

Company Registration No. 10847929 (England and Wales)

**HFL GROUP LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**  
**PAGES FOR FILING WITH REGISTRAR**

# HFL GROUP LIMITED

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# HFL GROUP LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

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	Notes	2020 £	£	2019 £	£
<b>Non-current assets</b>					
Property, plant and equipment	5		19,098		-
<b>Current assets</b>					
Trade and other receivables falling due after more than one year	6	8,964,333		-	
Trade and other receivables falling due within one year	6	558,399		16	
Cash and cash equivalents		289,647		850,128	
		<u>9,812,379</u>		<u>850,144</u>	
<b>Current liabilities</b>	8	<u>(1,208,625)</u>		<u>(495,279)</u>	
<b>Net current assets</b>			<u>8,603,754</u>		<u>354,865</u>
<b>Total assets less current liabilities</b>			<u>8,622,852</u>		<u>354,865</u>
<b>Non-current liabilities</b>	9		<u>(2,224,583)</u>		<u>(850,140)</u>
<b>Net assets/(liabilities)</b>			<u><u>6,398,269</u></u>		<u><u>(495,275)</u></u>
<b>Equity</b>					
Called up share capital	10		8,000,010		10
Retained earnings			<u>(1,601,741)</u>		<u>(495,285)</u>
<b>Total equity</b>			<u><u>6,398,269</u></u>		<u><u>(495,275)</u></u>

The directors of the company have elected not to include a copy of the income statement within the financial statements.

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

The financial statements were approved by the board of directors and authorised for issue on 21 September 2020 and are signed on its behalf by:

G T Carson  
Director

Company Registration No. 10847929

# HFL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2020

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#### 1 Accounting policies

##### Company information

HFL Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is Lambeth Town Hall, Brixton Hill, London, SW2 1RW.

##### 1.1 Accounting convention

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

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

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

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

##### 1.2 Going concern

The company has a £5 million redrawable term facility agreement with the London Borough of Lambeth. As at 31 March 2020, the company had made a drawdown of £2.15 million against this facility and has £2.85 million available to be drawn down as and when required.

The directors have considered in detail the financial forecasts for the next twelve months for the company. Whilst the directors cannot predict the future trading and working capital requirements with certainty, they believe that, if required, the company will be able to meet its working capital requirements with the loan facility at its disposal. On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis.

The directors have considered the impact of the Covid-19 pandemic on the business and do not believe there to be any change in the going concern status of the company.

##### 1.3 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Computers	33% Straight line
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Assets purchased during the year are not depreciated in the year of acquisition.

# HFL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

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#### 1 Accounting policies

(Continued)

##### 1.4 Impairment of non-current assets

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

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

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

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

##### 1.5 Cash and cash equivalents

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

##### 1.6 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

##### **Basic financial assets**

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

##### **Classification of financial liabilities**

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

# HFL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

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

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

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

#### 1.7 Equity instruments

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

#### 1.8 Employee benefits

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

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

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

#### 1.9 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.10 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the company's net investment outstanding in respect of leases.

# HFL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

#### 1 Accounting policies

(Continued)

Property, plant and equipment held by Group under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Premiums paid on entry into a lease are applied to writing down the lease liability. Subsequent payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease liability
- financing charges and contingent rents (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the group at the end of the lease period).

#### 2 Judgements and key sources of estimation uncertainty

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

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

#### 3 Employees

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

	2020 Number	2019 Number
Total	20	7

#### 4 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	66,278	45,125
Company pension contributions to defined contribution schemes	-	4,264
Sums paid to third parties for directors' services	-	3,076
	66,278	52,465

# HFL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 5 Property, plant and equipment

	Leasehold land and buildings £	Computers £	Total £
<b>Cost</b>			
At 1 April 2019	-	-	-
Additions	8,000,000	19,098	8,019,098
Disposals	(8,000,000)	-	(8,000,000)
At 31 March 2020	-	19,098	19,098
<b>Depreciation and impairment</b>			
At 1 April 2019 and 31 March 2020	-	-	-
<b>Carrying amount</b>			
At 31 March 2020	-	19,098	19,098
At 31 March 2019	-	-	-

### 6 Trade and other receivables

	2020 £	2019 £
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	557,192	-
Other receivables	1,207	16
	558,399	16
<b>Amounts falling due after more than one year:</b>		
Amounts owed by group undertakings	966,704	-
Other receivables	7,997,629	-
	8,964,333	-
<b>Total debtors</b>	9,522,732	16

Included in other receivables of £7,998,836 is an amount of £7,998,826 due from HFL Homes Ltd, a related party. The amount is in respect of a finance lease arrangement.



# HFL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 7 Finance lease receivables

	2020 £	2019 £
Gross amounts receivable under finance leases:		
Within one year	160,000	-
In two to five years	640,000	-
In over five years	39,040,000	-
	<u>39,840,000</u>	<u>-</u>
Unearned finance income	(31,841,174)	-
	<u>7,998,826</u>	<u>-</u>
Present value of minimum lease payments receivable	<u>7,998,826</u>	<u>-</u>
The present value is receivable as follows:		
Within one year	1,197	-
In two to five years	5,033	-
In over five years	7,992,596	-
	<u>7,998,826</u>	<u>-</u>

#### Analysis of finance leases

Finance lease receivables are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2020 £	2019 £
Current assets	1,197	-
Non-current assets	7,997,629	-
	<u>7,998,826</u>	<u>-</u>

The company enters into financial leasing arrangements for leasehold land and buildings. The average term of finance leases entered into is 250 years.

### 8 Current liabilities

	2020 £	2019 £
Trade payables	90,716	-
Amounts owed to group undertakings	959,782	495,079
Taxation and social security	99,692	-
Other payables	58,435	200
	<u>1,208,625</u>	<u>495,279</u>

# HFL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 9 Non-current liabilities

	2020	2019
	£	£
Amounts owed to group undertakings	2,224,583	850,140

Included within non-current liabilities is an amount of £2,224,583 (2019: 850,140) due to the Council, a related party, in respect of a working capital loan.

### 10 Called up share capital

	2020	2019
	£	£
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
80,000,100 (2019: 100) Ordinary shares of 10p each	8,000,010	10

During the year the company issued 80,000,000 ordinary shares of 10p each.

### 11 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Francis Corbishley.  
The auditor was Moore Northern Home Counties Limited.

### 12 Related party transactions

The company's ultimate parent undertaking is the London Borough of Lambeth by virtue of 100% ownership of share capital. The company has taken advantage of exemptions available under Financial Reporting Standard 102 not to disclose any transactions or balances with entities that are 100% controlled by the Council.

### 13 Ultimate controlling party

The ultimate controlling party is the London Borough of Lambeth by virtue of 100% ownership of HFL Group Limited's shares held by The Mayor and Burgesses of the Borough on behalf of the Council.