generate cash from ongoing activities.

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.

NOTES TO THE 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.

Turnover and revenue recognition

Turnover is the revenue arising from the provision of repairs, maintenance and construction 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

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 and selling.

Debtors

Short term debtors are measured at transaction price, less any impairment.

NOTES TO THE FINANCIAL STATEMENTS

Creditors

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

Intra-group Loan

Housing Maintenance Solutions Limited has an intra-group working capital loan with Torus62 Limited, its parent company. The current balance stands at £2m. Interest is paid monthly to Torus. The loan facility stands at £3m, and further draw-downs are expected in the next financial year.

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.

3. Turnover

	2020	2019
	£'000	£'000
Sale of goods	7,855	2,950
Construction and maintenance services	53,486	31,173
	<u>61,341</u>	<u>34,123</u>

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

NOTES TO THE FINANCIAL STATEMENTS

4. Operating profit

This is arrived at after charging:

	2020	2019
	£'000	£'000
Depreciation of other tangible fixed assets	89	42
Operating lease rentals		
Land and buildings	86	82
Other	1,058	1,139
	<u>1,143</u>	<u>1,263</u>

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

NOTES TO THE FINANCIAL STATEMENTS

5. Tax on ordinary activities

	2020 £'000	2019 £'000
Tax charge/(credit) for the year		
UK corporation tax	473	(211)
Deferred tax charge	-	-
Total tax charge/(credit)	<u>473</u>	<u>(211)</u>
Current tax reconciliation		
Profit on ordinary activities before tax	<u>3,365</u>	<u>1,013</u>
Theoretical tax at the standard rate of corporation tax in the UK of 19% (2019: 19%)	636	192
Effects of:		
Movements of current tax for Gift Aid	(192)	(403)
Tax in relation to business combination	29	-
Total tax charge/(credit)	<u>473</u>	<u>(211)</u>
Deferred tax asset	2020	2019
	£'000	£'000
At 1 April	28	28
Charge/(credit) for the year	-	-
At 31 March	<u>28</u>	<u>28</u>
Deferred tax asset comprises:		
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:

	2020	2019
	No.	No.
Administration	65	42
Housing, support	576	353
	<u>641</u>	<u>395</u>

Employee costs:

	2020	2019
	£'000	£'000
Wages and salaries	18,387	10,321
Social security costs	1,829	1,004
Other pension costs	1,730	583
	<u>21,946</u>	<u>11,908</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 £1,729,512 (2019: £583,000).

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 £12,500 (2019: £9,875) with associated Employer costs of £766 (2019: £200) was paid. No pension contributions were paid.

Four of the Company's directors are employed by the Company's parent undertaking Torus62 Limited (2019: 1). Amounts paid by Torus62 Limited in respect of emoluments in 2020 were £296,057 (2019: £192,073).

Key Management Personnel

	2020	2019
	£'000	£'000
Basic salary	367	257
Benefits in kind	29	24
Employers NIC	51	36
Pension contributions	33	13
	<u>480</u>	<u>330</u>

NOTES TO THE FINANCIAL STATEMENTS

7. Tangible fixed assets

	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost			
At 1 April 2019	586	995	1,581
Additions	27	43	70
At 31 March 2020	<u>613</u>	<u>1,038</u>	<u>1,651</u>
Depreciation			
At 1 April 2019	439	878	1,317
Charged in year	54	35	89
At 31 March 2020	<u>493</u>	<u>913</u>	<u>1,406</u>
Net book value			
At 31 March 2020	<u>120</u>	<u>125</u>	<u>245</u>
At 31 March 2019	<u>147</u>	<u>117</u>	<u>264</u>

HMS has loans with other group companies which are secured via a debenture over its assets.

8. Stock and work in progress

	2020 £'000	2019 £'000
Raw materials	800	673
Work in progress	371	503
	<u>1,171</u>	<u>1,176</u>

Stock recognised in cost of sales during the year as an expense was £9.0m (2019: £4.2m). An impairment gain of £6k (2019: loss of £26k) was recognised against stock. No stock has been pledged as security.

NOTES TO THE FINANCIAL STATEMENTS

9. Debtors

	2020 £'000	2019 £'000
Due within one year		
Trade debtors	2,886	316
Other debtors	253	242
Prepayments and accrued income	1,503	777
Deferred tax (note 5)	28	28
Amounts owed by Group undertakings	7,746	3,135
	<u>12,416</u>	<u>4,498</u>

An impairment loss of £nil (2019: £7,915) was recognised against trade debtors.

10. Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	2,835	1,218
Other taxation and social security	1	244
Other creditors	888	157
Accruals and deferred income	3,763	2,916
Corporation tax	665	193
	<u>8,152</u>	<u>4,728</u>

11. Creditors: amounts falling due after more than one year

	2020 £'000	2019 £'000
Amounts owed to group undertakings	2,000	-
	<u>2,000</u>	<u>-</u>

Amounts owed to group undertakings consist of a loan from Torus 62 Limited. Interest is charged on each advance at a rate of 1% above the Torus62 average cost of borrowing. Repayments are due five years from the date of draw down as follows:

	2020 £'000	2019 £'000
Amounts owed to group undertakings		
Due within one to two years	1,250	-
Due within two to five years	750	2,000
Total amounts due to group undertakings	<u>2,000</u>	<u>2,000</u>

NOTES TO THE FINANCIAL STATEMENTS

12. Provisions for liabilities and charges

	Dilapidations	Total
	£'000	£'000
At 1st April 2019	123	123
Utilised	(123)	(123)
At 31st March 2020	-	-

13. Share capital

	2020	2020	2019	2019
	No. of	Share	No. of	Share
	shares	capital	shares	capital
		value £'000		value £'000
At 31 March - Ordinary Shares of £1 each, allotted, called up and fully paid	2,000,000	2,000	2,000,000	2,000

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.

14. 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.

15. Operating leases

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

	2020	2019
	£'000	£'000
(i) Land and buildings, leases expiring:		
Within one year	72	72
One to five years	360	216
More than five years	-	-
	<u>432</u>	<u>288</u>
(ii) Motor vehicles, leases expiring:		
Within one year	400	1,014
One to five years	605	290
More than five years	-	-
	<u>1,005</u>	<u>1,304</u>

NOTES TO THE FINANCIAL STATEMENTS

16. Relationship with parent company

The immediate and ultimate parent company and controlling party is Torus62 Limited, registered office Helena Central, 4 Corporation St, St Helens, Merseyside WA9 1LD.

17. 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 Torus62 Developments Limited on the grounds that all entities are wholly owned.

18. Financial assets and liabilities

	2020 £'000	2019 £'000
Categories of financial assets and financial liabilities		
Financial assets that are measured at amortised cost	3,773	2,685
Financial liabilities measured at fair value through surplus or deficit - debt instruments	-	-
Financial liabilities measured at amortised cost - debt instruments	(2,000)	-
Total debt instruments	<u>(2,000)</u>	<u>-</u>
Other liabilities measured at amortised cost	3,723	1,375
Financial assets		
Cash at bank	634	2,127
Financial assets on which no interest is earned	3,139	558
	<u>3,773</u>	<u>2,685</u>
Financial liabilities excluding trade creditors – interest rate risk profile		
Fixed rate	(2,000)	-
Floating rate	-	-
Total borrowings	<u>(2,000)</u>	<u>-</u>

19. Business transfer

On 1 July 2019 Housing Maintenance Solutions Limited acquired 100% of Torus62 Commercial Services Limited for a cash consideration of £1. As a transaction between two wholly owned subsidiaries of Torus62 Limited the transaction has been reflected using the book values of the assets and liabilities and the net liabilities taken on have been reflected in the statement of changes in equity as a capital contribution.

The book values are summarised as follows:

	£'000
Current assets:	
Stock and work in progress	110
Debtors	1,391
Cash at bank in in hand	145
Total assets	<u>1,646</u>
Current liabilities:	
Creditors due within on year	<u>(425)</u>
Total net assets	1,221
Creditors due in more than one year	(2,000)
Net liabilities acquired	<u><u>(779)</u></u>
Amount written off to reserves as a capital contribution	<u><u>779</u></u>

The results of Torus62 Commercial Services Limited prior to acquisition are as follows:

	3 Months to 30 June 2019 £'000	12 Months to 31 March 2019 £'000
Income	<u>1,023</u>	<u>3,056</u>
Profit/(loss) for the period	<u>154</u>	<u>(947)</u>