

**Pivotal Housing Association  
Financial Statements  
Year Ended 31 March 2022**

Regulator of Social Housing registration number: 4747

Company registration number: 06211760

Charity registration number: 1121914

# **Pivotal Housing Association**

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## **Pivotal Housing Association**

### **Registered Social Housing Provider Information**

**Year Ended 31 March 2022**

<b>Regulator of Social Housing registration number</b>	4747
<b>Company registration number</b>	06211760
<b>Charity registration number</b>	1121914
<b>Members of the board</b>	P Levaggi D Streek (Chair) N S Lee J E Hughes N Courts (Resigned 27/05/21) D Lockerman A Hussain Shah
<b>Chief Executive Officer</b>	J Kingsbury
<b>Director of Operations</b>	N Stolberg
<b>Registered office</b>	Unit 1, St Stephen's Court 15/17 St Stephen's Road Bournemouth Dorset BH2 6LA
<b>Auditor</b>	PKF Francis Clark Chartered Accountants & Statutory Auditors Towngate House 2-8 Parkstone Road Poole BH15 2PW
<b>Solicitor</b>	Frettons Solicitors The Saxon Centre 11 Bargates Christchurch BH23 1PZ
<b>Bankers</b>	National Westminster Bank PLC The Square 5 Old Christchurch Road Bournemouth BH1 1DU

# **Pivotal Housing Association**

## **Strategic Board Report**

### **Year Ended 31 March 2022**

The Trustees and Strategic Leadership Team are pleased to present the Annual Report and Financial Statements for the year ending 31 March 2022 for Pivotal Housing Association ("PHA").

#### **Principal Activities**

PHA is a company limited by guarantee, a Registered Provider of Social Housing and a charity registered with the Charity Commission which was established in April 2007. PHA is proud to provide quality housing with specialist support and compassionate care to over 500 single vulnerable people with a variety of needs. We work closely with local authorities and health service commissioners across a number of locations, including Dorset, Cornwall and Gloucester, to identify suitable homes for the vulnerable people we exist to serve. All current accommodation managed by PHA is operated on a lease-based financing model with the associated support and care delivered by third party partners.

The Trustees have complied with duties contained in Section 4 of the Charities Act 2006 to have due regard to guidance in respect of public benefit published by the Charity Commission and are satisfied that all the objectives and activities outlined below are undertaken for public benefit.

#### **Delivering our Strategic Plan**

In May 2020, the PHA Board adopted a 5-year business plan – providing more services for more people. This sets out an ambition for PHA to be as follows by 2025:

1. A stronger business with increased capacity for growth of new homes and services.
2. Strengthening our geographic area of operation and customer base in line with the group strategy.
3. Realising positive results from the investments we have made in our existing homes and communities.
4. Providing products and services that are shaped by customers, influenced by market conditions and demonstrably delivering value for money.
5. A smarter, slicker, simpler business, combining the strength of a group structure with the flexibility for group entities to make independent decisions.

Our key strategic aims can be summarised as follows:

- We will deliver excellent services
- We will grow our business
- We will maximise our impact

# **Pivotal Housing Association**

## **Strategic Board Report**

### **Year Ended 31 March 2022**

The way in which we will achieve each of these strategic aims is as follows:

#### *Deliver excellent services*

- Improve the quality of customers' homes by having an agreed Pivotal Standard shaped by customers and service providers.
- Improve our asset management and repairs service based on our full stock condition survey.
- Be more pro-active in tackling anti-social behaviour and wider tenancy enforcement
- Put in place robust Service Level Agreements with partner agencies to reduce void risk
- Future-proof our HMO housing portfolio
- Embrace new technology to improve customer experience
- Work co-operatively and collaboratively with our partners, funders and regulators.

#### *Grow our business*

- Create capacity through improving efficiency and by maximising long-term funding, establishing a sustainable mixed portfolio of leasehold properties by 2025 containing both short and long term leases to ensure a balance between certainty and flexibility.
- Manage risk by reporting on a strong set of KPIs and having an up to date risk framework and monthly updated risk register.
- Deliver a growth programme which meets the strategic objectives of the charity, developing 300 new homes by 2025.
- Actively seeking out new sources of funding through charitable grants and pursuing appropriate forms of strategic alliances, with at least 2 health authority partners and 5 national care and support provider partnerships by 2025.
- Adopt a proactive approach to existing business, taking strategic action to tender for existing and new business, review and renew contracts and to implement exit strategies and remodelling where required to achieve and maintain financial strength.

#### *Maximise our impact*

- Use the strength of the wider Pivotal Homes Group to provide financially sound services
- Have a strong enough presence to make a real difference to people's lives, helping them to become more financially or physically independent in order that we can sustain their tenancies.
- Help our customers to cope with welfare reform by supporting them off benefits and into work.
- Work collaboratively across the Pivotal Homes Group, with other housing associations and our partners to revitalise communities and neighbourhoods.
- Construct effective partnerships with health and care commissioning bodies, to ensure we improve the health and wellbeing in our communities.

## **Pivotal Housing Association**

### **Strategic Board Report**

#### **Year Ended 31 March 2022**

##### **Our key priorities to March 2025**

- Continue to develop the governance structure for PHA within the Pivotal group structure.
- Reduce void levels to under 5% average across all services with an action plan for long term voids and a robust housing management service to generate new referrals to void properties.
- Reduce the risk of new business by providing services which are supported by public sector funding, have a robust Service Level Agreement in place to mitigate void risk, provide a fill up period indemnity, have a lease which provides a review clause where public funding is reduced and have an exit strategy in place.
- Develop and implement a robust organisational response to welfare reform, changing government priorities and changing regulatory requirements to minimise loss of rental income while supporting our customers.
- Demonstrate a Value for Money approach to deliver further efficiencies, continue to reduce our costs of delivery, and generate a net surplus of £800k by 2025.
- Produce a 20 year stock condition plan linked to the full stock condition survey carried out in 2022.
- Complete the appraisal of the preferred operating model for the repairs service moving to a more proactive and less reactive approach.

##### **Future Prospects**

In May 2020, the Board agreed a new 5-year Business Plan, which demonstrates strong financial performance in the years to come achieved through continued growth and increased economies of scale. This position will lead to increased levels of cash reserves within the organisation to enhance financial resilience.

PHA has limited debt of £450k held with Pivotal Homes Group Limited which it will begin to repay from Year 3 of the current Business Plan. It will also source a range of services from the wider Pivotal Group, including arrangement of property leases to achieve growth of approximately 300 additional units of accommodation over the life of the Business Plan. This model therefore requires no recourse to additional finance to support growth aspirations.

##### **Key focus, achievements, and operational performance for 2021/22**

The key focus for PHA during 2021/22 can be summarised as follows:

1. Review and re-design of underperforming services that were experiencing unacceptable void levels and difficulties with support providers.
2. Consolidation of systems, policies and governance arrangements to provide a sound basis for future service improvements and business growth.

## Pivotal Housing Association

### Strategic Board Report

#### Year Ended 31 March 2022

Details of activities undertaken include:

- New housing management and accounts systems (Open Housing and Open Accounts) have been purchased and largely implemented during the course of the year. These new systems will be operational from 2022 and will assist PHA to create workflows; automate processes and reporting; and improve compliance monitoring.
- Providing an additional 47 units of social housing stock specifically adapted to customer need.
- An ongoing review of governance and financial arrangements for PHA with agreement to join the Pivotal Group structure following successful completion of this review.
- New 3-year Customer Engagement strategy developed aimed at increasing the customers voice in designing and delivering Pivotal services.

#### Business development

Existing partnerships have been strengthened during the year, and several new partnerships have been established, including a new partnership with Your Choice with whom our first scheme was successfully completed and opened in December 2021.

Significant benefits are derived from the wider Pivotal Group of companies in terms of sourcing of properties and finance, and the protection of PHA against development risk whereby PHA only enters new leases where schemes are acquired and partnerships and client groups in place.

Partnerships for the delivery of care and support are now in place with the following organisations:

Clear Pathway Care	Nelson Trust
Pivotal Support	Rethink
Your Choice	K2 Care
Young Person's Team, Cornwall CC	NHS (Cornwall)
Northam Care Trust	Brandon Trust
Live West	

Details of new schemes launched during the year:

- Four schemes for customers suffering with poor mental health were opened in partnership with Brandon Trust; an 11 bed, a 7 bed and two 6 bed schemes.
- Three schemes for customers with a learning disability were launched in partnership with the Northern Care Trust; an 8 bed and a 6 bed scheme
- One, 3 bed scheme was launched in partnership with Your Choice

## Pivotal Housing Association

### Strategic Board Report

#### Year Ended 31 March 2022

Additional pipeline schemes for later in 2022/23 include the following:

Location	Partner	Service group	Estimated opening
Cornwall (St Anne's Grove)	Brandon Trust	Learning disability	May-22
Devon (Winston Park)	Northam Care Trust	Learning disability	May-22
Cornwall (Harmony Road)	Brandon Trust	Learning disability	Dec-22
Devon (Eveleigh House)	TBC	Mental Health	TBC

#### Performance review

A summary of our key operational performance achievements in 2021/22 is as follows:

- Average void levels improved throughout the year from 11.4% to 9.3% at financial year end. Void loss remained above our 5.4% target throughout the financial year; significantly influenced by a few void schemes. Performance improved towards the end of the year following the award of a new support contract by BCP LA.
- Average re-let days were 13.7 at the end of Quarter 4 (2021/22).
- High compliance levels were maintained across all health and safety performance areas: gas safety, legionella testing; electrical safety; asbestos; fire risk assessments; fire alarm testing; and emergency lighting.

Turnover for the Housing Association increased by £620,000 to £8.5 million, representing an 7.9% increase year-on-year. Net surplus of £12,050 has been recorded in 2021/22, a decrease of £15,816 against the net surplus recorded in 2020/21 and 0.14% net surplus margin versus 0.35% net surplus margin in prior year. Net margins have been impacted this year due to the impact of the Coronavirus pandemic on both void loss and the wider Pivotal development programme, leading to a reduction in income.

The Housing Association has grown by 47 properties during 2021/22 resulting in a portfolio of 511 properties. Over the coming year and beyond, Pivotal will continue to grow its availability of properties for rental through reinvestment of surpluses.

#### Delivering Value for Money

PHA's approach to delivering Value for Money (VfM) is based on maximising the delivery of its new 5-year Business Plan - Providing more services for more people adopted in May 2020.

We seek to optimise the balance between the three 'E's' - Economy, Efficiency and Effectiveness:

- **Economy** - is the price paid for what goes into providing a service.
- **Efficiency** - is a measure of productivity or how much is gained from what is put in.
- **Effectiveness** - is a measure of the impact achieved and can be both qualitative and quantitative.

This requires PHA to assess the impact of all its costs, to best meet its stakeholder's needs. This means spending efficiently to keep costs low, whilst maintaining high productivity and maximising outcomes.



# **Pivotal Housing Association**

## **Strategic Board Report**

### **Year Ended 31 March 2022**

#### **Value for Money strategic approach**

PHA has established a VfM Strategy and reviews this annually to ensure that it continues to meet the organisation's vision and business plan; tenant's needs and expectations; takes account of the operating environment, risk management and regulatory requirements.

A register of VfM initiatives is updated quarterly and presented and discussed at Senior Leadership Team and Board meetings, with highlights included in the management accounts.

PHA's approach to VfM, promotes transparency in terms of:

- Reviewing performance against VfM targets and any metrics set out by the regulator, and how that performance compares to peers
- Establishing measurable plans to address any areas of underperformance, including clearly stating any areas where improvements would not be appropriate and the rationale for this.

The following strategic objectives have been established by PHA:

- Promotion – Embedding of VfM principles within the culture of the organisation.
- People - Encouraging economic awareness amongst staff and VfM principles within all business operations.
- Procurement – Creation, maintenance and promotion of economic, efficient, and effective purchasing principles and continuous review of contracts and services.
- Minimising waste - from our business operations and review of VfM in each department.
- Improvements - in the stock conditions through seeking improvement opportunities.
- Green - Provision of energy saving, water conservation and waste minimisation advice to our employees and customers.

## Pivotal Housing Association

### Strategic Board Report

Year Ended 31 March 2022

#### VfM Goals and Objectives

Area	Goals/Objectives
Culture	Value for Money will be embedded in the culture of organisation and is a key objective in the Business Plan
Benchmarking	PHA will benchmark performance with other organisations to analyse areas of the business and learn from higher performing / lower cost organisations
Budgets	Budgets will be informed by known costs and experience, including detailed stock condition information. We will adopt a zero-based budgeting approach.
Management Accounts	Management accounts will be provided to enable the Senior Leadership Team to effectively manage their budgets and achieve value for money.
Financial Statements	Financial statements will demonstrate control and assist in enabling efficiencies to be maximised and VfM achieved.
Procurement	We will maintain an effective methodology for procuring goods and services that enables PHA to achieve its VfM aims and objectives. This will be achieved through value engineering.
Customer engagement	We will look to involve residents in our tenders and will ask our key business partners to evidence how they have helped us deliver VfM as part of our contract with them.
Reporting	We will record VfM savings within our KPIs and maintain a VfM Register. Performance results will be reported to the Senior Leadership Team and Board quarterly through management accounts and self-assessment reports. The Board will consider delivery of the VfM Strategy annually as part of the sign-off process for the Financial Statements, including performance against the RSH's VfM metrics, and these will be published annually as required as part of our Financial Statements.

#### Benchmarking

PHA is a member of the Smaller Housing Providers Benchmarking (SPBM) network, facilitated by Acuity in partnership with HouseMark. SPBM has 148 members owning/managing 75,000 homes across eight English regions, with an average stock of 353.

The sector scorecard aims to provide an agreed set of metrics for housing associations to compare their performance and check they are providing value for money. It includes performance and comparisons on the RSH's VfM performance metrics. The service provides additional intelligence for PHA to identify where improvements can be made relative to our peers.

# Pivotal Housing Association

## Strategic Board Report

Year Ended 31 March 2022

### RSH Value for Money Metrics

Metric No.	Metric Name	Metric description	PHA results 2020/21	PHA results 2021/22	SPBM Bench-mark results (median)	Global accounts 2021 (median)	Global accounts 2021 (weighted average)	Commentary
1	Reinvestment (%)	This metric looks at the investment in properties (existing stock as well as new supply) as a percentage of the value of total properties owned.	n/a	n/a	3.4%	5.8%	5.7%	This metric compares the investment against the value of stock owned. All of PHA's stock is leased.
2a	New supply (social) (%)	The new supply metrics sets out the number of new social housing and non-social housing units that have been acquired or developed in the year as a proportion of total social housing units and non-social housing units owned at period end.	3.4%	9.2%	0.7%	1.3%	1.4%	Although the metric states 'units owned' for the purpose of demonstrating our new supply we have used 'units leased'.
2b	New supply (non-social) (%)	As above	n/a	n/a	0.0%	0.0%	0.2%	All PHA stock is specialised supported housing.
3	Gearing (%)	This metric assesses how much of the adjusted assets are made up of debt and the degree of dependence on debt finance. It is often a key indicator of a registered provider's appetite for growth.	0.0%	0.0%	10.1%	43.9%	47.2%	This metric uses the cost/valuation of owned housing but as Pivotal leases all its housing stock this metric gives a nil gearing.
4	EBITDA MRI interest cover (%)	The EBITDA MRI interest cover measure is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a registered provider generates compared to interest payable; the measure avoids any distortions stemming from the depreciation charge.	0.0%	0.0%	804.0%	183.0%	151.0%	Due to no interest bearing loan facilities within the housing association, there is no interest payable and so interest cover zero at this point.

# Pivotal Housing Association

## Strategic Board Report

Year Ended 31 March 2022

### RSH Value for Money Metrics (continued)

Metric No.	Metric Name	Metric description	PHA results 2020/21	PHA results 2021/22	SPBM Bench-mark results (median)	Global accounts 2021 (median)	Global accounts 2021 (weighted average)	Commentary
5	Headline social housing CPU (£k)	The unit cost metric assesses the headline social housing cost per unit as defined by the Regulator. The cost measures set out in the metric are unchanged from the metric used in the Regulator's publication Value for Money metrics technical note feedback and responses published in 2018. However, the numerator now includes a separate line for lease costs.	£17.23	£17.11	£13.94	£3.73	£4.15	Our overhead costs are high compared to other housing associations. This reflects how all stock is specialised supported housing that is usually acquired to meet specific identified needs of vulnerable tenants, who by definition would otherwise be unable to live independently in the community (i.e. High service charges as units are furnished to a high specification to meet client needs.) Smaller Registered Providers and supported housing providers both have higher costs. As PHA grows, in line with its strategic objectives, it will be able to spread its cost base more efficiently.

# Pivotal Housing Association

## Strategic Board Report

Year Ended 31 March 2022

### RSH Value for Money Metrics (continued)

Metric No.	Metric Name	Metric description	PHA results 2020/21	PHA results 2021/22	SPBM Bench-mark results (median)	Global accounts 2021 (median)	Global accounts 2021 (weighted average)	Commentary
6a	Operating margin (social) (%)	The Operating Margin demonstrates the profitability of operating assets before exceptional expenses are taken into account. Increasing margins are one way to improve the financial efficiency of a business. As noted by the RSH, 'Further consideration should also be given to specialist providers who tend to have lower margins than average.'	0.4%	0.14%	14.4%	26.3%	28.3%	This shows that our costs are high in relation to our income. Again, this reflects the highly specialised nature of the accommodation and the lease-based model. The new 5-year Business Plan adopted in May 2020 provides for improvements in this position as a result of continued growth and resultant efficiencies.
6b	Operating margin (overall) (%)	As above	0.4%	0.14%	11.0%	23.9%	22.3%	As above
7	Return on capital employed (ROCE) (%)	This metric compares the operating surplus to total assets less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources. The ROCE metric would support registered providers with a wide range of capital investment programmes.	3.3%	1.0%	3.3%	3.3%	3.1%	

## Pivotal Housing Association

### Strategic Board Report

Year Ended 31 March 2022

#### Principal risks and uncertainties

PHA has developed and adopted a risk management and assurance framework. It sets out the arrangements for identifying and managing risk in accordance with the Board's risk appetite. Risks that may prevent us achieving our objectives are considered and reviewed quarterly by the Strategic Leadership Team, the Audit & Risk Committee and the Board.

PHA has adopted the three lines of defence risk management model, which is designed so that assurance may be derived through the strength and source of controls and the level of reliance placed on these.

All our risks are assessed in terms of their impact and probability, as well as inherent, current and target risk. In addition, reports taken to our Board and Committees are required to contain an evaluation of the risks involved with any recommendations made. Amendments to risks, including the identification of new risks are proposed as part of decision making, which are then approved by the Board or Audit & Risk Committee.

The key risks to successful achievement of the PHA's objectives are:

<b>Strategic risk: Financial Plan failures</b>	
<i>Risk description</i>	<i>Risk controls</i>
Incorrect assumptions in the financial plan	<ul style="list-style-type: none"><li>- Financial plan developed and agreed.</li><li>- Liabilities in plan include stock condition data and asset management resource requirements</li><li>- Plan developed with knowledge of sector and markets, and realistic growth plans</li></ul>
<i>Priorities for action</i>	
Revised forecast to be produced incorporating current macro-economic and development plan pressures.	

<b>Strategic risk: Cashflow</b>	
<i>Risk description</i>	<i>Risk controls</i>
Insufficient cash flow	<ul style="list-style-type: none"><li>- Monthly cashflow forecasting for Association</li><li>- Register of assets and liabilities</li><li>- Regular reporting to SLT and Board</li><li>- No on-lending in place</li><li>- Loan facility with Parent in place (£450k)</li></ul>
<i>Priorities for action</i>	
Continued growth will be pursued to increase cash reserves and improve financial resilience. Service rationalisation will be implemented to improve value for money and reduce corporate overheads.	

<b>Strategic risk: Budget failures</b>	
<i>Risk description</i>	<i>Risk controls</i>
Failure in budgetary control leading to service failure and business objectives not being achieved	<ul style="list-style-type: none"><li>- Recent investment in new finance recording and reporting systems</li><li>- Sense check of financial reports by SLT and Board</li><li>- Data integrity checking to ensure quality of data input</li><li>- Regular financial reporting and monitoring to SLT and Boards</li></ul>
<i>Priorities for action</i>	
Embedding of new finance systems (Open Accounts).	

## Pivotal Housing Association

### Strategic Board Report

Year Ended 31 March 2022

#### Principal risks and uncertainties (continued)

<b>Strategic risk: Business Growth</b>	
<i>Risk description</i>	<i>Risk controls</i>
Failure to deliver growth of new homes in line with Business Plan assumptions (60 per annum)	<ul style="list-style-type: none"><li>- Comprehensive Financial planning undertaken regularly</li><li>- Annual budget prepared and approved</li><li>- Dedicated Business Development Team in place to establish and manage partnerships and identify and match demand with accommodation provision</li><li>- Scheme appraisals providing viability (in line with agreed parameters for new Business)</li><li>- Established Service Level Agreements for use with Partners</li><li>- Due diligence for any new Partners and regular monitoring of existing Partners</li><li>- Monthly monitoring of Financial performance and operational KPIs by SLT</li><li>- Quarterly monitoring of Financial performance and operational KPIs to Board</li><li>- Executive review of Business plan and Financial projections</li><li>- Board approval of Business plan and Financial projections</li><li>- Internal audit of new Business Development projects</li></ul>
<i>Priorities for action</i>	
Existing relationships will be managed to ensure a supply of properties to match identified service user needs.	

  

<b>Strategic risk: Income</b>	
<i>Risk description</i>	<i>Risk controls</i>
Income collection less than expected / Arrears greater than expected	<ul style="list-style-type: none"><li>- Financial monitoring (cash flow) against budget and business plan.</li><li>- Arrears monitoring in housing management system, with escalation arrangements</li><li>- Liaison with local authorities to ensure regular dialogue and timely receipt of payments</li></ul>
<i>Priorities for action</i>	
Regular dialogue will be maintained with local authorities to ensure sound understanding the accommodation and support offered to customers.	

## Pivotal Housing Association

### Strategic Board Report

Year Ended 31 March 2022

#### Principal risks and uncertainties (continued)

<b>Strategic risk: Board Leadership</b>	
<i>Risk description</i>	<i>Risk controls</i>
Failure of board to give capable leadership, control and strategic direction and/or inappropriate governance arrangements and structures	<ul style="list-style-type: none"><li>- Standing Orders and Financial Regulations</li><li>- Board succession plans</li><li>- Schedule of delegated authorities</li><li>- Code of Governance adopted</li><li>- Code of Conduct</li><li>- Service Agreements for Trustees</li><li>- Induction training and development for Trustees</li><li>- Governance Action Plans</li><li>- Skills review and established Skills Matrix</li><li>- Board appointments based on preferred balance of skills and competencies</li></ul>
<i>Priorities for action</i>	
Completion of Governance Action Plan to achieve full compliance with the Governance and Financial Viability Standard and adopted Code of Governance. Completion of action plan attached to Voluntary Undertaking with RSH.	

  

<b>Strategic risk: Recruitment and Retention failures</b>	
<i>Risk description</i>	<i>Risk controls</i>
Failure to recruit and retain a staff team that is skilled, motivated, and productive within agreed resources	Forward plan resource to meet financial plan delivery targets Staff resourcing monitored at SLT. Regular review and benchmarking of salaries and benefits. Investment in staff learning and development/talent management.
<i>Priorities for action</i>	
Continued focus on new recruitment initiatives.	

  

<b>Strategic risk: Covid-19 Pandemic</b>	
<i>Risk description</i>	<i>Risk controls</i>
Negative impact of spread of coronavirus (COVID-19) on delivery of Business Plan and viability	Revised operating procedures in line with national and regulatory guidance has been implemented. PPE sourced in ample quantities for front line staff. Full Covid risk assessment published.
<i>Priorities for action</i>	
Vigilance will be applied across all services areas and regular environmental scanning to ensure responsiveness to additional waves of the virus. Respond appropriately to changing Govt. advice.	



## Pivotal Housing Association

### Strategic Board Report

Year Ended 31 March 2022

#### Principal risks and uncertainties (continued)

<b>Strategic risk: Voids</b>	
<i>Risk description</i>	<i>Risk controls</i>
Lack of demand for specialised supported housing from suitable tenants / Letting difficulties	<ul style="list-style-type: none"><li>- New properties not handed over until demand confirmed</li><li>- Contingency for void fill-up</li><li>- Established systems to identify suitable replacement tenants when move-on / tenancy failure possible</li><li>- Void standards</li><li>- Testing of rent levels ahead of handover and letting</li><li>- Exit strategies for any unsuitable schemes (including where reduced demand) for onward sale and replacement</li></ul>
<i>Priorities for action</i>	
Continued efforts to address and reduce historical voids.	

<b>Strategic risk: Regulation failures</b>	
<i>Risk description</i>	<i>Risk controls</i>
Negative regulator assessments / regulatory action or intervention	<ul style="list-style-type: none"><li>- Governance reviews (Altair)</li><li>- Self-assessment of compliance</li><li>- Governance Action Plans</li></ul>
<i>Priorities for action</i>	
Implementation of Governance Action Plan.	

<b>Strategic risk: Inflation Assumptions</b>	
<i>Risk description</i>	<i>Risk controls</i>
Higher inflation (RPI/CPI) than anticipated.	<ul style="list-style-type: none"><li>- Limited debt with Parent only.</li><li>- No treasury function required at present.</li><li>- Fixed pricing in contracts where feasible to limit exposures.</li></ul>
<i>Priorities for action</i>	
Re-configure stress tests completed by Campbell Tickell to map impact of higher inflation rate. Fix all possible contract prices to mitigate impact of high inflation. Discuss inflation rate and potential rent cap with superior landlord to limit impact.	

#### Regulation and Corporate Governance

In March 2021, the Regulator of Social Housing (RSH) issued a Regulatory Notice against PHA. In this Notice, it found that PHA was:

- Non-compliance with the Governance and Financial Viability Standard relating to both governance and financial viability weaknesses.
- The RSH found that PHA had been unable 'to demonstrate that it has managed its affairs with an appropriate degree of skill, independence, diligence, effectiveness, prudence and foresight. It has failed to demonstrate that its business planning, risk management and internal controls framework have been effective in identifying and managing risk to the delivery of its objectives'.
- Non-compliance with the Rent Standard, and in particular, that PHA was 'unable to provide adequate assurance that the accommodation it provides meets the government's definition of Temporary Social Housing (TSH) or Specialised Supported Housing (SSH) and therefore that it is exempt from the Rent Standard'.

## **Pivotal Housing Association**

### **Strategic Board Report**

#### **Year Ended 31 March 2022**

As a result, PHA has an Action Plan agreed and in place that will enable the organisation to move to a position of compliance.

#### **Compliance with Code of Governance**

The Regulator of Social Housing's (RSH) Governance and Financial Viability Standard requires all Registered Providers (RPs) to adopt a Code of Governance. RPs must comply with their Code of Governance or explain how and why it does not comply with the Code.

PHA has adopted the NHF Code of Governance (2015) ("the Code") and has agreed to work towards compliance with the 2020 Code of Practice, it has undertaken a full assessment of its compliance against the 2020 Code and will be working towards achieving full compliance during the course of the next financial year.

#### **Compliance with Code of Governance (continued)**

The Regulator of Social Housing's (RSH) Governance and Financial Viability Standard requires all Registered Providers (RPs) to adopt a Code of Governance. RPs must comply with their Code of Governance or explain how and why it does not comply with the Code.

PHA has adopted the NHF Code of Governance (2020) ("the Code") in February 2021. It has undertaken a full assessment of its compliance against this new Code and will be working towards achieving full compliance during the course of the next financial year.

#### **Compliance with all relevant law**

In accordance with Part 1.1(a) of the RSH's Governance and Financial Viability Standard, it is necessary for all RPs to adhere with 'all relevant law'.

The Board is able to confirm that there are no known instances of PHA being in breach of any English law. This includes monitoring of compliance against a range of health and safety related matters in which full compliance is in place.

#### **Board Statement of Public Benefit**

PHA's charitable objects restrict its activities to:

- The relief of poverty and unemployment and the promotion of good health among those people in the interim stage between full government support and their return to independence in the community, with particular reference to the economically and socially disadvantaged members of the society such as mental health patients, ex-offenders, other vulnerable groups and young people in the United Kingdom, by the provision of accommodation, social housing, qualified supporting care services and advice.
- To providing social housing and any other purposes connected with or incidental to the provision and management of housing, social housing and accommodation.
- Total customers supported by the HA are in the region of 850, with 279 move on's.

## **Pivotal Housing Association**

### **Strategic Board Report**

#### **Year Ended 31 March 2022**

PHA's aims and activities primarily benefit people in the following ways:

- Provision of housing of a specialised nature to meet the high support and care needs of tenants, provided without support of public capital grants, that enable them to live, or adjust to living, independently within the community.
- Related home repair, improvement and tenancy management services.
- Intensive housing management support services that promote tenancy sustainment and co-ordination of support services that promote independent living, including
  - o sleepover cover
  - o preparation of budget plans
  - o access to support aids and funds to help them manage their money
  - o workshops for cooking, budgeting and nutrition
  - o bedding, towels and laundry facilities
  - o assistance with computers and internet access

The Board has concluded that our activities are in the public interest as defined in the Charity Commission's guidance. Our activities are restricted only in terms of our published policies, and to ensure fair access to our services for all those in housing or other need with additional care and support needs and who would otherwise be unable to live independently.

The Board is not aware of any private benefits and has robust policies in place to prevent unintended benefits to related parties. The incidental benefits of a well-run housing and support service are shared by our tenants.

#### **Reserves Policy**

The board have agreed a Reserves Policy with unrestricted reserves set at 0.5 million. PHA is not expected to achieve the level of reserves stated in the agreed policy until 2024/25 and therefore over the next 12 months PHA will continue to receive support from Charles Terence Estates Limited and Pivotal Group Holdings Limited. This support will be superseded by the formal group structure approved by the board, but is subject to approval by the charity commission.

#### **Dividends**

As a company limited by guarantee of members (and registered charity), the organisation has no issued share capital and is not permitted to distribute profits by way of a dividend.

#### **Internal controls assurance**

The Board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The systems of internal control are designed to manage rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable and not absolute assurance against material misstatement or loss.

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

## **Pivotal Housing Association**

### **Strategic Board Report**

#### **Year Ended 31 March 2022**

The process for identifying, evaluating and managing the significant risks faced by the organisation is ongoing. This is reflected in every report considered by the Board, as well as review by the Audit & Risk Committee. A detailed risk register is considered by each Audit & Risk Committee and at least annually by the Board. The Trustees are satisfied that the major risks to which the organisation is exposed are understood, well documented and that appropriate action plans are in place to mitigate these risks.

Trustees have ensured that the following key mechanisms are in place to facilitate effective internal controls assurance:

#### *Identifying and evaluating key risks*

The Audit & Risk Committee for the Pivotal Group oversee the Risk Management and Assurance Framework and work of the external auditors (and internal auditors when in place). The Risk Management and Assurance Framework, approved by the Board, sets the organisation's attitude to risk in the achievement of its objectives, and underpins risk management, business planning and control arrangements. These arrangements clearly define management responsibility for the identification, evaluation and control of significant risks.

The Senior Leadership Team regularly considers reports on these risks and the Chief Executive is ultimately responsible for reporting any significant change affecting key risks to the Committee (and the Board).

#### **Internal controls assurance (continued)**

#### *Control environment and internal controls*

The process to identify and manage the key risks to which the organisation is exposed are an integral part of the internal control environment. Such processes, reviewed annually, include:

- A formal risk assessment and strategic planning process enables the Board to confirm that there is an on-going process for identifying, evaluating and managing the significant risks faced by the organisation
- Quarterly review by the Audit & Risk Committee of risk, assurance and controls at each of its meetings, with risk registers being reviewed by the Committee and Board.
- Quarterly review by the Board of key performance indicators to assure progress towards the achievement of objectives.
- Adoption of the National Housing Federation Code of Governance 2015, which promotes excellence for Federation members in governing their organisations and being accountable, independent, and diverse. The Board has conducted a review of its performance against this Code and can either demonstrate compliance with this or has agreed actions that will lead to full compliance on completion of the agreed Governance Action Plan.
- A clearly defined structure with appropriate Articles of Association, Standing Orders, Financial Regulations and Delegated Authorities which Trustees and employees follow, and which cover issues such as delegated authority, procurement, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection
- Clearly determined authority, responsibility and accountability.
- Effective procedures to ensure that all Trustee / Senior Leadership Team approval is required as appropriate for all major expenditure commitments.
- The setting of standards and compliance with health and safety, data protection, fraud prevention and counter bribery and money laundering arrangements.
- All Trustees and employees are covered by Directors and Officers Liability insurance through the National Housing Federation (NHF) to protect them from claims made against them in their capacity as representatives of the organisation. There is also similar nil-based gap insurance in place to cover Trustees and employees up to the claim threshold for the NHF policy cover.

## **Pivotal Housing Association**

### **Strategic Board Report**

#### **Year Ended 31 March 2022**

Financial reporting arrangements include the setting of detailed annual budgets and rent plans, and a 5-year Business Plan which includes cash flow forecasts, all approved by the Board and revised during the year if necessary.

Additionally, regular reporting is in place for key areas such as void management, rent collection, major works and stock investment and responsive repairs.

#### *Monitoring arrangements*

Regular reporting to the Senior Leadership Team, Committees and Board is part of the control environment. This has been established to follow the three lines of defence model.

The Audit & Risk Committee receive an annual report on internal controls assurance from the Senior Leadership Team.

An internal Audit and Quality team is in place and regularly reports on periodic testing and quality checks to validate data and identify areas for continuous improvement.

External auditors provide reports on management and control issues identified during the course of their work. These too are subject to scrutiny by the Audit & Risk Committee on behalf of the Board.

Reports from the Committees and their minutes are shared with the Board.

The Board has received the Audit & Risk Committee's and the Strategic Leadership Team's annual assurance report which includes evidence to support the review of the effectiveness of the systems of internal control. This process involves the Strategic Leadership Team confirming that throughout the year there were adequate systems of internal control in place. The Strategic Leadership Team provides their assurance to the Audit & Risk Committee whose chair provides a report for the Board. This system is supported by evidence to provide the required level of assurance including details of the key policies and internal control systems together with external evidence from external auditors and other key external stakeholders.

The Board has reviewed the Audit & Risk Committee's annual report on the effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of the risk management and control process. Where issues have been identified, action plans are in place and will be enacted.

The Board cannot delegate responsibility for the system of internal control, but it can, and has, delegated to the Audit & Risk Committee responsibility for reviewing the effectiveness of the system of internal control. Whilst the Board is satisfied that the new system provides adequate control over the recording and authorisation of transactions, further work is required to develop its reporting capabilities in order to meet the needs of the organisation.

#### *Fraud Assurance*

A Counter Fraud, Bribery and Corruption Policy and Anti-Money Laundering Policy is in place to reduce the risk of fraudulent activities and provide clarity of response to suspected instances of fraudulent activity. This includes Whistleblowing arrangements and will be subject to regular review.

A Fraud Register is maintained and available for inspection of the Audit & Risk Committee.

Internal auditors will provide an additional layer of controls designed to reduce the risk of fraud occurring.

#### *Overall internal controls position statement*

The Board is of the view that internal control arrangements are generally effective, but that there are some areas where strengthening of internal controls are required as detailed.

## Pivotal Housing Association

### Strategic Board Report

#### Year Ended 31 March 2022

There are also improvements required to further strengthen the governance and financial viability of PHA. This is subject to a Voluntary Undertaking and Action Plan with the RSH.

#### The Board

PHA is governed by a voluntary Board of Trustees containing a total of seven non-executive Trustees.

The Trustees who served during the year and up to the date of signing the financial statements are listed on page 1.

The supervision of how an organisation is run and how it manages the risks to its business is generally referred to as 'corporate governance'. This includes regulation, corporate structure and the function of the Board. The Board of Trustees meet at least quarterly with officers in attendance to set the strategic direction, review and approve the Business Plan and budgets, track performance against the Business Plan and budget, approve any new developments, and generally review operations. There are also additional 'strategy days' set aside for strategic planning as well as on-going learning and development.

The Board has established a Competency and Skills Framework that sets out what the Board will require in order to meet the challenges of delivering our priorities. It is not expected that all Trustees will possess all the attributes, but in order to achieve a balanced Board containing an appropriate range of skills, experiences and qualities, every effort is made to ensure the Board as a collective achieves an optimum fit. It therefore follows that all Trustee recruitment follows an open and transparent process, with Trustees selected on the basis of their skills and competencies, and their strategic fit with the Board's overall preferred balance of skills and competencies.

The balance of skills contained on the Board is assessed across the following categories:

General business skills / experience	Governance and regulation	Finance, funding and audit
Corporate services	Housing, property and development	Customer services
Additional specialist skills and knowledge	Professional associations	

The Board has a Trustee Induction policy. This is designed to ensure all Trustees have knowledge of the organisation and its principal activities; and also ensures that they are briefed on their legal obligations under charity and company law, the content of the Articles of Association, and relevant regulatory obligations and expectations. Opportunities are also provided for Trustees to meet with key senior staff, and to visit schemes to enhance their knowledge of our properties and the tenants we serve. Additional internal and external training is also arranged for Trustees as appropriate.

#### *Delegations*

The Board of PHA is responsible for strategy of the organisation as well as overseeing its performance. Specific responsibilities have been delegated to a PHA Audit & Risk Committee. Day-to-day performance is delegated to the Strategic Leadership Team.

Audit & Risk Committee – responsible for:

- Statutory reporting, internal (when appointed) and external audit, internal controls, and assurance
- Monitoring the Group's risk management and control framework, as set out in the Group Risk Management and Assurance Framework.

Upon formally joining the Pivotal Group, Committee structures will be reviewed and revised as necessary.

## **Pivotal Housing Association**

### **Strategic Board Report**

#### **Year Ended 31 March 2022**

##### *Company membership*

There are currently two company members, drawn and selected from the wider Pivotal group. A decision has been taken for PHA to formally become a Subsidiary of Pivotal Group Holdings Limited. Once completed, it is intended that membership of the organisation will be co-terminus with the Board, plus an additional share issued to Pivotal Group Holdings Limited in its capacity as Parent.

##### *Customer Involvement*

Direct engagement with customers is encouraged wherever possible, taking in to account the specialist needs of the client groups served. This may often require engagement with family, support and care workers. Involvement includes: information newsletters; new home surveys; repairs feedback; satisfaction feedback.

#### **Statement of Board's responsibilities**

Trustee obligations and responsibilities are set out in the Trustee Role Profile, the Standing Orders, and the Terms of Reference of the PHA Board. This includes statements that the Board is collectively responsible for the direction and control of the organisation. Each member is required to carry out their responsibilities in accordance with the constitution, law and regulatory requirements and shares the same legal status and responsibility for decisions taken.

The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

Company Law and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the association and of the income and expenditure of the association for that period.

In preparing these financial statements, the Board is 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 association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the association and to enable it to ensure that the financial statements comply with the Housing SORP 2018 (FRS102), Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019. It has general responsibility for taking reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

The Board has a general responsibility for taking reasonable steps to safeguard the assets of the organisation and to prevent and detect fraud and other irregularities. The Board is responsible for the maintenance and integrity of the organisation's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# **Pivotal Housing Association**

## **Strategic Board Report**

### **Year Ended 31 March 2022**

#### **Disclosure of information to the auditors**

At the date of making this report each of the Trustees of the Association confirm the following:

- So far as each Trustee is aware, there is no relevant audit information needed by the Association's auditors in connection with preparing their report of which the Association's auditors are unaware; and
- Each Trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make him/herself aware of any relevant audit information needed by the Association's auditors in connection with preparing their report and to establish that the Association's auditors are aware of that information.

The Report of the Directors has been prepared in accordance with the provisions applicable to companies under the Companies Act 2006, subject to the small companies' exemption regime.

#### **Statement of Compliance**

In preparing this Strategic Report and Board report, the Board has followed the principles set out in Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Statement of Recommended Practice for Social Housing Providers 2018, and with the Accounting Direction for private registered providers of social housing in England 2019. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Companies Act 2006.

#### **Annual general meeting**

The annual general meeting will be held in September 2022.

#### **Auditors**

A resolution to re-appoint PKF Francis Clark will be proposed at the forthcoming Annual General Meeting.

#### **Going Concern**

PHA's business activities, its current financial position and factors likely to affect its future development are set out within this Board Report and Annual Accounts. The board have considered the financial forecasts, cash flow forecasts and any apparent uncertainties which could have an impact on the association's operations and finances in the short to medium term. The board have considered there is a risk that there will be insufficient resources available to meet liabilities as they fall due during the next 12 months, and therefore in the opinion of the Board at the date of approval of the 2021/22 financial statements, the association requires the continued support of Charles Terence Estates, Pivotal Homes Group Limited and Pivotal Group Holdings Limited. The board have developed a formal group structure which has been approved by the board and is subject to approval by the charity commission. This group structure replaces the requirement for support from Charles Terence Estates and Pivotal Homes Group Limited and formalises the continuing support from Pivotal Group Holdings Limited. PHA has debt facilities. It has a 5-year business plan which shows that it is able to service this debt facility and all anticipated expenditure requirements.

We are committed to creating a safe and healthy environment - for our staff, customers and all who come into contact with our services.

Our teams have continued to provide essential services during the Coronavirus outbreak. We acted quickly to implement appropriate health and safety measures during the Coronavirus lockdown. Following the Government's easing of lockdown restrictions, our focus continues to be on the health and safety of our staff and clients.



## **Pivotal Housing Association**

### **Strategic Board Report**

#### **Year Ended 31 March 2022**

On this basis, the Board has a reasonable expectation that PHA has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

The report has been prepared having taken advantage of the small companies exemption in the Companies Act 2006.

In approving the Board Report, we also approve the Strategic Report included therein, in our capacity as company directors.

On behalf of the board

D Streek, Chair

Date: 28 September 2022

## **Pivotal Housing Association**

### **Independent Auditor's Report to the Board of Pivotal Housing Association**

**Year Ended 31 March 2022**

#### **Opinion**

We have audited the financial statements of Pivotal Housing Association (the 'association') for the year ended 31 March 2022 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity/ reserves, 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 association's affairs as at 31 March 2022, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 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 our opinion.

#### **Material uncertainty relating to going concern**

In auditing the financial statements, we have concluded that a material uncertainty exists that may cast significant doubt on the association's ability to continue as a going concern. We draw your attention to notes 1(o) and 17 in the financial statements which indicate that the association is dependent upon the continued support of related parties. Our opinion is not modified in respect of this matter.

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

#### **Other information**

The board is responsible for the other information. The other information comprises the information included in the board report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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.

## **Pivotal Housing Association**

### **Independent Auditor's Report to the Board of Pivotal Housing Association**

#### **Year Ended 31 March 2022**

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 board report (incorporating the strategic report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the board report (incorporating the strategic report) has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the association and its environment obtained in the course of the audit, we have not identified material misstatements in the board report (incorporating the strategic 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; or
- the board was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.

#### **Responsibilities of the board**

As explained more fully in the board's responsibilities statement set out on page 21, 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 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 board is 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 board either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

## **Pivotal Housing Association**

### **Independent Auditor's Report to the Board of Pivotal Housing Association**

**Year Ended 31 March 2022**

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

As part of our audit planning we obtained an understanding of the legal and regulatory framework that is applicable to the association. We gained an understanding of the association and the industry in which the association operates as part of this assessment to identify the key laws and regulations affecting the association. We made enquiries with management and made an appropriate team selection (ensuring competence and capability to recognise non-compliance). Key regulations identified were health and safety regulations, employment law, regulations regarding the standards of homes and also those laws and regulations that have a direct impact on the preparation of the financial statements.

Management enquiries covered any knowledge or evidence of actual or potential fraud, litigation and claims which are followed up with corroborative audit review work. We also evaluated management incentives and opportunities for fraudulent manipulation of the financial statements.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- Enquiries of management regarding their knowledge of any non-compliance with laws and regulations that could affect the financial statements. As part of these enquiries we also discussed with management whether there have been any known instances of fraud.
- Reviewed legal and professional costs to identify any possible non-compliance or legal costs in respect of non-compliance.
- Reviewed filings with the Regulator of Social Housing, Charity Commission and Companies House and whether there were any serious incident reports made during the year.
- Discussed with management if any health and safety incidents have been recorded during the year.
- Review of the GDPR policy and enquiries to management as to the occurrence of any reportable breaches.
- Reviewed Board minutes and correspondence with the Regulator of Social Housing and Charity Commission.
- Reviewed estimates and judgements made in the accounts for any indication of bias.
- Audited the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

## **Pivotal Housing Association**

### **Independent Auditor's Report to the Board of Pivotal Housing Association**

#### **Year Ended 31 March 2022**

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the association'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.

Chloe Mills FCA (Senior Statutory Auditor)  
Statutory Auditor  
For and on behalf of PKF Francis Clark  
Chartered Accountants and Statutory Auditors  
Towngate House  
2 – 8 Parkstone Road  
Poole  
BH15 2PW

Date: 29 September 2022

# Pivotal Housing Association

## Statement of Comprehensive Income (Including Income and Expenditure Account)

Year Ended 31 March 2022

		Total 2022 £	Total 2021 £
	Note		
<b>Turnover</b>			
Letting of non-investment property	2	8,571,482	7,883,214
<b>Cost of Sales</b>			
Direct cost of letting properties		5,764,148	5,264,761
Support costs		1,972,730	2,003,712
	2	<u>7,736,878</u>	<u>7,268,473</u>
<b>Gross surplus</b>		834,604	614,741
<b>Other income</b>			
Miscellaneous income	2	188,777	158,880
		<u>1,023,381</u>	<u>773,621</u>
<b>Administrative expenses</b>			
Management and administration	2	1,011,331	745,755
<b>Surplus / (deficit) for the year</b>		<u>12,050</u>	<u>27,866</u>
Fund balance brought forward at 1 April		<u>139,847</u>	<u>111,981</u>
Fund balance carried forward at 31 March		<u>151,897</u>	<u>139,847</u>

On behalf of the board

D Streek, Chair

Date: 28 September 2022

# Pivotal Housing Association

## Balance sheet

Year Ended 31 March 2022

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Intangible assets	7	12,163	19,242
Tangible fixed assets	8	541,753	372,964
		<u>553,916</u>	<u>392,206</u>
<b>Current assets</b>			
Debtors	9	1,202,690	1,192,140
Cash at bank and in hand		542,126	374,579
		<u>1,744,816</u>	<u>1,566,719</u>
<b>Total assets</b>		2,298,732	1,958,925
<b>Creditors: amounts falling due within one year</b>	10	(1,155,651)	(1,104,193)
<b>Net current assets / (liabilities)</b>		<u>1,143,081</u>	<u>854,732</u>
<b>Creditors: amounts falling due after more than one year</b>	11	(450,000)	(450,000)
<b>Provision for liabilities</b>	12	(541,184)	(264,885)
<b>Total net assets / (liabilities)</b>		<u>151,897</u>	<u>139,847</u>
<b>Funds:</b>			
<b>Unrestricted funds</b>			
General funds		151,897	139,847
<b>Total funds</b>	14	<u>151,897</u>	<u>139,847</u>

The financial statements were approved and authorised for issue by the Board.

Signed on behalf of the board

D Streek, Chair

Date: 28 September 2022

The notes on pages 32 to 42 form part of these accounts.

Company registration number: 06211760

**Pivotal Housing Association**

**Statement of Changes in Equity / Reserves**

**Year Ended 31 March 2022**

	<b>Income and expenditure reserve</b>	<b>Total 2022</b>	<b>Total 2021</b>
	£	£	£
As at 1 April	139,847	139,847	111,981
Surplus / (deficit) for the year	12,050	12,050	27,866
<b>Total comprehensive income</b>	<u>151,897</u>	<u>151,897</u>	<u>139,847</u>
As at 31 March	<u>151,897</u>	<u>151,897</u>	<u>139,847</u>



# Pivotal Housing Association

## Statement of Cash Flows

Year Ended 31 March 2022

	Note	2022 £	2021 £
<b>Net cash flow from operating activities</b>			
Net cash flow from operating activities	15	436,958	401,537
<b>Cash flows from investing activities</b>			
Payments to acquire tangible fixed assets	8	(269,411)	(67,661)
<b>Cash flow from financing activities</b>			
Proceeds from issue of new long-term loans		-	-
		<hr/>	<hr/>
<b>Net increase / (decrease) in cash and cash equivalents</b>		167,547	333,876
<b>Cash and cash equivalents at 1 April</b>		374,579	40,703
<b>Cash and cash equivalents at 31 March</b>		<hr/> <hr/> 542,126	<hr/> <hr/> 374,579

# **Pivotal Housing Association**

## **Notes to the Financial Statements**

### **Year Ended 31 March 2022**

#### **1 Summary of significant accounting policies**

##### **(a) General information and basis of preparation**

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with Accounting and Reporting by Registered Social Housing Providers: Statement of Recommended Practice applicable to registered social housing providers preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - Housing SORP 2018 (FRS 102), Accounting Direction for Private Registered Providers of Social Housing 2019, Companies Act 2006 and Accounting Determination.

The association has adapted the Companies Act formats to reflect the special nature of the registerer provider's activities.

##### **(b) Company status**

The registered provider is a company registered in the UK and limited by guarantee (Company number 06211760). There are 2 independent members of the company. In the event of the registered provider being wound up, the liability in respect of the guarantee is limited to £1 per member of the registered provider.

The Association is a Registered Housing Association (No. 4747) and a Registered Charity (No. 1121914). The registered provider constitutes a public benefit entity as defined by FRS 102.

##### **(c) Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the registered provider and which have not been designated for other purposes.

##### **(d) Incoming resources**

All incoming resources are included in the SOCI when the registered provider is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the registered provider being notified of an impending distribution or the legacy being received.

The expected income per property is recorded as income with voids being brought in to account for the opportunity costs lost on the properties not occupied.

Management fees and Training fees are recognised as income in the period in which the services are provided to other organisations.

##### **(e) Resources expended**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources. Premises overheads have been allocated on a floor area basis and other overheads have been allocated on the basis of the head count.

# Pivotal Housing Association

## Notes to the Financial Statements

### Year Ended 31 March 2022

#### 1 Summary of significant accounting policies (continued)

##### (f) Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be measured reliably.

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

Software	20% Straight Line Basis
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##### (g) Tangible fixed assets and depreciation

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation has been provided at the following rates in order to write off the assets over their estimated useful lives:

Plant and machinery	3 / 10 years straight line basis
Leasehold property improvements	3 / 5 / 20 years straight line basis
Office equipment	3 years straight line basis
Fixtures and fittings	5 / 10 years straight line basis
Property set-up costs	5 years straight line basis

##### (h) Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

# Pivotal Housing Association

## Notes to the Financial Statements

### Year Ended 31 March 2022

#### 1 Summary of significant accounting policies (continued)

A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

##### (i) Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

##### (j) Cash at bank and in hand

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

##### (k) Financial instruments

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

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

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

##### Basic financial assets

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

##### 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 profit or loss, 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.

##### Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, 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. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

# **Pivotal Housing Association**

## **Notes to the Financial Statements**

### **Year Ended 31 March 2022**

#### **1 Summary of significant accounting policies (continued)**

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the assets expire or are settled, or when the company transfers the financial assets and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that sell the assets in its entirety to an unrelated third party.

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

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

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

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

##### **(I) Provision for liability**

The sinking fund matches the amount on the agreed rent card each month and is accounted for on an accruals basis and the calculation is based upon the number of days per month. The calculation deducts the number of void days in the period. The budget for the sinking fund is calculated using the latest housing stock condition survey. The value of the expected works is calculated on a weekly basis over the timeframe used in the housing stock condition survey. This is then added to the rent card proposals sent to the Local Authority. The sinking fund income is therefore part of the Housing Benefit rental income receivable from the Local Authority.

# Pivotal Housing Association

## Notes to the Financial Statements

Year Ended 31 March 2022

### 1 Summary of significant accounting policies (continued)

#### (m) 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.

#### (n) Retirement benefit

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

#### (o) Going Concern

The financial statements have been prepared on a going concern basis. As explained in the board report, the board have considered the financial forecasts, cash flow forecasts and any apparent uncertainties which could have an impact on the association's operations and finances in the short to medium term. The board have considered there is a risk that there will be insufficient resources available to meet liabilities as they fall due during the next 12 months, and therefore in the opinion of the Board at the date of approval of the 2021/22 financial statements, the association requires the continued support of Charles Terence Estates, Pivotal Homes Group Limited and Pivotal Group Holdings Limited. The board have developed a formal group structure which has been approved by the board and is subject to approval by the charity commission. This group structure replaces the requirement for support from Charles Terence Estates and Pivotal Homes Group Limited and formalises the continuing support from Pivotal Group Holdings Limited. The directors consider that with this support, together with proactively managing cash-flow, the association has sufficient working capital to continue to meet its financial obligations and pay its liabilities as they fall due for the foreseeable future and therefore the financial statements have been prepared on a going concern basis.

### 2 Social housing turnover and costs

	2022 £	2021 £
Rents receivable excluding service charges	8,477,911	7,808,186
Service charges receivable	93,571	75,028
Other income	188,777	158,880
Total income from lettings	8,760,259	8,042,094
Cost of property letting	5,764,148	(5,264,761)
Support costs	1,972,730	(2,003,712)
Management and administration	1,011,331	(745,755)
Total housing activities expenditure	8,748,209	(8,014,228)
Net surplus / (deficit) from social housing activities	12,050	27,866
Rent losses from voids	1,221,527	1,106,825

# Pivotal Housing Association

## Notes to the Financial Statements

### Year Ended 31 March 2022

#### 3 Bed spaces

	Number of units at 31 March 2022	Number of units at 31 March 2021
<i>Social housing</i>		
Supported housing	<u>517</u>	<u>457</u>
	517	457

#### 4 Auditor's remuneration

	2022 £	2021 £
Fees payable to the Association's auditor for the audit of the Association's annual accounts	21,000	18,000
	<u>21,000</u>	<u>18,000</u>

#### 5 Directors' remuneration

The aggregate remuneration paid to or receivable by directors including pensions of £Nil (2021: £Nil) was £Nil (2021: £Nil). Employers' National Insurance payable was £Nil (2021: £Nil). The pension scheme is a defined contribution scheme with no enhanced pension payments during the year or preceding year. The remuneration paid to the highest paid director excluding pension contributions was £Nil (2021: £Nil).

#### 6 Staff costs

The aggregate remuneration of such employees was as follows:

	2022 £	2021 £
Wages and salaries	1,202,606	990,535
Social security	104,921	71,319
Other pension costs	22,041	25,889
	<u>1,329,568</u>	<u>1,087,743</u>
Average number of employees	49	45

There are no employees who received more than £60,000 as their employee package.

## Pivotal Housing Association

### Notes to the Financial Statements

#### Year Ended 31 March 2022

##### 7 Intangible fixed assets

	Software £
Cost:	
At 1 April 2021	39,392
Additions	-
Disposals	-
At 31 March 2022	<u>39,392</u>
Amortisation:	
At 1 April 2021	20,150
Charge for the year	7,079
Eliminated on disposals	-
At 31 March 2022	<u>27,229</u>
Net book value:	
At 1 April 2021	<u>19,242</u>
At 31 March 2022	<u>12,163</u>



# Pivotal Housing Association

## Notes to the Financial Statements

### Year Ended 31 March 2022

#### 8 Tangible fixed assets

	Plant & machinery	Leasehold property improvements	Property set up costs	Office equipment	Furniture & fixtures	Total
	£	£	£	£	£	£
Cost:						
At 1 April 2021	285,383	180,754	262,627	35,214	3,287	767,265
Additions	52,013	122,404	-	-	94,994	269,411
At 31 March 2022	337,396	303,158	262,627	35,214	98,281	1,036,676
Depreciation:						
At 1 April 2021	173,536	61,944	130,400	25,134	3,287	394,301
Charge for year	27,021	34,303	31,674	2,016	5,608	100,622
At 31 March 2022	200,557	96,247	162,074	27,150	8,895	494,923
Net book value:						
At 1 April 2021	111,847	118,810	132,227	10,080	-	372,964
At 31 March 2022	136,839	206,911	100,553	8,064	89,386	541,753

# Pivotal Housing Association

## Notes to the Financial Statements

### Year Ended 31 March 2022

#### 9 Debtors

	<b>2022</b> £	<b>2021</b> £
Trade debtors	582,697	562,594
Other debtors	317,503	298,044
Prepayments and other accrued income	302,490	331,502
	<u>1,202,690</u>	<u>1,192,140</u>

#### 10 Creditors: amounts falling due within one year

	<b>2022</b> £	<b>2021</b> £
Trade creditors	368,920	531,531
Other tax and social security	26,000	23,188
Other creditors	760,731	549,474
	<u>1,155,651</u>	<u>1,104,193</u>

#### 11 Creditors: amounts falling due after more than one year

	<b>2022</b> £	<b>2021</b> £
Loans	450,000	450,000
	<u>450,000</u>	<u>450,000</u>

In the financial year ended 31 March 2020 Pivotal Housing Group entered into a loan facility agreement for £450,000 with Pivotal Homes Group. At the end of March 2020 £450,000 had been drawn down. From June 2020 interest of 0.5% above National Westminster Bank base lending rate was payable. Capital repayments will start in March 2023 and the capital is repayable over 16 quarterly payments.

#### 12 Provision for liability – Rental income sinking fund

	<b>2022</b> £
Sinking fund provision at 1 April 2021	264,885
Movement in provision during the year	276,299
	<u>541,184</u>

# Pivotal Housing Association

## Notes to the Financial Statements

### Year Ended 31 March 2022

#### 13 Leases

	2022 £	2021 £
Not later than one year	4,850,742	4,104,396
Later than one and not later than five years	19,402,969	16,417,584
Later than five years	46,906,508	39,143,736
	<u>71,160,219</u>	<u>59,665,716</u>

The registered provider has entered into a 20-year lease for the majority of its properties.

#### 14 Funds

	2021 £	Income £	Expenditure £	2022 £
General reserves	139,847	8,760,259	(8,748,209)	151,897
	<u>139,847</u>	<u>8,760,259</u>	<u>(8,748,209)</u>	<u>151,897</u>

The general reserve represents free funds of the registered provider which are not designated for a particular purpose.

#### 15 Reconciliation of operating surplus / (deficit) to cash flow from operating activities

	2022 £	2021 £
<b>Surplus / (deficit) for the year</b>	12,050	27,866
Depreciation and impairment of tangible fixed assets	100,622	86,660
Amortisation and impairment of intangible fixed assets	7,079	7,104
(Increase) / decrease in trade and other debtors	(10,550)	(169,086)
Increase / (decrease) in trade and other creditors	51,458	184,108
Increase / (decrease) in provisions	276,299	264,885
<b>Net cash flow from operating activities</b>	<u>436,958</u>	<u>401,537</u>

#### 16 Analysis of changes in net debt

	2021 £	Cash flows £	2022 £
Long-term borrowings	(450,000)	-	(450,000)
Total liabilities	<u>(450,000)</u>	<u>-</u>	<u>(450,000)</u>
Cash and cash equivalents	374,579	167,547	542,126
Total net debt	<u>(75,421)</u>	<u>167,547</u>	<u>92,126</u>

## **Pivotal Housing Association**

### **Notes to the Financial Statements**

#### **Year Ended 31 March 2022**

##### **17 Related party transactions**

The Association had the following related party transactions and balances during the year:

##### **Pivotal Group Holdings**

Included in other creditors are £358,764 (2021: £Nil).

##### **Pivotal Support Group Limited**

A member of the Association is a shareholder of this Company.

Included in trade creditors are £Nil (2021: £9,107).

Included in other debtors/(creditors) are £45,599 (2021: (£28,670)).

##### **Pivotal Care Group Limited**

Included in trade creditors are £Nil (2021: £694).

Included in other debtors are £81,684 (2021: £43,690).

##### **Pivotal Homes Property**

Included in other debtors are £3,010 (2021: £Nil).

##### **Pivotal Development Services Limited**

Included in other debtors are £24,996 (2021: £11,408).

During the year to 31<sup>st</sup> March 2022, £Nil costs (2021: £31,565) have been recharged to Pivotal Development Services.

##### **Charles Terence Estates Limited**

D Dixon is a director and shareholder of this Company.

This Company has paid rentals during the period for hostels occupied by the Association as follows:

£187,813 (2021: £178,457) rentals payable to Charles Terence Estates Limited.

£148,000 (2021: £96,000) bed space contribution income received from Charles Terence Estates Limited

£95,740 (2021: £13,221) rents recharged to Charles Terence Estates Limited

Rentals payable are considered to be at market value.

Included in trade creditors are £26,382 (2021: £Nil).

Included in other debtors are £230,338 (2021: £266,791).

##### **Pivotal Homes Group Limited**

Included in other creditors are £299,623 (2021: £290,824).

Included in loans are £450,000 (2021: £450,000).

During the year to 31<sup>st</sup> March 2022, £Nil costs (2021: £189,075) of wages have been recharged to Pivotal Homes.

##### **Pivotal Professional Services Limited**

Included in other debtors are (£22,525) (2021: (£19,597)).