

THE LORD MAYOR OF PORTSMOUTH'S

CORONATION HOMES

(A company limited by guarantee)

Homes and Communities Agency registration number: L4207

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2023

Registered No: 3488197

Charity Registered No: 1067408

MORRIS CROCKER
STATION HOUSE
NORTH STREET
HAVANT
HAMPSHIRE
PO9 1QU

THE LORD MAYOR OF PORTSMOUTH'S CORONATION HOMES

(A company limited by guarantee)

REGISTERED OFFICE	:	61 Coronation Cottages Northern Parade Portsmouth Hampshire PO2 9LZ
AUDITORS	:	Jones Avens Limited Chartered Accountants Piper House 4 Dukes Court Bognor Road Chichester West Sussex PO19 8FX
SOLICITORS	:	Blake Morgan LLP New Kings Court Tollgate Chandlers Ford Eastleigh Hampshire SO53 3LG
PRINCIPAL BANKERS	:	Lloyds Bank plc Portsmouth Business Centre 38 London Road North End Portsmouth Hampshire PO2 0LR
ACCOUNTANTS	:	Morris Crocker Chartered Accountants Station House Havant Hampshire PO9 1QU

THE LORD MAYOR OF PORTSMOUTH'S CORONATION HOMES

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FOR THE YEAR ENDED 31 MARCH 2023

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THE LORD MAYOR OF PORTSMOUTH'S CORONATION HOMES
REPORT OF THE BOARD - 31 MARCH 2023

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The Board present their report and audited financial statements for the year ended 31 March 2023.

Objects

The Charitable Company is established as a registered provider of social housing with the Homes & Communities Agency in order to provide and manage houses or dwellings and any associated amenities for aged persons.

Principal activity

The principal activity of the Charitable Company is that of administering the properties and associated amenities for the benefit of the occupants.

Financial performance

The Charitable Company has realised a surplus for the financial year of £187,949. The retained surplus at 31 March 2023 is £4,134,933. The Board continues to actively pursue future developments, whilst retaining reserves for future major and cyclical repairs

Board members

The Board members who currently hold office are;

Mr R Sparshatt - Chairman

Mrs S Hewett

Cllr F Jonas

Mrs A O'Hara

Mr R Perry

Mr D Simpson

Members' interests

The liability of every member of the Charitable Company is limited to £5 in the event of the Charitable Company being wound up.

Fixed assets

Full disclosure of all matters relating to fixed assets is set out in the notes to the financial statements.

Accounting policies

The accounting policies are set out in Note 1 on pages 13 to 17 of the financial statements.

Board member responsibilities

The Board members are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company and housing association legislation requires the Board members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charitable Company and of the income and expenditure of the Charitable Company for the period in preparing those financial statements, the Board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 Charitable Company will continue in business.

The Board members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charitable Company and to enable them to ensure that the accounts comply with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Value for money

The Board is committed to achieving value for money in all areas of its business by managing all assets and resources efficiently.

The Board sets objectives and allocates resources appropriately to achieve best possible outcomes. This includes improvements to property to enhance the quality of life of those we support, developing the capability of the staff team by regular staff training and valuing their contribution, having effective business practices, including risk assessment, strengthening policies and procedures to reduce administration costs, improve performance, service delivery and identifying potential changes to improve value for money.

The Association's current rent charges remain in line with expected social rents across all properties. Additionally, superficial inspections are made on a random basis at a selection of properties to ascertain the general conditions. The properties across the estate have been found to be well maintained, internal and external decorations were in satisfactory order and there was no evidence of essential major repairs required.

The Association maintains an up to date and agreed historical record of expenditure on each housing unit of the properties of the Homes. The Board feels this is of great assistance when it comes to identifying refurbishments that need to be made when void rents occur. It was also recognised by the Board that this was a very useful internal control over such an important part of the Association's expenditure as it would allow a means of comparison of costs which are similar in nature. Furthermore, it would allow the Association to recognise a financial commitment in terms of those units where long term residents have been in situ and expenditure will be necessary in the future.

The Association carries out all cyclical and annual maintenance when due. Almost all of the properties have had new boilers fitted and others have had new bathrooms and kitchens fitted during this year.

This has been evidenced in the Association's accounts which show the spend on maintenance per unit in the year indicating that the general condition of the properties as a whole continue to improve, as follows:

	2023	2022
	£	£
Total repairs and maintenance costs	132,091	160,603
Social housing units in management	82	82
Maintenance cost per unit	<u>1,611</u>	<u>1,959</u>

The overall percentage of rent lost due to voids is in line with other housing associations at just 1.7% (2022: 2%).

THE LORD MAYOR OF PORTSMOUTH'S CORONATION HOMES
REPORT OF THE BOARD - 31 MARCH 2023

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Value for Money is also measured by the Board by demonstrating a reasonable Return on Assets in the accounts, as follows:

	2023	2022
	£	£
Operating surplus from social housing activities	102,097	48,999
Net book value of properties held for social letting	2,006,386	2,034,009
Financial return on assets	5.09%	2.41%

The Board is committed to improving the financial return on assets year on year through annual budget setting and monitoring of monthly variance reports.

The Board is also committed to keeping the cash held at bank and in hand as secure as possible in the current economic climate. A variety of options have been researched and discussed by the board including the additions of investment property, government gilts as well as other investment options such as increasing current holdings in listed investments and corporate bonds.

The health and safety of the site and its residents is a key priority for the Association as demonstrated through regular site inspections to ascertain any particular areas of the site that could be potentially hazardous for residents, as well as the appointment of an external health and safety officer who conducts annual risk assessments to give further comfort to the Board and residents alike. During the year continued investment and routine maintenance has been made to improve and maintain the gardens, which has been well received by residents, this spend totalled £19,167 in 2023 compared to £16,750 in 2022.

The Association seeks to provide Social Value for its residents. This is delivered through a variety of social events and activities taking place in the communal areas of the site organised by the site Warden, where regular resident's meetings are also held to give opportunity for discussion of any concerns or ideas. The events are generally well attended and received by the community of residents.

The Value for Money metrics are as follows:

Reinvestment 2.41% (2022: 53.89%)

Gearing -15.76% (2022: 4.29%)

Social housing cost per unit £4,974.02 (2021: £4,276.80)

Operating margin 25.09% (2022: 7.16%)

Return on capital employed 2.82% (2022: 1.49%)

Reserves

The Charitable Company internally designates its income and expenditure reserves on the following basis:

	£
Cyclical Repairs	21,833
Major Repairs	101,822
Development	615,000

The cyclical maintenance reserve has been established to cover planned internal and external decorating of the Charitable Company's housing properties. The major repairs reserve has been established to cover expenditure on major repairs, improvements and replacements of equipment in the Charitable Company's housing properties. The development reserve has been established to cover expenditure on planned development.

THE LORD MAYOR OF PORTSMOUTH'S CORONATION HOMES
REPORT OF THE BOARD - 31 MARCH 2023

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Code of Governance

The Board has taken all of the principles contained within the National Housing Federation Code of Governance and complies in all respects.

Statement of disclosure to auditor

(a) so far as the Board members are aware, there is no relevant audit information of which the Charitable Company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as Board members in order to make themselves aware of any relevant audit information and to establish that the Charitable Company's auditors are aware of that information.

Internal Control

The Board acknowledge their ultimate responsibility for establishing and maintaining the whole system of internal control that is appropriate to the various business environments in which it operates and for reviewing effectiveness of those controls.

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Charitable Company's assets and interests.

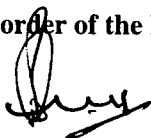
In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Charitable Company is exposed.

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Charitable Company. This process has been in place throughout the year under review, up to the date of the annual report, and is regularly reviewed by the Board.

Auditors

A resolution proposing the re-appointment of Jones Avens Limited as auditors to the Charitable Company will be put to an Annual General Meeting.

By order of the Board



..... **Board Member**
Mr R Perry

8/9/23
..... **Date**

61 Coronation Cottages
Northern Parade
Portsmouth
PO2 9LZ

THE LORD MAYOR OF PORTSMOUTH'S CORONATION HOMES
INDEPENDENT AUDITORS; REPORT TO THE MEMBERS

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We have audited the financial statements of The Lord Mayor Of Portsmouth's Coronation Homes set out on pages 9 to 23 for the year ended 31 March 2023. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

In our opinion the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs at 31 March 2023 and of its income and expenditure for the year then ended; and
- 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, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2019.

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 association 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 opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the board members' 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 Charitable 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 board members with respect to going concern are described in the relevant sections of this report.

Other information

The board members 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 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 information, we are required to report the fact.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

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 our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the director's report has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where 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 board members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Respective responsibilities of the board and auditor

As explained more fully in the Board's Responsibilities Statement set out on pages 1 and 2, the board members (who are also the directors of the association for the purposes of company law) 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 board members determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board members are responsible for assessing the association'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 association or the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Identification and assessment of irregularities including fraud

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

- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Charitable Company, including, but not limited to, the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2019;
- we obtained an understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework by making appropriate enquiries of management as well as considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations;
- we made enquiries of those charged with governance and management concerning:
 - the risks of fraud;
 - instances of non-compliance with laws and regulations or knowledge of actual, suspected, or alleged fraud is documented during the period;
- we allocated an engagement team that we considered collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

Audit response to the risk of irregularities including fraud

Based on the results of our risk assessment, our procedures included, but were not limited to:

- performing analytical procedures to identify any unusual or unexpected relationships.
- evaluating whether the selection and application of accounting policies by the entity that may be indicative of fraudulent financial reporting.
- assessing whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias.
- agreeing financial statement disclosures to underlying supporting documentation.
- reading the minutes of meetings of those charged with governance.
- testing of journal entries to address the risk of fraud through management override.
- incorporating an element of unpredictability in the selection of the nature, timing, and extent of our audit procedures.

Conclusions regarding the risks of irregularities including fraud

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

We considered our audit was capable of detecting irregularities due to:

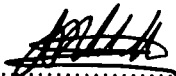
- the effectiveness of the entity's internal controls;
- the nature, timing and extent of audit procedures performed; and
- the absence of contradictory evidence.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Use of our report

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 137 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association'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 association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.



.....
Jordan Abbott BSc ACA

For and on behalf of Jones Avens Limited, Statutory Auditor




.....
Pipers House, 4 Dukes Court
Bognor Road, Chichester
West Sussex, PO19 8FX

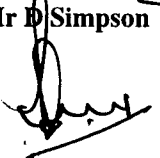
INCOME AND EXPENDITURE ACCOUNT**FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2023	2022
		£	£
TURNOVER	2	502,681	474,087
Operating costs		(377,773)	(402,366)
OPERATING SURPLUS	3	124,908	71,721
Interest receivable and other income	4	63,041	203,200
SURPLUS FOR THE FINANCIAL YEAR		187,949	274,921
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		187,949	274,921

None of the Charitable Company's activities were acquired or discontinued during the above two financial years.

The notes on pages 13 to 23 form part of these financial statements.



..... Vice Chairman
Mr D Simpson



..... Board Member
Mr R Perry

BALANCE SHEET AS AT 31 MARCH 2023

	Note	2023	2022
FIXED ASSETS		£	£
Tangible fixed assets - Housing Properties	8	2,006,386	2,034,009
Other tangible fixed assets	11	10,151	11,951
Investment properties	9	1,477,900	1,410,592
Other fixed asset investments	10	658,333	663,056
		<u>4,152,770</u>	<u>4,119,608</u>
CURRENT ASSETS			
Debtors	12	4,232	8,701
Cash at bank and in hand		319,145	543,451
		<u>323,377</u>	<u>552,152</u>
CREDITORS: Amounts falling due within one year	13	(38,932)	(64,783)
NET CURRENT ASSETS		<u>284,445</u>	<u>487,369</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,437,215</u>	<u>4,606,977</u>
CREDITORS: Amounts falling due after one year	14	(302,283)	(659,993)
TOTAL NET ASSETS		<u><u>4,134,932</u></u>	<u><u>3,946,984</u></u>
RESERVES			
Income and expenditure account		4,134,933	3,946,984
		<u><u>4,134,933</u></u>	<u><u>3,946,984</u></u>

The financial statements were approved and authorised for issue by the Board on 2/9/23 and signed on its behalf by

 Vice Chairman
Mr D Simpson

 Board Member
Mr R Perry

The notes on pages 13 to 23 form part of these financial statements.

STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2023

	Income & Expenditure reserve £	Total £
Balance as at 1 April 2021	3,672,063	3,672,063
Period ended 31 March 2022:		
Total comprehensive income for the year	274,921	274,921
Balance as at 31 March 2022	<u>3,946,984</u>	<u>3,946,984</u>
Period ended 31 March 2023:		
Total comprehensive income for the year	187,949	187,949
Balance as at 31 March 2023	<u><u>4,134,933</u></u>	<u><u>4,134,933</u></u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

	Note	£	2023 £	£	2022 £
Net cash flow from operating activities	17		138,082		66,118
Cash flow from investing activities					
Income from investments		60,595		61,351	
Purchase of tangible fixed assets		(48,303)		(588,701)	
Purchase of investments		-			
Net cash outflow from investing activities			12,292		(527,350)
Cash flow from financing activities					
Cash inflows from new borrowing				600,000	
Repayments of borrowing		(374,680)		(225,320)	
Net cash flow from financing activities			(374,680)		374,680
Net increase/(decrease) in cash and cash equivalents in the period			(224,306)		(86,552)
Cash and cash equivalents at beginning of year			543,451		630,003
Cash and cash equivalents at end of year			319,145		543,451

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**1. ACCOUNTING POLICIES****1.1 Legal Status**

The Charitable Company is a Registered Provider of Social Housing and is incorporated under the Companies Act 2006. The registered office is 61 Coronation Cottages, Northern Parade, Portsmouth, Hampshire, PO2 9LZ.

The Charitable Company constitutes a public benefit entity as defined by FRS 102.

1.2 Basis of Accounting

The financial statements are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

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

1.3 Turnover

Turnover represents rental and service charge income receivable in the year net of rent and service charge losses from voids and amortisation of government grants. Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting.

1.4 Tangible Fixed Assets and Depreciation

Tangible fixed assets (including social housing properties) are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended such as the cost of acquiring land and buildings, development costs, interest charges on loans during the development period and expenditure on improvements. Expenditure on improvements will only be capitalised when it results in incremental future benefits such as increasing rental income, reducing maintenance costs or resulting in significant extension of the useful economic life of the property.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value of each asset, of each asset on a systematic basis over its expected useful life, as follows:

Freehold land and buildings	Straight line over the following lives:
Main Fabric and roof structure	50 years
Bathrooms and windows	30 years
Kitchens	20 years
Central heating system	15 years
Leasehold land and buildings	As above, or over life of lease if shorter
Fixtures and fittings	10% straight line
Computer equipment	25% straight line

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1.4 Tangible Fixed Assets and Depreciation (cont'd)

Freehold land and assets in the course of construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the income and expenditure account.

The useful economic lives of all tangible fixed assets are reviewed annually.

1.5 Impairment of fixed assets

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. The level at which an impairment is assessed is considered at scheme level. The key indicators considered are:

- A change in demand for property
- Obsolescence of a property
- A change in government policy

If such indication exists, the recoverable amount is estimated and compared to the carrying amount.

Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in expenditure through the statement of comprehensive income. No such indications were noted and therefore no review was considered necessary.

1.6 Investment properties

Investment properties have a readily assessable market value and thus the fair value can be measured reliably without undue cost or effort. These properties are therefore measured at fair value at each reporting date with changes in fair value recognised in the statement of comprehensive income. Land obtained speculatively is accounted for as investment property. Properties rented to provide social housing are not investment properties.

1.7 Government grants

Social housing or other government grants are received to finance social housing properties. These grants are recognised at the fair value of the asset received or receivable. Where the assets are accounted for using the cost model then the government grant is accounted for using the accruals model. The difference between the fair value of the asset and the consideration is recognised as a liability and amortised over the useful economic life of the asset. This amortisation is recognised within turnover.

Under certain circumstances, primarily following the sale of a property, the grant is repayable or recyclable but this is often restricted to the net proceeds of sale. Where government grants are required to be recycled, a liability is included to recognise this obligation.

1.8 Leasing and Hire Purchase

Rentals payable under operating leases are taken to the income and expenditure account on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1.9 Pensions

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged in the income and expenditure account.

1.10 Investments

Fixed asset investments are stated at fair value.

1.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less and bank overdrafts.

1.12 Financial instruments

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

Financial assets are recognised in the balance sheet when the Charitable Company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specialised categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets

Basic financial assets, which include rent arrears and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through income and expenditure are measured at fair value.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in income and expenditure, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Rent arrears, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1.12 Financial instruments (cont'd)

Impairment of financial assets

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in income and expenditure.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through income and expenditure are measured at fair value.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in income and expenditure in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Charitable Company's obligations are discharged, cancelled, or they expire.

1.13 Employee benefits

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1.14 Deferred Taxation

The Charitable Company has charitable status and a provision for deferred taxation is not appropriate.

1.15 Going Concern

The directors have at the time of approving the financial statements, a reasonable expectation that the association has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.16 Judgements and key sources of estimation uncertainty

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

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

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Fair value of investment properties

Fair value has been determined using the House Price Index as published by the Land Registry for the Portsmouth area. Properties rented to provide social housing are not investment properties.

	March 2023	March 2022
UK House Price Index for the Portsmouth area	153.70	146.70

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Estimated useful lives

The useful life of housing properties and their components has been estimated using the National Housing Federation matrix of property components as a basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2.	SOCIAL HOUSING INCOME AND EXPENDITURE	2023	2022
		£	£
	Income from social housing lettings		
	Rents receivable excluding service charges	360,940	338,396
	Service charges receivable	69,503	62,329
	Amortisation of social housing grants	12,091	12,091
	Turnover from social housing lettings	442,534	412,816
	Social housing operating costs	(340,437)	(363,817)
	Operating surplus from social housing activities	102,097	48,999
	Net surplus from social housing activities	102,097	48,999
	Rent losses from voids in year (deducted above)	6,397	7,054
	Turnover from social housing lettings	442,534	412,816
	Income from market rented properties	60,147	61,271
	Income from lettings	502,681	474,087
	Social housing accommodation units in management (including scheme managers)	82	82
3.	OPERATING SURPLUS	2023	2022
		£	£
	The operating surplus is stated after charging:-		
	Depreciation	68,782	73,838
	Loss on disposal of assets	8,944	4,472
	Auditors remuneration	3,144	2,952
4.	INTEREST RECEIVABLE AND OTHER INCOME	2023	2022
		£	£
	Investment gains/(losses)	(4,723)	74,273
	Increase/(decrease) in fair value	67,308	128,847
	Bank interest received	448	80
	Other income	8	-
		63,041	203,200

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

5. EMPLOYEES	2023	2022
	£	£
Staff costs:-		
Wages and salaries	57,713	55,482
Social security costs		-
Pension Costs	1,696	1,546
	<u>59,409</u>	<u>57,028</u>

The average weekly number of full time equivalent employees during the year was 2 (2022: 2).

6. BOARD AND KEY MANAGEMENT PERSONNEL REMUNERATION

The aggregate amount of emoluments payable to the Registered Provider's directors or former directors (including board members where remunerated) in relation to the period of account is set out below. The Housing Manager is defined as a director according to Part 2 Para 10 of the Accounting Direction for Private Registered Providers of Social Housing 2022.

	2023	2022
	£	£
Emoluments paid to directors who are executive staff members	27,231	24,000
Emoluments paid to directors who are not executive staff members	-	-
	<u>27,231</u>	<u>24,000</u>
Emoluments payable to the highest paid director, excluding pension contributions	<u>27,231</u>	<u>24,000</u>

7. TAXATION

The Charitable Company is a registered charity with approved charitable status from HM Revenue & Customs and no taxation charge arises.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

8. TANGIBLE ASSETS - HOUSING LAND AND BUILDINGS

Cost	Long Leasehold Held for Letting £	Freehold Held for Letting £	Assets under construction £	Total £
At 1 April 2022	2,318,624	405,601	-	2,724,225
Additions	-	-	-	-
Replacement components	40,213	8,090	-	48,303
Disposals	(22,558)	(11,148)	-	(33,706)
Transfers of schemes in progress		-		-
At 31 March 2023	<u>2,336,279</u>	<u>402,543</u>	<u>-</u>	<u>2,738,822</u>
Depreciation				
At 1 April 2022	561,282	128,934	-	690,216
Charge for the year	60,971	6,011	-	66,982
On disposals	(13,614)	(11,148)	-	(24,762)
At 31 March 2023	<u>608,639</u>	<u>123,797</u>	<u>-</u>	<u>732,436</u>
Net Book Value at 31 March 2023	<u>1,727,640</u>	<u>278,746</u>	<u>-</u>	<u>2,006,386</u>
Net Book Value at 31 March 2022	<u>1,757,342</u>	<u>276,667</u>	<u>-</u>	<u>2,034,009</u>

9. INVESTMENT PROPERTIES

	2023 £	2022 £
At 1 April 2022	1,410,592	1,281,745
Additions	-	-
Disposals	-	-
Transfers	-	-
Movement in fair value	67,308	128,847
At 31 March 2023	<u>1,477,900</u>	<u>1,410,592</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

10. INVESTMENTS

	2023	2022
	£	£
Cost or valuation		
At 1 April 2022	663,056	588,783
Gain/(loss) on revaluation of listed investments	(4,723)	74,273
At 31 March 2023	<u>658,333</u>	<u>663,056</u>

	Cost	2023 Fair Value	Cost	2022 Fair Value
	£	£	£	£
Listed - UK stock exchange	<u>205,000</u>	<u>658,333</u>	<u>205,000</u>	<u>663,056</u>

Investments

Fixed asset investments are stated at fair value.

11. TANGIBLE ASSETS - OTHER

	Leasehold Office Accommodation	Leasehold Car Park Extension	Fixtures, Fittings and Equipment	Total
Cost	£	£	£	£
At 1 April 2022	9,705	5,027	15,390	30,122
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 March 2023	<u>9,705</u>	<u>5,027</u>	<u>15,390</u>	<u>30,122</u>
Depreciation				
At 1 April 2022	4,464	2,316	11,391	18,171
Charge for the year	194	101	1,505	1,800
Eliminated on disposal	-	-	-	-
At 31 March 2023	<u>4,658</u>	<u>2,417</u>	<u>12,896</u>	<u>19,971</u>
Net Book Value at 31 March 2023	<u>5,047</u>	<u>2,610</u>	<u>2,494</u>	<u>10,151</u>
Net Book Value at 31 March 2022	<u>5,241</u>	<u>2,711</u>	<u>3,999</u>	<u>11,951</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

12. DEBTORS	Note	2023	2022
		£	£
Rent and service charges receivable		2,869	2,710
Prepayments and accrued income		1,363	5,991
		<u>4,232</u>	<u>8,701</u>
13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		2023	2022
		£	£
Rent and service charges received in advance		7,827	6,873
Deferred grant income	15	12,091	12,091
Other taxes and social security		597	647
Other creditors		10,621	11,218
Accruals		7,796	4,894
Bank loans		-	29,060
		<u>38,932</u>	<u>64,783</u>
14. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR		2023	2022
		£	£
Deferred grant income	15	302,283	314,374
Bank Loans		-	345,619
		<u>302,283</u>	<u>659,993</u>
15. DEFERRED INCOME		2023	2022
		£	£
Social housing government grants:-			
At 1 April 2022		604,561	604,561
At 31 March 2023		<u>604,561</u>	<u>604,561</u>
Amortisation of social housing government grants:-			
At 1 April 2022		278,096	266,005
Released to income in the year		12,091	12,091
At 31 March 2023		<u>290,187</u>	<u>278,096</u>
Carrying amount at 31 March 2022		<u>314,374</u>	<u>326,465</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

15. DEFERRED INCOME (CONT'D)	2023	2022
	£	£
Amounts to be released within one year	12,091	12,091
Amounts to be released in more than one year	302,283	314,374
	<u>314,374</u>	<u>326,465</u>

16. FINANCIAL INSTRUMENTS	2023	2022
	£	£
Carrying amount of financial assets		
Measured at fair value through income and expenditure:		
Fixed Asset listed Investments	658,333	663,056

17. CASH FLOW FROM OPERATING ACTIVITIES	2023	2022
	£	£
Reconciliation of operating surplus to net cash inflow from operating activities		
Surplus/(Deficit) for the year	187,949	274,921
Increase in fair value	(67,308)	(128,847)
(Gains)/Losses on investments	4,723	(74,273)
Investment income recognised in income and expenditure	(60,595)	(61,351)
Depreciation charges	68,782	73,838
Loss of disposal of assets	8,944	4,472
Changes in debtors	4,469	(81)
Changes in creditors	3,209	(10,470)
(Decrease) in deferred income	<u>(12,091)</u>	<u>(12,091)</u>
Net cash flow from operating activities	<u>138,082</u>	<u>66,118</u>

ANALYSIS OF NET DEBT

	At 1.4.22	Cash flow	At 31.3.23
Net cash			
Cash at hand and in bank	<u>543,451</u>	<u>(224,306)</u>	<u>319,145</u>
Total	<u>543,451</u>	<u>(224,306)</u>	<u>319,145</u>

DETAILED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2023

	2023		2022	
	£	£	£	£
INCOME				
Rent receivable		427,484		406,721
Amortisation of social housing grants		12,091		12,091
Service charges receivable		69,503		62,329
		<u>509,078</u>		<u>481,141</u>
Rent losses from debts and voids		(6,397)		(7,054)
Income from lettings		<u>502,681</u>		<u>474,087</u>
Operating costs		<u>(377,773)</u>		<u>(402,366)</u>
OPERATING SURPLUS/(DEFICIT)		124,908		71,721
OTHER INCOME AND EXPENSES				
Investment gains/(losses)	(4,723)		74,273	
Increase/(decrease) in fair value	67,308		128,847	
Interest receivable:				
Bank deposit interest	448		80	
Other income	8		-	
		<u>63,041</u>		<u>203,200</u>
NET SURPLUS FOR THE YEAR		<u><u>187,949</u></u>		<u><u>274,921</u></u>

OPERATING COSTS**FOR THE YEAR ENDED 31 MARCH 2023**

	2023	2022
	£	£
Wages and salaries	59,409	57,028
Water and sewerage	(2,618)	1,596
Insurance	19,136	15,665
Garden maintenance	19,167	16,750
Light and heat	2,151	3,725
TV licences	650	513
Printing, postage and stationery	500	676
Telephone	504	1,705
Consultancy fees	24,274	19,850
Audit fee	3,195	2,952
Bank charges	728	911
Sundry expenses	10,465	2,088
Legal and professional fees	-	1,325
Market rented housing property costs	18,848	19,404
Bad debts	-	461
Depreciation	68,782	73,838
Loss on disposal of assets	8,944	4,472
Major repairs	74,562	70,031
Repairs and maintenance	56,274	84,233
Service repairs and maintenance	1,255	6,339
PCC (Davis Alarms) contract	6,335	5,143
Finance charges	-	-
Loan interest	5,212	13,105
Council tax	-	556
	<u>377,773</u>	<u>402,366</u>