

CityWest Homes Services Limited

Annual report and
financial statements
for the period ending
31 March 2018



CITYWEST HOMES
SERVICES

CityWest Homes Services Limited
Registered in England: 10697467

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Company Information

| | | |
|----------------------------------|--|--|
| Board of Directors: | | |
| Directors | Barbara Brownlee Thomas Keevil Charanjit Kaur Yogeshbhai Patel John Mathias Fergus Coleman | Appointed 13 April 2017 Appointed 29 March 2017 Appointed 29 March 2017 Resigned 31 December 2017 Appointed 1 January 2018 |
| Chief Executive | Jonathan Cowie | Resigned 30 June 2018 |
| Interim Managing Director | Sandra Skeete | Appointed 10 July 2018 |

| | | |
|---------------------------|------------------------|-------------------------|
| Company Secretary: | Iain Mackrory-Jamieson | Appointed 29 March 2017 |
|---------------------------|------------------------|-------------------------|

| | | |
|---|-----------------|-------------------------|
| Executive team: | | |
| Finance | Emma Dexter | |
| Shared Services | Joanna Bowles | |
| Asset Strategy & Development | Martyn Jones | |
| Strategy & Planning | Andrea Luker | |
| Customer Services | Martin Edgerton | Resigned 31 March 2018 |
| Property & Development | Phil Jenkins | Resigned 31 August 2017 |

| | |
|------------------------------|--|
| Registered office: | 21 Grosvenor Place, London SW1X 7EA |
| Registered number: | 10697467 – Company limited by guarantee |
| Independent Auditors: | BDO LLP, 55 Baker Street, London W1U 7EU |
| Bankers: | Lloyds Bank, City Office PO Box 72, Gillingham Business Park, Kent ME8 0LS |
| Solicitors: | Trowers & Hamblins, 3 Bunhill Row, London EC1Y 8YZ |

Strategic report

Development and performance

CityWest Homes Services Limited (CWHS or “the Company”) is a wholly owned subsidiary of CityWest Homes Limited, which manages and maintains circa 22,000 properties on behalf of Westminster City Council (WCC or “the Council”). CityWest Homes strives to meet performance framework objectives set with WCC each year, and strategic objectives set out in its 2015 to 2020 strategic plan.

Review of results

Performance meets expectations with an operating profit of £nil in the period to 31 March 2018.

Principal risks and uncertainties facing the Company

The Company aims to manage risk in a balanced and proportionate way to recognise threats and opportunities. Identifying and understanding the risks we face, and managing them properly is the key to the delivery of excellent services to our communities, as well as taking new opportunities to enhance and expand our services. The parent Company, CityWest Homes Limited, maintains a risk register, which is reviewed monthly by the parent company Executive Team and presented regularly to the Audit Committee and the Board. The principal risks and uncertainties facing the Company at this time are summarised below:

| Risk area | Risk summaries |
|---------------------|---|
| Business continuity | Major incident in central London affecting staff accessing offices which can impact our service to residents or cyber attack. |
| Corporate strategy | Failure to deliver strategy and transformation programmes leading to delays in project delivery and affecting anticipated outcomes. |
| Digital strategy | Transition from traditional to digital engagement with customers, delivery of service, and unsatisfactory management of data. |
| Health & safety | Failure to deliver a safe environment for our residents and employees in accordance with regulatory requirements including fire safety. |
| Operating model | Failure to deliver our principal operational services to the required service standards. |
| People | The Company may be unable to recruit and retain appropriately qualified and skilled staff. |
| Regulatory changes | The ongoing impact of the Housing and Planning Act 2016. |

The Parent company Board has agreed a statement of Risk Appetite for the Company, which was most recently reviewed and approved on 13 March 2018.

Authorisation and approval

The Strategic Report was authorised and approved by the Board, and signed on its behalf by:

Tom Keevil
Chair

10 July 2018

Directors' report

The Board is pleased to present the annual report and financial statements of CityWest Homes Services Limited ("the Company") for the period to 31 March 2018.

Going concern

The Directors prepare the financial statements on a going concern basis due to the continued financial support of the parent, CityWest Homes Limited and WCC. The directors have received confirmation that WCC intends to support the parent company for at least one year after these financial statements are signed.

Principal activities

The Company is a wholly owned subsidiary of CityWest Homes Limited which is a wholly owned subsidiary of WCC. The Company was incorporated in March 2017 and is responsible for Management of real estate on a fee or contract basis.

Corporate governance

The Company is governed by the CityWest Homes Services Limited Board of Directors. The Board is committed to high standards of corporate governance. Board membership comprises four Directors plus the Chief Executive, making a total of five Board members who are the registered Directors.

Tom Keevil was appointed as Chair on 29 March 2017. The Board is responsible for the strategic and financial management of the Company in accordance with its Memorandum and Articles of Association. The Board has responsibility and accountability to the Council under the terms of its Management Agreement.

Executive Team

The Executive Team members are presented on page 2. The Executive Team is led by the CEO. It manages the Company's activities on a day-to-day basis within the authority delegated to it by the Board. It is responsible for operational delivery, financial control, performance monitoring and risk management.

Colleague involvement

The Company provides employees with information on matters relating to them. The Company is committed to involvement and excellent communications with its employees and recognises two trade unions. The Joint Consultative Committee comprises trade union and other employee representatives together with an Executive Team member and other senior managers. Its purpose is to provide an effective mechanism for formal negotiations and consultation with colleagues and trade unions on employment matters.

Directors' report continued

Directors' insurance

The Company maintains standard insurance policies for Board members and other officers.

Employment policy

The Company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of gender, race, age, religion or belief, sexual orientation, disability or marital status. The Company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Company. If members of staff become disabled the company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Health and Safety

The Company recognises its legal and moral responsibilities to ensure the health, safety and welfare of its employees, customers, stakeholders, contractors and other third parties, as far as is reasonably practical. All employees are issued with a colleague health & safety handbook which addresses personal protection equipment, risk assessments and training needs analysis.

Independent Auditors

BDO LLP are the Company's Statutory Auditors and were appointed in 2018, as part of the audit rotation process.

Disclosure of information to Auditors

At the date of this report, each of the Company's Directors as listed on page 2 confirm the following:

- So far as each Director is aware, there is no relevant information needed by the Company's Auditors in connection with preparing their report of which the Company's Auditors are unaware; and,
- Each and every Director has taken all the steps that ought to have been taken acting as a Director in order to make themselves aware of any relevant information needed by the Company's Auditors in connection with preparing their report and to establish that the Company's Auditors are aware of that information.

Statement of Directors' responsibilities

Directors' report continued

Financial Reporting Standard 102 (UK Accounting Standards and applicable law). 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 of the company and of the profit or loss of the company for that reporting period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and ensure that they are consistently applied;
- Make judgements and accounting estimates that are reasonable and prudent;
- 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 a 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.

Scope of responsibility

The Company is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and accounted for in an appropriate manner. The Company has a responsibility to assist the Council in its duty under the Local Government Act 1999 to make arrangements to seek continuous improvement in the way its functions are exercised, having regard to economy, efficiency and effectiveness.

Authorisation and approval

The Directors' Report was authorised and approved by the Board, and signed on its behalf by:

Cha Patel
Director

10 July 2018

Independent auditor's report to the members of Citywest Homes Services Limited

Opinion

We have audited the financial statements of CityWest Homes Services Limited ("the Company") for the period ended 31 March 2018 which comprise the Statement of Income and Retained Earnings, Statement of Financial Position, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 and of its result for the period 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report 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 Director's report.

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.

Independent auditor's report to the members of Citywest Homes Services Limited

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, 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

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.

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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Julia Poulter (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
Date

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

Statement of Income and Retained Earnings

Period ending 31 March 2018

| | 2018 |
|---|--------------|
| | £000 |
| Turnover | 3,938 |
| Operating costs | (3,938) |
| Operating profit/(loss) | - |
| Interest receivable and similar income | - |
| Interest payable and similar charges | - |
| Profit/(loss) on ordinary activities before taxation | - |
| Tax on profit/(loss) on ordinary activities | - |
| Profit/(loss) for the financial period | - |
| | 2018 |
| | £000 |
| Opening retained earnings | - |
| Loss on ordinary activities after taxation | - |
| Closing retained earnings | - |

All items in the profit and loss account relate to continuing operations.

The notes and statements set out on pages 13 to 17 form part of these financial statements.

Statement of Financial Position

Period ending 31 March 2018

| | note | 2018 £000 |
|--|------|--------------|
| Plant, property and equipment | | - |
| Current assets | | |
| Trade and other receivables | 4 | 95 |
| Cash | | 178 |
| Trade and other payables: amounts falling due within one year | 5 | (273) |
| Net current assets | | - |
| Total assets less current liabilities | | - |
| Capital and Reserves | | |
| Reserves | | - |
| Total Shareholders' deficit | | - |

Authorisation and approval

The financial statements were authorised and approved by the Board on 5 June 2018 and signed on its behalf by:

| | | | |
|----------------------------------|--------------------|------------------------------------|--------------------|
| <hr/> Tom Keevil Chair | <hr/> 10 July 2018 | <hr/> Cha Patel Director | <hr/> 10 July 2018 |
|----------------------------------|--------------------|------------------------------------|--------------------|

The notes and statements set out on pages 13 to 17 form part of these financial statements.

Company Registration number: 10697467

Statement of Cash Flows

For the period ended 31 March 2018

Reconciliation of operating loss to net cash inflow / outflow from operating activities.

| | 2018 |
|---|-------------|
| | £000 |
| Cash flows from operating activities | |
| Operating profit/(loss) for the financial period | - |
| Decrease in receivables and other debtors | (95) |
| Increase/(decrease) in payables and other creditors | 242 |
| Pension costs | 31 |
| Net cash generated from operating activities | 178 |
| Cash flows from investing activities | - |
| Net cash generated from investing activities | - |
| Cash flows from financing activities | - |
| Net decrease/(increase) in cash and cash equivalents | 178 |
| Cash and cash equivalents at the beginning of the period | - |
| Cash and cash equivalents at the end of the period | 178 |

The notes and statements set out on pages 13 to 17 form part of these financial statements.

Statement of accounting policies

Company information

CityWest Homes Services Limited is a company limited by guarantee incorporated in England. The Registered Office is 21 Grosvenor Place, London, SW1X 7EA. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006.

These financial statements of CityWest Homes Services were approved for issue by the Board of Directors on 5 June 2018. The financial statements have been prepared with applicable accounting standards, in sterling and rounded to the nearest £'000.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates.

Going concern

The Directors prepare the financial statements on a going concern basis due to the continued financial support of the parent company (CWH) and WCC. The Directors have received confirmation that WCC intends to support the Parent company for at least one year after these financial statements are signed.

Change in accounting policy

When an amendment to the financial reporting standard has an effect on the current period or any prior period, or might effect a future period, the following disclosures will be made:

- the nature of the change in accounting policy;
- where practicable, for the current period and prior period, the amount of the adjustment for each line item affected; and,
- an explanation if it is impracticable to determine the amounts to be disclosed.

Statement of accounting policies continued

Taxation

Transactions with the Council are exempt from Corporation Tax. Profit arising from income received from trading activities from third parties, together with interest receivable, is subject to Corporation Tax. As there was no profit arising from third party trading in 2017/18, there is no taxation note included in the financial statements.

Revenue recognition

Revenue is recognised when the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, VAT and other sales taxes or duty. Revenue for rendering of services is recognised when the outcome of a transaction can be estimated reliably and when it is probable that the economic benefits associated with the transaction will flow to the Company. The reliable measurement of:

- the amount of revenue;
- the stage of completion at the end of the reporting period; and,
- the costs incurred for the transaction and the costs to complete the transaction.

Short-term receivables and payables

Receivables and payables with no stated interest rate and receivable or payable within one year are recorded at transaction cost. Any losses arising from impairment are recognised in the Income Statement.

Provisions for liabilities

A provision is recognised when there is a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. When the effect of the time value of money is material, the amount of the provision will be the present value of the amount expected to settle the obligation. When a provision is measured at the present value, the unwinding of the discount will be recognised as a finance cost in profit or loss in the period it arises. In line with FRS102, a provision has been set up to account for any annual leave entitlement which remains outstanding at 31 March 2018 in the parent company accounts.

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position include cash at bank and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents, net of outstanding bank overdrafts. The Company has no outstanding bank overdrafts.

Statement of accounting policies continued

Disclosure exemptions

The Company has taken advantage of the following disclosure exemption under available in FRS102 to subsidiary undertakings:

- Related party transactions entered into between two or more members of the group.
- No disclosure has been given for the aggregate remuneration of the key management personnel of the Company as their remuneration is included in the total in the parent.

Notes to the financial statements

1. Colleague numbers

| | 2018 |
|--|-------------|
| Average number of permanent full-time equivalents (FTEs) employed during the period: | |
| Central | 1 |
| Shared Services | 9 |
| Customer Services | 3 |
| Property and Development | 29 |
| Strategy and Planning | 1 |
| Finance and IT | 8 |
| Estate Agency | 8 |
| Citywest Direct | 44 |
| Other | 11 |
| Total | 114 |

2. Colleague costs

| | 2018 |
|------------------------------|--------------|
| | £000 |
| Wages and salaries | 3,430 |
| Social security costs | 360 |
| Other pension costs | 135 |
| Total Colleague costs | 3,925 |

3. Directors' emoluments

| | 2018 |
|------------------------------------|-------------|
| | £000 |
| Wages and salaries | - |
| Social security costs | - |
| Other pension costs | - |
| Total Directors' emoluments | - |

Notes to the financial statements continued

4. Trade and other receivables

| | 2018 |
|---------------------------------------|-------------|
| | £000 |
| Sundry debtors | 16 |
| Amount owed by parent undertaking: | |
| CityWest Homes Limited accrued income | 79 |
| Total receivables | 95 |

5. Trade and other payables: amounts falling due within one year

| | 2018 |
|-----------------------|--------------|
| | £000 |
| Accrued Expenses | (110) |
| PAYE/NI liability | (132) |
| Pension | (31) |
| Total Payables | (273) |

6. Analysis of net funds

| | 2017 Movements | | 2018 |
|---------------------------------|-----------------------|-------------|-------------|
| | £000 | £000 | £000 |
| Bank account | - | 178 | 178 |
| Cash at bank and in hand | - | 178 | 178 |

7. Reconciliation of net cash flow to movement in net funds

| | 2018 |
|---|-------------|
| | £000 |
| Increase/(decrease) in net cash in the period | 178 |
| Change in net debt | 178 |

8. Ultimate parent and ultimate controlling party

The immediate parent undertaking is CityWest Homes Limited, a company incorporated in England and Wales. The ultimate parent undertaking and controlling party is WCC. In the opinion of the Directors this is the Company's ultimate parent company and controlling party and the consolidated financial statements are available from the Council.

9. Post Balance Sheet Event

Jonathan Cowie, Chief Executive Officer resigned on 30 June 2018, and has been replaced by an Interim Managing Director, Sandra Skeete, appointed on 10 July 2018..