

Financial Statements

31 March 2022

21

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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
Paula McGrath	Chair	
Peter Fieldsend	Board Member	
Paul Worthington	Board Member	
Ralph Middlemore	Board Member	
Catherine Murray Howard	Board Member	
Gordon Hood	Board Member	
Ronnie Clawson	Company Secretary	

Registered office Helena Central
4 Corporation Street
St Helens, Merseyside, 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 National Westminster Bank PLC
5 Ormskirk Street
St Helens, Merseyside, WA10 1DR

Report of the Board

The Board presents its report and audited financial statements for the year ended 31st March 2022.

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 2021-22 turnover increased to £89.0m (2021: £59.8m). The increase in turnover was due to recovery of the operating conditions following the Coronavirus pandemic, including the removal of social distancing restrictions imposed by the UK Government. Operating profits increased to £2.3m (2021: £1.0m) due to increased turnover and increased operating margins.

HMS is a wholly owned subsidiary of Torus62 Limited (“Torus62”, 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.

Profits made by HMS are reinvested as a social dividend to support social outcomes. During 2021-22, HMS gift aided £0.8m to Torus Foundation (2020-21: £0.2m to Torus62).

Donations

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

Post Balance Sheet Events

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

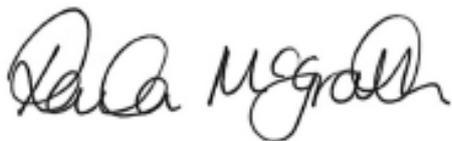
HMS is an inherently sound and profitable company. After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that HMS has adequate resources to continue in operational existence for the foreseeable future being a period of not less than 12 months from the date 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 16th August 2022 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 2021-22, HMS turnover increased to £89.0m (2020-21: £59.8m) following recovery from the impact of the Coronavirus pandemic. HMS's move into new-build developments as well as providing repairs and maintenance work and services to all Torus' 38,000 homes, was increased during 2021-22 following an easing of UK Government Coronavirus restrictions. Operating profit for the year was £2.3m (2020-21: £1.1m). The year-on-year operating profit improvement was achieved following the removal of Coronavirus Pandemic restrictions imposed by the UK Government, coupled with greater operational efficiency on core activities; increased works for third party customers; and construction & development contracts.

To support growth an intragroup loan of £1.0m was in place with Torus62 Limited. In response to the Coronavirus pandemic the total combined working capital facility was increased to £4.0m, none of which is currently drawn or drawn throughout 2021-22. Loans are secured through a debenture over HMS assets. In response to uncertainty during the Coronavirus pandemic and consequent impact on supply chain cashflows, the facility was extended another year until March 2023.

Profits made by HMS are reinvested as a social dividend to support social outcomes. In 2021-22, HMS gift aided £0.8m to Torus Foundation (2020-21: £0.2m to Torus).

Repairing and maintaining homes

HMS undertakes reactive and planned maintenance activities for Torus and other landlord clients, including Cobalt Housing and Steve Biko Housing Association. Performance for the year was as follows:

- 120,568 repairs completed, including emergencies;
- 331 average responsive repairs completed per day;
- £21.6m investment and modernisation in 6,127 homes;
- 99.9% routine and emergency repairs completed within target time (2020-21: 98.7%);
- 36,168 homes received certified gas test; *and*
- 10,736 domestic and commercial electrical tests were completed.

On average, routine repairs were completed in 11.64 days. HMS staff maintain a high level of competence through training, effective systems and processes and compliance with accredited bodies such as NICEIC, Gas Safe and Fensa.

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

- 1,292 perimeter fencing works
- 521 bathrooms
- 985 kitchens
- 1,355 boilers
- 2,332 smoke and heat alarms

Cyclical and Environmental teams maintain in excess of 40,000 properties each year including facilities maintenance, external repairs and painting, cleaning, and grounds maintenance activities.

Refurbishment

HMS undertakes refurbishment activities for various clients across the region. In 2021-22 this included the modernisation and conversion of office spaces, domestic buildings, and commercial premises. HMS completed a number of projects on behalf of Merseyside Police and a flagship project, Champions Court, funded through the Ministry of Housing, Communities, and Local Government. This Accommodation Project was delivered at an accelerated programme with the aim to provide sustainable short-term accommodation to rough sleepers across St Helens.

Property development

HMS completed 55 new build units during the financial year and was on site with a further 313 units at year end. The projects range in size and complexity with many of them delivered on a Design and Build contract basis. This activity has continued to grow with HMS working with the groups development team to create efficiencies through standard house types.

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	2021-22 Performance	2021-22 Target
% All HMS repairs completed in target	94%	95%
% HMS staff turnover	13%	8%
HMS Turnover	£89.0m	£87.7m
HMS average working days lost due to sickness absence	14 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 was challenged by the Coronavirus pandemic in the first half of the year 2021-22, notably in Development and third-party work streams. The remaining six months saw the business move towards a more improved performance in all core areas.

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 for 2022-23; however the challenge will be to deliver the performance at a reduced cost in a more challenging post pandemic operating 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 16,560 kWh.
- The consumption of fuel for the purposes of transport is 453,019 litres.
- 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 77,363 kWh.

Future Prospects

HMS continues to provide repairs and maintenance services to the Torus group. This includes a full range of workstream activities from technical trade crafts to environmental activities including cleaning and green space maintenance. In addition to this HMS also continues to support both the investment and house building programs for Torus62 Limited. HMS is established 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, local authorities and private businesses.

Torus is tendering its repairs and maintenance service with a new contract starting from 1st April 2023. HMS has a strong track record in delivery of the existing contract and this places it in a robust position to retain this contract.

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
Inability to deliver services due to staff/resources	<ul style="list-style-type: none"> • Continued challenges with the availability of skilled staff and sub-contractors 	<ul style="list-style-type: none"> • Growth retention plans and review of the sub-contracting supply chain arrangements.
Inadequate safety arrangements	<ul style="list-style-type: none"> • ISO45001 accreditation retained • Workplace Health & Safety Inspections. 	<ul style="list-style-type: none"> • The HMS Safety Committee continues to take oversight of Health & Safety arrangements across the business.

Key Risk	Status	Planned Development in Internal Controls
Potential loss or failure of systems and key business processes	<ul style="list-style-type: none"> The operational team is focusing on implementing the new QL Core System and rectifying Go Live issues 	<ul style="list-style-type: none"> Major risk areas will be completed during quarter one.
Fail to retain Torus Repairs and Maintenance Contract	<ul style="list-style-type: none"> HMS have passed the PQQ stage and the Invitation to Tender stage is due June 2022. 	<ul style="list-style-type: none"> The Tender Team has been setup and are working with an external bid writer.
Insufficient revenue and cashflow to sustain long-term financial resilience	<ul style="list-style-type: none"> HMS current loan facility extended to provide sufficient working capital. 	<ul style="list-style-type: none"> Cash balances are monitored daily. Productivity reporting Unmatched report to ensure contractors and supply chain are paid in line with conditions.

HMS Board reviews all strategic risks on a quarterly 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 has been agreed and 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 composition of 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.
- The Company aims to work responsibly with its stakeholders, including suppliers and customers and as a business is actively involved in its key customers’ community initiatives and intervention programmes. The Board has recently reviewed its anti-corruption and anti-bribery, equal opportunities and whistleblowing policies.

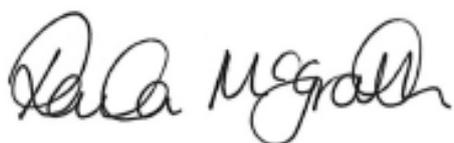
The key Board decisions made in the year are set out below:

Significant events/decisions	Key s172 matter(s) affected	Actions and impact
Restructuring	Employees	<ul style="list-style-type: none"> • Decisions have been 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. • Delays due to impacts of Covid19 were carefully managed during this period.
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 job retention scheme
Construction Software Implementation	Customers, employees	<ul style="list-style-type: none"> • Investment in new systems has been reviewed to support the delivery of construction activity to ensure that projects are delivered efficiently.
Business Development Team	Customers, employees	<ul style="list-style-type: none"> • The development teams have been consulted and trained to work with an expanded customer base

Significant events/decisions	Key s172 matter(s) affected	Actions and impact
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 group and the communities in which we operate.
Revised Working Capital Facilities	All	<ul style="list-style-type: none"> Revised working capital facilities with group parent have been put in place to support diversity and turnover growth
Approved Business Plan and Budget	Customers, Employees and Wider Community	<ul style="list-style-type: none"> The Board has 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"> The 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 considering 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 16th August 2022 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.

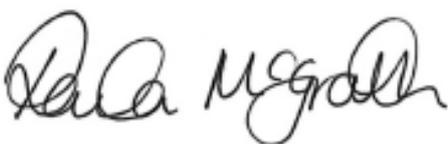
The Directors confirm that:

- 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 16th August 2022 and signed on its behalf by:



Paula McGrath
Chair

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 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.

We have audited the financial statements of Housing Maintenance Solutions Limited ("the Company") for the year ended 31 March 2022 which comprise the 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting

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.

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.

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 responsibilities of the directors, 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant tax compliance regulations.
- In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being those laws and regulations relating to environmental, occupational health and safety and data protection.
- We understood how the Company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of any correspondence received from regulatory bodies.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it considered there was susceptibility to fraud.
- We considered the controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and challenging the assumptions made by management in their significant accounting estimates and the recognition and measurement of revenue. Our audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations identified in the paragraphs above. Our procedures involved:
 - journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business;
 - assessment of the recoverability of receivable balances outstanding at the year end;
 - focused testing on laws and regulations that could give rise to a material misstatement in the Company financial statements.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. In order to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements,

we made enquiries of management and those charged with governance about whether the entity is in compliance with such laws and regulations and we inspected any relevant regulatory and legal correspondence.

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.

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

Date: 09 September 2022

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

STATEMENT OF COMPREHENSIVE INCOME

	Note	2022 £'000	2021 £'000
Turnover	3	89,015	59,810
Other income		-	1,332
Cost of sales		<u>(86,705)</u>	<u>(60,019)</u>
Operating profit	4	2,310	1,123
Interest receivable		-	(1)
Interest payable		-	(73)
Profit on ordinary activities before taxation		<u>2,310</u>	<u>1,049</u>
Tax on profit on ordinary activities	5	<u>(239)</u>	<u>230</u>
Profit for the financial year		<u>2,071</u>	<u>1,279</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>2,071</u>	<u>1,279</u>

STATEMENT OF CHANGES IN EQUITY

	Share Capital £'000	Revenue Reserve £'000	Total £'000
Balance at 31st March 2020	2,000	2,314	4,314
Profit for the year	-	1,279	1,279
Gift Aid to Torus	-	(200)	(200)
Capital contribution - loss on acquisition of group undertaking	-	-	-
Balance at 31st March 2021	<u>2,000</u>	<u>3,393</u>	<u>5,393</u>
Profit for the year	-	2,071	2,071
Gift Aid to Torus Foundation	-	(811)	(811)
Other comprehensive income	-	-	-
Balance at 31st March 2022	<u>2,000</u>	<u>4,653</u>	<u>6,653</u>

STATEMENT OF FINANCIAL POSITION

Note 2022 2021

		£'000	£'000
Tangible fixed assets	7	<u>830</u>	<u>728</u>
Current assets			
Stock & work in progress	8	838	805
Debtors	9	18,934	13,490
Cash at bank and in hand		<u>518</u>	<u>1,418</u>
		20,290	15,713
Creditors: amounts falling due within one year	10	<u>(14,344)</u>	<u>(10,899)</u>
Net current assets		5,946	4,814
Total assets less current liabilities		6,776	5,542
Creditors: amounts falling due after more than one year		-	-
Provisions for liabilities	11	<u>(123)</u>	<u>(149)</u>
Net assets		<u>6,653</u>	<u>5,393</u>
Capital and reserves			
Share capital	12	2,000	2,000
Revenue reserve	13	<u>4,653</u>	<u>3,393</u>
Total funds		<u>6,653</u>	<u>5,393</u>

The financial statements were approved by the Board on 16th August 2022 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, Merseyside, WA9 1LD.

The Company’s principal activities include the provision of property maintenance and construction services. In 2021/22 the business undertook 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 2022 and these financial statements may be obtained from its registered office: 4 Corporation Street, St. Helens, Merseyside, WA9 1LD.

Going Concern

HMS is an inherently sound and profitable company. Whilst profits of £3.4m were initially forecast in 21/22, inflationary pressure on costs and ongoing supply chain difficulties has led to reduction in profit margins, with a profit of £2.1m projected for 21/22. Whilst issue will continue into 22/23, it is anticipated that turnover will increase and a profit of £3.3m is forecast for 21/22.

In the medium term, Torus and Torus Developments will continue with investment and development activities ensuring a pipeline of work is available to HMS, assuming it successfully retains the R&M tender. Torus has committed to undertaking carbon reduction works on its stock and a new retrofit workstream has been built into the business plan from 23/24.

Non group activity is less secure; however this accounts for approx. 10% - 15% of total turnover and stress testing indicates that reduced turnover in this workstream can be accommodated within the revised plan, with HMS remaining in overall profitability.

NOTES TO THE FINANCIAL STATEMENTS

Cash balances have remained steady and HMS is currently debt free. Support through intragroup loan facility has been made available from Torus, ensuring HMS can meet its commitments in the short term.

After consideration of the above points it is concluded that there are no uncertainties that create a material risk to going concern for HMS and Financial Statements should be prepared on this basis.

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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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

The Company has an intra-group working capital loan facility of £4m with Torus62 Limited, its parent company. The current balance stands at £nil. Interest is paid monthly.

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 and Other income

	2022 £'000	2021 £'000
Sale of goods	7,817	6,518
Construction and maintenance services	81,198	53,292
	<u>89,015</u>	<u>59,810</u>
Other income	-	1,332

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

4. Operating profit

This is arrived at after charging:

	2022 £'000	2021 £'000
Depreciation of other tangible fixed assets	135	98
Operating lease rentals		
Land and buildings	-	78
Other	1,512	970
	<u>1,647</u>	<u>1,046</u>

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

NOTES TO THE FINANCIAL STATEMENTS

5. Tax on ordinary activities

	2022 £'000	2021 £'000
Tax charge/(credit) for the year		
UK corporation tax	239	(466)
Deferred tax adjustment	-	236
Total tax charge/(credit)	<u>239</u>	<u>(230)</u>
Current tax reconciliation		
Profit on ordinary activities before tax	<u>2,310</u>	<u>1,049</u>
Theoretical tax at the standard rate of corporation tax in the UK of 19% (2021: 19%)	438	199
Effects of:		
Utilisation of Group relief	(199)	(636)
Fixed asset differences	-	-
Deferred tax adjustment	-	236
Tax in relation to business combination	-	(29)
Total tax charge/(credit)	<u>239</u>	<u>(230)</u>
Deferred tax asset	2022	2021
	£'000	£'000
At 1 April	-	-
Charge/(credit) for the year	-	-
At 31 March	<u>-</u>	<u>-</u>
Deferred tax asset comprises:		
Fixed asset timing differences	6	6
Short term timing differences	22	22
	<u>28</u>	<u>28</u>

An increase in the future main corporation tax rate to 25% from 1 April 2023, from the previously enacted 19%, was announced in the budget on 3 March 2021, and substantively enacted on 24 May 2021. This will affect the calculation of future deferred tax charges.

Deferred tax has been calculated on the rate substantively enacted at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

6. Employees

Average monthly number of employees expressed in full time equivalents:

	2022	2021
	No.	No.
Administration	73	57
Housing, support	597	579
	<u>670</u>	<u>636</u>

Employee costs:

	2022	2021
	£'000	£'000
Wages and salaries	20,660	19,184
Social security costs	1,893	1,794
Other pension costs	1,840	1,951
	<u>24,393</u>	<u>22,929</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 £1,839,700 (2021: £1,951,288).

Board Members and Executive Directors Remuneration

The current Chair is employed as a member of the Torus (Group) Board and no emoluments have been paid by The Company for her services. No pension contributions were paid to either.

Four of the Company's directors are employed by the Company's parent undertaking Torus62 Limited (2021: 4). Two Directors are executives and two are non-executive members of the Torus (Group) Board. Amounts paid by Torus62 Limited in respect of emoluments in 2022 were £397k (2021: £393k).

Key Management Personnel:

	2022	2021
	£'000	£'000
Basic salary	445	377
Benefits in kind	67	30
Employers NIC	60	50
Pension contributions	24	24
	<u>596</u>	<u>481</u>

NOTES TO THE FINANCIAL STATEMENTS

7. Tangible fixed assets

	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost			
At 1 April 2021	1,044	1,188	2,232
Additions	-	234	234
At 31 March 2022	<u>1,044</u>	<u>1,422</u>	<u>2,466</u>
Depreciation			
At 1 April 2021	953	551	1,504
Charged in year	24	108	132
At 31 March 2022	<u>977</u>	<u>659</u>	<u>1,636</u>
Net book value at 31st March 2022	<u>67</u>	<u>763</u>	<u>830</u>
Net book value at 31st March 2021	<u>91</u>	<u>637</u>	<u>728</u>

8. Stock and work in progress

	2022 £'000	2021 £'000
Raw materials	<u>838</u>	<u>805</u>
	<u>838</u>	<u>805</u>

Stock recognised in cost of sales during the year as an expense was £10.9m (2021: £6.7m). No stock has been pledged as security.

9. Debtors

	2022 £'000	2021 £'000
Due within one year		
Trade debtors	1,350	2,528
Provisions for bad debt	(264)	-
Other debtors	1,650	58
Prepayments and accrued income	3,431	1,789
Deferred tax (note 5)	28	28
Amounts owed by Group undertakings	12,739	9,087
	<u>18,934</u>	<u>13,490</u>

An impairment loss of £nil (2021: £nil) was recognised against trade debtors.

NOTES TO THE FINANCIAL STATEMENTS

10. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	2,193	2,773
Other taxation and social security	61	-
Other creditors	297	312
Accruals and deferred income	11,355	7,615
Corporation tax	438	199
	<u>14,344</u>	<u>10,899</u>

11. Provisions for liabilities and charges

	Dilapidations £'000	Total £'000
At 1st April 2021	149	149
Additions	-	-
Utilised	(26)	(26)
Reversals	-	-
At 31st March 2022	<u>123</u>	<u>123</u>

12. Share capital

	2022 No. of shares	2022 Share capital value £'000	2021 No. of shares	2021 Share capital 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.

13. 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.

14. Operating leases

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

Land and buildings, leases expiring	2022	2021
	£'000	£'000
Less than one year	96	72
Between one and five years	479	360
More than five years		
	575	432

Motor Vehicles, leases expiring	2022	2021
	£'000	£'000
Less than one year	368	400
Between one and five years	77	620
More than five years	-	-
	445	1,020

15. 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.

16. 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.