

Company registration number: 10044321
Regulator registration number: 4848

Seymour Street Homes Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2020



Seymour Street Homes Limited

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Seymour Street Homes Limited

Strategic Report for the Year Ended 31 March 2020

The directors present their Strategic Report for the year ended 31 March 2020.

Business review and principal activities

Seymour Street Homes Limited ("the company") is a wholly owned subsidiary of The British Land Company PLC and operates as a constituent of The British Land Company PLC group of companies ("the group").

The company's principal activity is to be a for-profit private registered provider of social housing.

As shown in the company's Profit and Loss Account on page 9, the company's turnover of £126,051 has increased by £1,190 compared with turnover of £124,861 in the prior year, due to a 3% increase in Intermediate tenant rents and a 1% decrease in Affordable tenant rents. The surplus on social housing activities before taxation is £25,198 compared to a surplus on social housing activities before taxation of £36,699 in the prior year.

The Balance Sheet on page 11 shows that the company's financial position at the year end has, in net assets terms, increased compared with the prior year.

The value of investment properties held as at 31 March 2020 has remained consistent with 2019 as shown in note 8 to the company's Balance Sheet. Details of how investment properties are valued can be found in note 8 to the company's balance sheet. The movement is determined by the prevailing market conditions at the balance sheet date.

The company's strategy is to be a best practice provider of for-profit private social housing. The Board measures performance against its strategy through Key Performance Indicators ("KPIs") as outlined below.

Qualitative KPIs:

- time taken to carry out repairs. Average days to complete repairs over the year was 12 days (2019: 9 days), compared to a target of 14 days (2019: 14 days).
- compliance with safety standards. This includes gas safety certification, energy performance certificates, fire and workplace risk assessments, and maintenance of all safety systems in communal areas.
- resident satisfaction with management service, value for money and quality of units. Online resident surveys were circulated three times during the year, with residents predominantly responding with highly satisfied or satisfied.

Financial KPIs:

- monitoring cost of repairs and services
- monitoring tenant arrears.
- monitoring managing agent costs

Future developments

The expected future developments of the company are determined by the strategy of the group. The company continues to pursue opportunities to expand its operating activities through the acquisition of affordable rented homes.

Value for money

The Company aims to provide excellent homes and services to residents which offer value for money and are sensitive and responsive to both the needs of residents and the community in which we operate. For more information please see www.britishland.com/sustainability

The Board of the group uses total return, to monitor the performance of the group. This is a measure of growth in total equity per share, adding back any current year dividend.

Seymour Street Homes Limited

Strategic Report for the Year Ended 31 March 2020 (continued)

Governance

The company is a wholly owned subsidiary of The British Land Company PLC, a publicly listed entity which is in compliance with the provisions of the UK Corporate Governance Code ("the Code"), and reports in line with the Code. The company complies with the Code in a manner appropriate for its size. The company also complies with the Regulator of Social Housing Governance and Financial Viability Standard.

The Board comprises the Chairman, two independent Non-Executive Directors and three Executive Directors. The Non-Executive Directors are able to offer an external perspective on the business, and to constructively challenge the Executive Directors. The strong mix of skills and experience of all the directors provides for constructive debate and careful decision making.

The Board met 3 times during the year (attendance: Emma Cariaga (2/3), Andrew Cowan (3/3), Jeremy Titchen (3/3), Virginia Warr (3/3), Gail Wright (2/3), Michael Youkee (2/3) and key areas considered by the Board were regulatory matters, the risk register, the asset and liability register, tenant survey results, financial viability and strategic direction of the company.

During the year an internal evaluation of the Board's performance was undertaken. In line with the Code, the assessment considered the balance of skills, experience, independence and knowledge of the company on the board, its diversity, Board operations and effective communication. The assessment concluded that the Board was operating effectively.

Any expected future developments of the company are determined by the strategy of the group.

For more information also see The British Land Company PLC group annual report.

The performance of the group, which includes the company, is discussed in the group's annual report which does not form part of this report.

Principal risks and uncertainties

The Board determines the extent and nature of the risks it is prepared to take in order to achieve the company's strategy and has put in place appropriate risk management and controls. In addition, the company maintains a risk register which is reviewed regularly at Board meetings. The key risks identified are listed below with mitigating actions in each case.

- political risk that the government changes its policy in relation to affordable housing which adversely affects the company. The Board includes directors with significant experience of the affordable housing sector, and the company has appointed specialist legal advisers who are able to advise on the impact of any such policy changes;
- the economic risk that there is a lack of available funds to enter into future transactions and settle amounts owed to suppliers. The wider group, of which the company is a part, has committed to providing funding for each of the company's ongoing projects and provide liquidity for day-to-day operations if required;
- the risk that there is a RSH regulatory breach. Prompt fulfilment of all RSH regulatory requirements is a key management priority. Regulatory deadlines are reviewed by the Board at Board meetings, and the company engages professional services firms to assist with regulatory compliance.
- the risk that Health and Safety standards are not met. Periodic inspections are made of all units, and regular communication with residents takes place in order to identify and address any Health and Safety deficiencies. The company works with its managing agent to ensure that all relevant legislative requirements are satisfied, included but not limited to gas safety certification, energy performance certificates, fire and workplace risk assessments, and the implementation and maintenance of an appropriate regime to inspect and service all safety systems present in communal areas.

The financial and political risks for the company are managed in accordance with the group financial risk management policy, as disclosed in the consolidated group financial statements. The general risk environment in which the group operates has heightened over the course of the year, which is largely due to the continued level of uncertainty associated with the future impact of the UK's exit from the EU, the significant deterioration in the UK retail market and weaker investment markets.

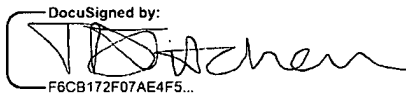
Seymour Street Homes Limited

Strategic Report for the Year Ended 31 March 2020 (continued)

The outbreak of Covid-19, declared by the World Health Organization as a "Global Pandemic" on 11 March 2020, creates an unprecedented degree of uncertainty over both the severity of the above risks and the effectiveness of the above mitigating actions. The decline in economic activity resulting from the pandemic reduces the degree of certainty around the valuation of investment properties at yearend. The valuations across all asset classes are therefore reported on the basis of "material valuation uncertainty" as per VPS 3 and VPGA 10 of the RICS Red Book Global. The external valuers have confirmed, the inclusion of the "material valuation uncertainty" declaration does not mean that valuations cannot be relied upon and rather, the phrase is used in order to be clear and transparent with all parties. See further details in note 8 of the financial statements.

29 September 2020

Approved by the Board on and signed on its behalf by:

DocuSigned by:

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Jeremy Titchen

Director

Seymour Street Homes Limited

Directors' Report for the Year Ended 31 March 2020

The directors present their report and the audited financial statements for the year ended 31 March 2020.

Directors of the company

The directors, who held office during the year, and up to the date of signing the financial statements, were as follows:

- E J Cariaga (Executive Director)
- A J Cowan (Independent Non-executive Director)
- J D T Titchen (Independent Non-executive Director)
- M G Youkee (Chairman - Independent Non-executive Director)
- G Wright (Executive Director)
- V Warr (Executive Director)

Directors' responsibilities statement

The directors acknowledge their responsibilities for preparing the Annual Report 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 FRS 101 'Reduced Disclosure Framework' ('FRS 101'), the Statement of Recommended Practice for Registered Social Providers ("Housing SORP 2018"), the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing from January 2019 ("Accounting Direction"). 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 period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101, the Housing SORP 2018, and the Accounting Direction has 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.

Directors' indemnities

A number of associated companies within the group have indemnified one or more of their current directors. The indemnity arrangements are qualifying indemnity provisions under the Companies Act 2006 and are currently in force at the date of this Annual Report.

Environmental matters

Across the group, The British Land Company PLC recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by the group's activities. The company operates in accordance with group policies. The group's full sustainability report is available online at:

www.britishland.com/sustainability/reporting/latest-reporting

Seymour Street Homes Limited

Directors' Report for the Year Ended 31 March 2020 (continued)

Going concern

The directors consider that the company has adequate resources to continue trading for the foreseeable future, with no external borrowings and a working capital cycle enabling the company to meet all liabilities as they fall due.

As a consequence of this the directors feel that the company is well placed to manage its business risks successfully despite the current economic climate and the uncertainty resulting from the outbreak of Covid-19. Accordingly, they believe the going concern basis is an appropriate one.

Subsequent Events

Details of significant events since the Balance Sheet date, if any, are contained in note 16.

Disclosure of information to the auditors

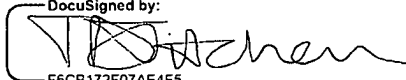
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the next Board Meeting.

29 September 2020

Approved by the Board on and signed on its behalf by:

DocuSigned by:

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Jeremy Titchen

Director

Independent auditors' report to the members of Seymour Street Homes Limited

Report on the audit of the financial statements

Opinion

In our opinion, Seymour Street Homes Limited's financial statements (the financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "The Reduced Disclosure Framework applicable in the UK and Republic of Ireland", and applicable law;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been properly prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing from January 2019.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 March 2020; the Profit and Loss Account, the Statement of Comprehensive Income, and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report to the members of Seymour Street Homes Limited (continued)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit the information given in the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Seymour Street Homes Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Victoria Tallon

Victoria Tallon (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 September 2020

Seymour Street Homes Limited

Profit and Loss Account for the Year Ended 31 March 2020

	Note	2020 £	2019 £
Turnover	4	126,051	124,861
Cost of sales		<u>(88,829)</u>	<u>(58,686)</u>
Gross profit		37,222	66,175
Administrative expenses		<u>(12,024)</u>	<u>(49,476)</u>
Operating surplus		<u>25,198</u>	<u>16,699</u>
Revaluation of investment properties	8	<u>-</u>	<u>20,000</u>
Surplus on social housing activities before taxation		25,198	36,699
Tax on surplus on social housing activities	7	<u>-</u>	<u>-</u>
Surplus for the year		<u><u>25,198</u></u>	<u><u>36,699</u></u>

Turnover and results were derived from continuing operations within the United Kingdom.

The notes on pages 13 to 21 form an integral part of these financial statements.

Seymour Street Homes Limited

Statement of Comprehensive Income for the Year Ended 31 March 2020

	2020 £	2019 £
Surplus for the year	<u>25,198</u>	<u>36,699</u>
Total comprehensive income for the year	<u><u>25,198</u></u>	<u><u>36,699</u></u>

The notes on pages 13 to 21 form an integral part of these financial statements.

Seymour Street Homes Limited

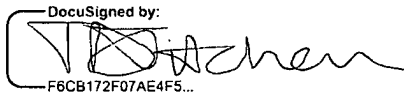
(Registration number: 10044321)

Balance Sheet as at 31 March 2020

	Note	31 March 2020 £	31 March 2019 £
Fixed assets			
Investment properties	8	<u>2,070,000</u>	<u>2,070,000</u>
		<u>2,070,000</u>	<u>2,070,000</u>
Current assets			
Debtors	9	71,183	86,543
Cash and cash equivalents	10	<u>79,411</u>	<u>40,743</u>
		150,594	127,286
Creditors due within one year	11	<u>(330)</u>	<u>(2,220)</u>
Net current assets		<u>150,264</u>	<u>125,066</u>
Net assets		<u>2,220,264</u>	<u>2,195,066</u>
Capital and reserves			
Share capital	12	2,320,000	2,320,000
Profit and loss account		<u>(99,736)</u>	<u>(124,934)</u>
Total shareholders' funds		<u>2,220,264</u>	<u>2,195,066</u>

29 September 2020

Approved by the Board on and signed on its behalf by:

DocuSigned by:

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Jeremy Titchen
 Director

The notes on pages 13 to 21 form an integral part of these financial statements.

Seymour Street Homes Limited

Statement of Changes in Equity for the Year Ended 31 March 2020

	Share capital £	Profit and loss account £	Total £
Balance at 1 April 2018	2,320,000	(161,633)	2,158,367
Surplus for the year	<u>-</u>	<u>36,699</u>	<u>36,699</u>
Total comprehensive income for the year	<u>-</u>	<u>36,699</u>	<u>36,699</u>
Balance at 31 March 2019	<u>2,320,000</u>	<u>(124,934)</u>	<u>2,195,066</u>
Balance at 1 April 2019	2,320,000	(124,934)	2,195,066
Surplus for the year	<u>-</u>	<u>25,198</u>	<u>25,198</u>
Total comprehensive income for the year	<u>-</u>	<u>25,198</u>	<u>25,198</u>
Balance at 31 March 2020	<u>2,320,000</u>	<u>(99,736)</u>	<u>2,220,264</u>

The notes on pages 13 to 21 form an integral part of these financial statements.

Seymour Street Homes Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

1 General information

The company is a public benefit for-profit private registered provider of social housing. The company is a private company limited by share capital, incorporated and domiciled in England, United Kingdom.

The address of its registered office is:

York House
45 Seymour Street
London
W1H 7LX

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements were prepared in accordance with, and are compliant with, Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"), the Statement of Recommended Practice for Registered Social Housing Providers ("Housing SORP 2018") and the Housing and Regeneration Act 2008, and comply with the Accounting Direction for Private Registered Providers of Social Housing from January 2019 ("Accounting Direction").

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006, the Housing SORP 2018 and the Accounting Direction, and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investments properties. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

Summary of disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) The requirements of IAS 1 to provide a Balance Sheet at the beginning of the year in the event of a prior year adjustment;
- (b) The requirements of IAS 1 to provide a Statement of Cash flows for the year;
- (c) The requirements of IAS 1 to disclose information on the management of capital;
- (d) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to disclose new IFRS's that have been issued but are not yet effective;
- (e) The requirements of IFRS 7 to disclose financial instruments; and
- (f) The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement to disclose information of fair value valuation techniques and inputs.

Seymour Street Homes Limited

**Notes to the Financial Statements for the Year Ended 31 March 2020
(continued)**

2 Accounting policies (continued)

Disclosure exemptions for subsidiaries are permitted where the relevant disclosure requirements are met in the consolidated financial statements. Where required, equivalent disclosures are given in the group financial statements of The British Land Company PLC. The group financial statements of The British Land Company PLC are available to the public and can be obtained as set out in note 19.

Adoption status of relevant new financial reporting standards and interpretations

During the year the company adopted the following standards:

Accounting Direction January 2019

The Accounting Direction for Private Registered Providers of Social Housing from January 2019 ("Accounting Direction"), effective for the first time from 1st April 2019, has not had a material effect on the financial statements.

SORP 2018

The Statement of Recommended Practice for Registered Social Housing Providers ("Housing SORP 2018"), effective for the first time from 1st April 2019, has not had a material effect on the financial statements.

IFRS 16 - Leases

The new standard results in lessees bringing almost all operating leases on balance sheet as the distinction between operating and finance leases is removed. The accounting for lessors has not significantly changed. The Company does not hold any material leases as lessee therefore adoption of IFRS 16 has not had a material impact on the financial statements of the Company. The standard was applied using the modified retrospective approach.

Apart from the changes in the standards highlighted above, no other standards, interpretations and amendments effective for the first time from 1 April 2019 have had a material effect on the financial statements.

Going concern

The directors consider that the company has adequate resources to continue trading for the foreseeable future, with no external borrowings and a working capital cycle enabling the company to meet all liabilities as they fall due.

As a consequence of this the directors feel that the company is well placed to manage its business risks successfully despite the current economic climate and the uncertainty resulting from the outbreak of Covid-19. Accordingly, they believe the going concern basis is an appropriate one.

Turnover

Rental income from investment property

Turnover comprises rental income receivable in the year generated from affordable and intermediate units. Rental income is recognised on an accruals basis.

Taxation

Current tax is based on taxable surplus for the year and is calculated using tax rates that have been enacted or substantively enacted. Taxable surplus differs from net surplus as reported in the Profit and Loss Account because it excludes items of income or expense that are not taxable (or tax deductible).

Deferred tax is provided on items that may become taxable at a later date, on the difference between the balance sheet value and tax base value, on an undiscounted basis.

Investment properties

Seymour Street Homes Limited

**Notes to the Financial Statements for the Year Ended 31 March 2020
(continued)**

2 Accounting policies (continued)

Investment properties are measured initially at cost, including transaction costs. Subsequently to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Any surplus or deficit arising on revaluing investment properties is recognised in the Profit and Loss Account as a fair value movement.

Where properties held for investment are appropriated to trading stock, they are transferred at market value. If properties held for trading are appropriated to investment, they are transferred at book value.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Seymour Street Homes Limited

**Notes to the Financial Statements for the Year Ended 31 March 2020
(continued)**

2 Accounting policies (continued)

Debtors

Trade and other debtors are initially recognised at fair value and subsequently measured at amortised cost and discounted as appropriate. The Company calculates the expected credit loss for debtors based on lifetime expected credit losses under the IFRS 9 simplified approach.

Creditors

Trade and other creditors are initially recognised at fair value and subsequently measured at amortised cost and discounted as appropriate.

3 Significant accounting judgements and key sources of estimation uncertainty

The key source of estimation uncertainty relates to the valuation of the property portfolio where an external valuation is obtained. In accounting for net rental income, the group is required to judge the recoverability of any income accrued and provides against the credit risk on these amounts. The potential for management to make judgements or estimates relating to those items which would have a significant impact on the financial statements is considered, by the nature of the group's business, to be limited.

The third party valuers for properties recognised at 31 March 2020 include a material valuation uncertainty clause in their reports. The clause highlights significant estimation uncertainty regarding the valuation of investment property due to the Covid-19 pandemic.

The valuations as at the current balance sheet date should therefore be treated with additional caution.

The Company has chosen to classify the social housing property as an investment property under IAS 40, which is consistent with the accounting treatment for property held for the long-term used by the wider British Land group. This is a significant accounting judgement which is reviewed by management at each reporting period.

4 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2020	2019
	£	£
Rental income from social housing investment property	<u>126,051</u>	<u>124,861</u>
	<u>126,051</u>	<u>124,861</u>

5 Auditors' remuneration

A notional charge of £2,832 (2019: £4,130) is deemed payable to PricewaterhouseCoopers LLP in respect of the audit of the financial statements for the year ended 31 March 2020. Actual amounts payable to PricewaterhouseCoopers LLP are paid at group level by The British Land Company PLC.

No non-audit fees (2019: £nil) were paid to PricewaterhouseCoopers LLP.

Seymour Street Homes Limited**Notes to the Financial Statements for the Year Ended 31 March 2020
(continued)****6 Staff costs**

The director's aggregate remuneration in respect of qualifying services was:

	2020 £	2018 £
Remuneration	<u>10,000</u>	<u>10,000</u>

The remuneration of Michael Youkee, Andrew Cowan and Jeremy Titchen totalled £10,000 (2019: £10,000). This was the total remuneration of all key management personnel. The remuneration paid to the highest paid director totalled £5,000 (2019: £5,000).

Average number of employees, excluding directors, of the company during the year was nil (2019: nil)

7 Tax on surplus on social housing activities

	2020 £	2019 £
Current taxation		
UK corporation tax	<u>-</u>	<u>-</u>
Tax charge in the profit and loss account	<u>-</u>	<u>-</u>
	2020 £	2019 £
Tax reconciliation		
Surplus on social housing activities	<u>25,198</u>	<u>36,699</u>
Tax on surplus on ordinary activities at UK corporation tax rate of 19% (2019: 19%)	4,788	6,973
Effects of:		
REIT exempt income and gains	(4,788)	(3,173)
Increase in fair value of property & investments	<u>-</u>	<u>(3,800)</u>
Total tax charge	<u>-</u>	<u>-</u>

On 17 March 2020 legislation was substantially enacted confirming that the tax rate would not be reduced from 1 April 2020 but would remain at 19%.

Seymour Street Homes Limited**Notes to the Financial Statements for the Year Ended 31 March 2020
(continued)****8 Investment properties**

	£
Fair value	
1 April 2019	<u>2,070,000</u>
31 March 2020	<u><u>2,070,000</u></u>
Fair value	
1 April 2018	2,050,000
Revaluation	<u>20,000</u>
31 March 2019	<u><u>2,070,000</u></u>
Analysis of cost and valuation	
31 March 2020	
Cost	2,107,584
Valuation	<u>(37,584)</u>
Net book value	<u><u>2,070,000</u></u>
31 March 2019	
Cost	2,107,584
Valuation	<u>(37,584)</u>
Net book value	<u><u>2,070,000</u></u>

At 31 March 2020 the book value of leasehold investment properties owned by the company was £2,070,000 (2019: £2,070,000).

Investment properties are valued by adopting the "investment method" of valuation. This approach involves applying capitalisation yields to current and estimated future rental streams net of income voids arising from vacancies or rent-free periods and associated running costs. These capitalisation yields and rental values are based on comparable property and leasing transactions in the market, using the valuers' professional judgement and market observation, and taking into account the continued use of the property for social housing. Other factors taken into account in the valuations include the tenure of the property, tenancy details and ground and structural conditions.

Properties were valued to fair value at 31 March 2020 by Cushman & Wakefield, independent valuers not connected with the company, in accordance with the RICS Valuation - Professional Standards 2014, Ninth Edition, published by The Royal Institution of Chartered Surveyors.

Seymour Street Homes Limited

**Notes to the Financial Statements for the Year Ended 31 March 2020
(continued)**

8 Investment properties (continued)

The outbreak of Covid-19, declared by the World Health Organization as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, the external valuers consider that they can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. The current response to Covid-19 means that external valuers are faced with an unprecedented set of circumstances on which to base a judgement. The valuations across all asset classes are therefore reported on the basis of "material valuation uncertainty" as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty - and a higher degree of caution - should be attached to the valuations provided than would normally be the case. The external valuers have confirmed, the inclusion of the "material valuation uncertainty" declaration does not mean that valuations cannot be relied upon. Rather, the phrase is used in order to be clear and transparent with all parties, in a professional manner that - in the current extraordinary circumstances - less certainty can be attached to valuations than would otherwise be the case.

The impact of changes in unobservable inputs (Level 3) on the fair value of the Group's property portfolio can be found on page 168 of the British Land Company PLC's Annual Report.

The company leases out all of its investment properties under shorthold tenancy agreements. The future aggregate minimum rentals receivable under non-cancellable agreements are as follows:

	31 March 2020 £	31 March 2019 £
Leases less than one year	<u>9,929</u>	<u>9,696</u>
	<u>9,929</u>	<u>9,696</u>

Units owned and managed

	2020 Units	2019 Units
Affordable rent	6	6
Intermediate rent	<u>5</u>	<u>5</u>
General needs	<u>11</u>	<u>11</u>

9 Debtors

	31 March 2020 £	31 March 2019 £
Trade debtors	1,322	1,632
Provision for impairment of trade debtors	<u>(1,136)</u>	<u>-</u>
Net trade debtors	186	1,632
Amounts due from related parties	<u>70,997</u>	<u>84,911</u>
	<u>71,183</u>	<u>86,543</u>

Seymour Street Homes Limited

**Notes to the Financial Statements for the Year Ended 31 March 2020
(continued)**

9 Debtors (continued)

Debtors from related parties relate to amounts due from group companies which are repayable on demand. There is no interest charged on these balances (2019: nil).

10 Cash and cash equivalents

	31 March 2020 £	31 March 2019 £
Cash at bank	79,411	40,743
	<u>79,411</u>	<u>40,743</u>

11 Creditors due within one year

	31 March 2020 £	31 March 2019 £
Accrued expenses	330	2,220
	<u>330</u>	<u>2,220</u>

12 Share capital

Allotted, called up and fully paid shares

	No.	31 March 2020 £	No.	31 March 2019 £
Ordinary shares of £1 each	2,320,000	2,320,000	2,320,000	2,320,000
	<u>2,320,000</u>	<u>2,320,000</u>	<u>2,320,000</u>	<u>2,320,000</u>

13 Capital commitments

The total amount contracted for but not provided in the financial statements was £nil (2019: £nil)

14 Contingent liabilities

The company had no contingent liabilities as at 31 March 2020.

Seymour Street Homes Limited

**Notes to the Financial Statements for the Year Ended 31 March 2020
(continued)**

15 Related party transactions

At the year end the company was due an amount from BL Intermediate Holding Company Limited of £70,997 (2019: £84,911). There is no interest charged on amounts due from group companies which are repayable on demand.

BL Intermediate Holding Company Limited is a wholly owned subsidiary of The British Land Company PLC and is not a for-profit registered provider of social housing.

16 Subsequent events

There have been no significant events since the year end.

17 Recycled Capital Grant Fund (RCGF)

From incorporation to the balance sheet date the Company has received no capital grants. Therefore there are no balances to disclose in respect of capital grant funds in accordance with the Accounting Direction for Private Registered Providers of Social Housing, issued by Homes England.

18 Disposal Proceeds Fund (DPF)

From incorporation to the balance sheet date the Company has made no disposals of property. Therefore there are no balances to disclose in respect of disposal proceeds in accordance with the Accounting Direction for Private Registered Providers of Social Housing, issued by the Homes England.

19 Parent and ultimate parent undertaking

The immediate parent company is BL Intermediate Holding Company Limited.

The British Land Company PLC is the smallest and largest group for which group accounts are available and which include the company. No other entities within the group are for-profit private registered providers of social housing. The ultimate holding company and controlling party is The British Land Company PLC. Group accounts for this company are available on request from British Land, York House, 45 Seymour Street, London, W1H 7LX.