

**Pivotal Housing Association
Financial Statements
Year Ended 31 March 2023**

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 2023

Regulator of Social Housing registration number	4747
Company registration number	06211760
Charity registration number	1121914
Members of the board serving during the year	D Streek (Chair) D Lockerman J E Hughes A Hussain Shah (Resigned 7 November 2022) N S Lee (Resigned 31 January 2023) P Levaggi (Resigned 17 October 2022)
Members of the board appointed after the year-end	R Kuklinsk (Appointed 25 May 2023) D Furlong (Appointed 25 May 2023)
Chief Operating Officer	J Kingsbury
Director of Operations	N Stolborg (Resigned 31 May 2023)
Registered office	Unit 1, St. Stephens Court 15-17 St. Stephens Road Bournemouth Dorset BH2 6LA
Auditor	PKF Francis Clark Chartered Accountants & Statutory Auditors Towngate House 2-8 Parkstone Road Poole BH15 2PW
Solicitor	Frettons Solicitors The Saxon Centre 11 Bargates Christchurch BH23 1PZ
Bankers	National Westminster Bank PLC The Square 5 Old Christchurch Road Bournemouth BH1 1DU

Pivotal Housing Association

Registered Social Housing Provider Information

Year Ended 31 March 2023

The Trustees and Strategic Leadership Team are pleased to present the Annual Report and Financial Statements for the year ending 31 March 2023 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, Devon, Cornwall and Gloucestershire, 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 2023 the PHA Board adopted a 3-year business plan - providing more services for more people. This sets out an ambition for PHA to be as follows:

1. Putting customers at the heart of everything that we do
2. Being a stronger business that is fit for the future
3. A simpler business working with communities to shape housing and support
4. Providing products and services for more people
5. Valuing and involving our colleagues

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

Putting Customers at the heart of everything we do.

- Meeting the RSH customer standards.
- Providing clear information for our customers.
- Introducing new customer support services via a new Community interest Company
- Developing volunteering services
- Increased focus on fundraising
- Delivering repairs on time and getting it right first time.

Being fit for the future.

- Review and remove unnecessary overhead costs
- Restructure the Senior Management Team
- Risk is closely managed and an action plan for each risk in place
- Actively seeking out new sources of funding through charitable grants and pursuing appropriate forms of strategic alliances
- 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
- Use the strength of the wider Pivotal Homes Group to provide financially sound services
- 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 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

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- Construct effective partnerships with health and care commissioning bodies, to ensure we improve the health and wellbeing in our communities

Working with Communities to shape housing and support services

- Develop creative support services within the Pivotal Care group
- Create training and work opportunities
- Develop a pathway of accommodation through homelessness services.

Creating more services for more people

- Develop 2 new homelessness assessment units in BCP area
- Develop 2 new SSH schemes in Cornwall and Devon
- Work with private landlords to let 80 units of affordable move on accommodation
- To work with Cornwall Council to develop 70 units of accommodation for young people leaving care
- To work with Cornwall Council to develop their pathway through homelessness by remodelling our existing services with additional support contracts
- To work with Cornwall Council and the Pivotal Property Company to identify ways of sharing the risk of providing accommodation to address their identified gap in housing provision
- Work with community support teams to move people through a housing pathway.

Valuing and involving our staff.

- Grow the staff consultative group
- Introduce a bright ideas scheme to listen to our front-line staff idea
- Introduce a range of staff rewards including a long service award
- Develop a volunteering service
- Providing additional training for existing staff.

Our key priorities

- To reduce the risk of Housing Benefit arrears by remodelling Intensive Housing Management services to meet the criteria of managed accommodation
- To work with private landlords to create more affordable move on accommodation
- 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
- To continue to work with the Pivotal Group to develop more SSH schemes which meet all strands of the rent standard
- To work with the Pivotal Group to develop an asset base of stock which is leased from the group to the HA on shorter term leases
- 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 stock condition survey carried out in 2023
- Switch on the live Open Housing and Open Accounts systems to automate Pivotal to create a more affordable and efficient central service.

Future Prospects

Pivotal has had to deal with a number of challenges this year both regulatory and financial. This was on the back of the impact of COVID and high inflation this has led to a higher than predicted deficit in the Housing Association.

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In contrast the reputation of Pivotal with local authorities and partner agencies continues to be excellent with commissioners asking to work with us to resolve the housing crisis they are experiencing. Cornwall are entering into discussions with Pivotal to share the risk of developing and managing new properties by sharing void risk and looking at land opportunities.

Discussions with Bournemouth and Cornwall are taking place to provide support to existing HMOs to create managed accommodation which can provide a half-way house to independent living. Combining this with managing move on accommodation for local landlords will complete the pathway from assessment to independent living.

PHA has limited debt of £450k held with Pivotal Homes Group Limited which it has begun to repay at the end of 2023. It will also source a range of services from the wider Pivotal Group, including arrangement of property leases to achieve growth in delivery of 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 2023/24

The key focus for PHA during 2023/24 can be summarised as follows:

- Review and re-design of underperforming services that were experiencing unacceptable void levels and difficulties with support providers.
- Working with local authority commissioners to find creative, cost-effective solutions to the lack of housing options for young people and homelessness.
- To continue to help our partners in learning disability to re provision their existing, outdated schemes.
- To reduce the percentage of properties managed under long term leases with REIT funds. Aim to have 25% of stock on short-term leases and to hold assets within the Pivotal group.
- Consolidation of systems, policies and governance arrangements to provide a sound basis for future service improvements and business growth.

Details of activities undertaken include:

- New housing management system (Open Housing) continues to be developed. This new system will be operational in 2023 and will assist PHA to automate processes and reporting and improve compliance monitoring.
- Providing an additional 16 units of social housing stock specifically adapted to customer need.
- An ongoing review of governance and financial arrangements for PHA with the aim of reducing the overhead recharge by reviewing and reducing the services required by the HA and moving offices to a lower rental option.
- A new 3-year Customer Engagement strategy agreed aimed at increasing the customers voice in designing and delivering Pivotal services.

Business development

Existing partnerships have been strengthened during the year, and new partnerships have been established, including a new partnership with Pioneering with whom our first scheme was successfully completed and opened in February 2023.

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.

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Year Ended 31 March 2023

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	Pioneering

Details of new schemes launched during the year:

- A 6-bed scheme (with an additional 3 units in future) for customers with a learning disability was opened in partnership with the Brandon Trust.
- A 6-bed scheme for customers with a learning disability were launched in partnership with the Northam Care Trust.
- A 4-bed scheme was launched in partnership with Pioneering.

Additional pipeline schemes for later in 2023/24 include the following:

Location	Location	Partner	Service group	Est Opening
Cornwall	Harmony Road, Roche	Brandon Trust	Learning disability	Apr-23
Devon	Merrivale, Plymouth	Plymouth City Council	Young people / Care leavers	Sep-23
Devon	North Road East, Plymouth	Pioneering	Mental health	Sep-23
Poole	Langdon Replacement, Poole		Homeless	Oct-23

Performance review

A summary of our key operational performance achievements in 2022/23 is as follows:

- Average void levels remained broadly constant during the year at 10.0% at the financial year end. Void loss remained above the 5.4% target throughout the financial year; significantly influenced by a few void schemes. Action was taken in Bournemouth to deal with a long-term void property with a new Support Provider. Solutions for Gloucester including exit from the region have been discussed with the superior landlord to reduce operational spread and voids. Performance outside these schemes improved and was below target for much of the year.
- Average re-let days were 16.3 at the end of Qtr 4 (2022/23); this is a slight increase year-on-year.
- 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 £0.9m to £9.5m, representing an 9.5% increase year-on-year. A net deficit of (£945.8k) has been recorded, a significant decrease on the small surplus recorded in 2021/22 at a (10.1%) net deficit margin. Net margins have been impacted this year due to higher debt provisioning and inflationary pressures in annual lease reviews and increases in utilities and repair costs have had a significant impact on the overall deficit. The under-delivery on the development programme led to a reduction in income and unrealised efficiencies in central services.

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Year Ended 31 March 2023

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.

RS H	Metric	Description	PHA 2022/23	PHA 2021/22	PHA 2020/21	SPBM Bench mark
1	Reinvestment %	Investment in properties as percentage of the total properties owned	N/a	N/a	N/a	3.4%
2	New supply – Social	New social housing units acquired or developed / Total Units	3.0%	3.4%	9.2%	0.7%
	New Supply – Non Social	New Non Social housing units acquired or developed in the year / Total Units	N/a	N/a	N/a	0.0%
3	Gearing %	Percentage of assets that are debt	0.0%	0.0%	0.0%	10.1%
4	Interest Cover %	Operating surplus divided by the interest payable	(67.8)%	0.0%	0.0%	804%
5	Social Housing Cost per unit	Headline social housing costs per unit at the end of the period	£26.0k	£17.2k	£17.1k	£13.9k
6	Operating Margin Social	Operating surplus divided by the turnover from lettings	(10.1%)	0.4%	0.14%	11.0%
	Operating Margin Overall	As above	(10.1%)	0.4%	0.14%	11.0%
7	ROCE %	Operating surplus divided by the total assets minus current liabilities	(195.1%)	3.3%	1.0%	3.3%

RSH 1 – all of Pivotal's housing stock is leased

RSH 2 – this is the total number of new units (16) as a percentage of all units leased. All new units are social housing.

RSH 3 - This metric uses the cost/valuation of owned housing but as Pivotal leases all its housing stock this metric gives a nil gearing.

RSH 4 – The HA has a small loan facility with the Pivotal Group on which interest is paid.

RSH 5 - 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.

RSH 6 - The margin reflects the large deficit that the Housing Association had in 2023. The HA has high costs in relation to our income and inflationary pressures and higher than expected voids have a disproportionately large negative impact on profitability. This reflects the highly specialised nature of the accommodation and the lease-based model. The new Business Plan adopted in 2023 provides for improvements in this position as a result of continued growth and resultant efficiencies.

RSH 7 – The ROCE is impacted as above by the large deficit incurred in 2023.

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Year Ended 31 March 2023

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:

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Year Ended 31 March 2023

Risk	Description	Control	Actions
Cashflow	Insufficient cashflow to maintain operations	<ul style="list-style-type: none"> - Monthly cashflow forecasting for Association and report to Board - Register of assets and liabilities - On-going support from Group - Loan facility with Parent in place (£450k) 	<ul style="list-style-type: none"> - Continued growth will be pursued to increase cash reserves and improve financial resilience. - Service rationalisation to reduce overheads - Focus on income processes
Inflation	Higher inflation (RPI/CPI) than anticipated.	<ul style="list-style-type: none"> - Limited debt with Parent only. - No treasury function required at present. - Fixed pricing in contracts where feasible to limit exposures. 	<ul style="list-style-type: none"> - Regular review of the Plan with stress testing - Utilities contract fixed for 3 years - Agree lease increases to be capped, or agree pass-on rent with the superior landlord to limit impact.
Voids	Lack of demand for specialised supported housing from suitable tenants / Letting difficulties	<ul style="list-style-type: none"> - New properties not handed over until demand confirmed - Contingency planning and established systems to identify suitable replacement tenants - Testing of rent levels ahead of handover and letting - Exit strategies for any unsuitable schemes 	<ul style="list-style-type: none"> - Review and exit strategy for Gloucester - Re-provision of services in Bournemouth - Weekly Void review meetings to reduce re-let days and maintenance voids
Income collection	Income collection less than expected	<ul style="list-style-type: none"> - Financial monitoring (cash flow) against budget and business plan. - Arrears monitoring in housing management system - Local Authority liaison maintain dialogue and receipt of payments - Compliance with Revenue & Benefits requirements for exempt accommodation status 	<ul style="list-style-type: none"> - Regular dialogue will be maintained with local authorities to ensure continued understanding of the accommodation and support offered to customers - Income Manager appointed
Business Growth	Failure to deliver growth of new homes in line with Business Plan assumptions (60 per annum)	<ul style="list-style-type: none"> - Comprehensive Financial planning undertaken regularly - Dedicated Business Development Team in place to establish and manage partnerships and identify and match demand with accommodation provision - Scheme appraisals providing viability - Established Service Level Agreements for use with Partners - Due diligence for any new Partners and regular monitoring of existing Partners - Executive review and approval of Business and financial plan - Internal audit of new Business Development projects 	<ul style="list-style-type: none"> - Existing relationships will be managed to ensure a supply of properties to match identified customer needs. - Consideration of other sources of new units - Widening the areas of potential growth
Regulation Failure	Negative regulator assessments / regulatory action or intervention	<ul style="list-style-type: none"> - Governance reviews - Self-assessment of compliance - Governance Action Plans 	<ul style="list-style-type: none"> - Implementation of Governance Action Plan - Timely and regular meeting with the Regulator and response to Regulatory queries

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2023

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-compliant 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'.

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 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 is in the region of 850, with 279 move on's

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

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2023

- o access to support aids and funds to help customers 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.

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 2024/2025, therefore over the next 12 months PHA will continue to receive support from Charles Terrence Estates Ltd and Pivotal Group Holdings Ltd.

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 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 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.

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. 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).

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
- Quarterly review by the Audit & Risk Committee of risk
- 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, and the Board has conducted a review against this Code and has agreed actions that will lead to full compliance.
- A clearly defined structure with appropriate Articles of Association, Standing Orders, Financial Regulations and Delegated Authorities which Trustees and employees follow.
- Effective procedures to ensure that all Trustee / Senior Leadership Team approval is required as appropriate for all major expenditure commitments.

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2023

- 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.

Financial reporting arrangements include the setting of detailed annual budgets and rent plans, and a 30-year Plan including cashflow forecasts, all approved by the Board and revised as 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.

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

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.

Fraud Assurance

A Counter Fraud, Bribery and Corruption Policy and Anti-Money Laundering Policy is in place to reduce the risk of fraudulent activities. 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 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. There are also improvements required to further strengthen the governance and financial viability of PHA. This is subject to an Action Plan with the RSH."

The Board

PHA is governed by a voluntary Board of Trustees. The Trustees who served during the year and up to the date of signing the financial statements are listed on page 1.

- 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.
- Trustee recruitment follows an open and transparent process, with Trustees selected on the basis of their skills and competencies.
- The Board has a Trustee Induction policy. This is designed to ensure all Trustees have knowledge of the organisation and its principal activities.

Delegations

The Board of PHA is responsible for the strategy of the organisation as well as overseeing its performance. Specific responsibilities have been delegated to the 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.

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2023

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

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 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.
- The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.
- Preparation of financial statements for each financial year which give a true and fair view of the state of affairs of the association and of its income and expenditure for that period.
- The Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the association.
- 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.

Disclosure of information to 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.

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 2023.

Auditors

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

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2023

Going Concern

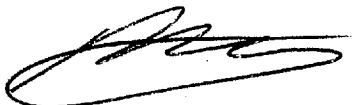
The board have considered the financial forecasts, cash flow forecasts and any apparent uncertainties which could have an impact on the association's operations and finances in the short to medium term. The board have considered there is a risk that there will be insufficient resources available to meet 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 2022/23 financial statements, the association requires the continued support of Pivotal Group Holdings.

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. PHA is undertaking a formal review of its business plan and operations to improve its effectiveness and reduce costs. We are committed to creating a safe and healthy environment - for our staff, customers and all who come into contact with our services.

On this basis, the Board has a reasonable expectation that PHA has adequate support, resources and together with proactively managing cash-flow, has sufficient working capital to continue to meet its financial obligations and 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, the financial statements have been prepared on a going concern basis.

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.

On behalf of the board



D Streek, Chair

Date: 20 September 2023

Pivotal Housing Association

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

Year Ended 31 March 2023

Opinion

We have audited the financial statements of Pivotal Housing Association (the 'association') for the year ended 31 March 2023 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 2023, 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 associations 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 2023

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 12, 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 2023

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 2023

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.

*****THIS REPORT HAS NOT BEEN SIGNED BY THE AUDITOR'S*****

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: _____

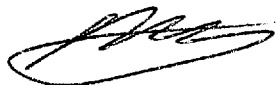
Pivotal Housing Association

Statement of Comprehensive Income (Including Income and Expenditure Account)

Year Ended 31 March 2023

		Total 2023 £	Total 2022 £
	Note		
Turnover			
Letting of non-investment property	2	9,509,316	8,571,482
Cost of Sales			
Direct cost of letting properties		7,308,525	5,764,148
Support costs		<u>2,154,382</u>	<u>1,972,730</u>
	2	<u>9,462,907</u>	<u>7,736,878</u>
Gross surplus		46,409	834,604
Other income			
Miscellaneous income	2	63,116	188,777
		<u>109,525</u>	<u>1,023,381</u>
Administrative expenses			
Management and administration	2	1,055,286	1,011,331
Surplus / (deficit) for the year		<u>(945,761)</u>	<u>12,050</u>
Fund balance brought forward at 1 April		<u>151,897</u>	<u>139,847</u>
Fund balance carried forward at 31 March		<u>(793,864)</u>	<u>151,897</u>

On behalf of the board



D Streek, Chair

Date: 20 September 2023

Pivotal Housing Association

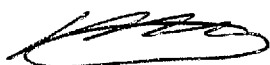
Balance sheet

Year Ended 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	7	8,623	12,163
Tangible fixed assets	8	<u>581,935</u>	<u>541,753</u>
		590,558	553,916
Current assets			
Debtors	9	1,571,947	1,202,690
Cash at bank and in hand		<u>611,848</u>	<u>542,126</u>
		2,183,795	1,744,816
Total assets		2,774,353	2,298,732
Creditors: amounts falling due within one year	10	(2,317,874)	(1,155,651)
Net current assets / (liabilities)		<u>456,479</u>	<u>1,143,081</u>
Creditors: amounts falling due after more than one year	11	(421,875)	(450,000)
Provision for liabilities	12	<u>(828,468)</u>	<u>(541,184)</u>
Total net assets / (liabilities)		<u>(793,864)</u>	<u>151,897</u>
Funds:			
Unrestricted funds			
General funds		(793,864)	151,897
Total funds	14	<u>(793,864)</u>	<u>151,897</u>

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

Signed on behalf of the board



D Streek, Chair

Date: 20 September 2023

The notes on pages 22 to 32 form part of these accounts.

Company registration number: 06211760

Pivotal Housing Association

Statement of Changes in Equity / Reserves

Year Ended 31 March 2023

	Income and expenditure reserve	Total 2023	Total 2022
	£	£	£
As at 1 April	151,897	151,897	139,847
Surplus / (deficit) for the year	(945,761)	(945,761)	12,050
Total comprehensive income	<u>(793,864)</u>	<u>(793,864)</u>	<u>151,897</u>
As at 31 March	<u>(793,864)</u>	<u>(793,864)</u>	<u>151,897</u>

Pivotal Housing Association

Statement of Cash Flows

Year Ended 31 March 2023

	Note	2023 £	2022 £
Net cash flow from operating activities			
Net cash flow from operating activities	15	324,339	436,958
Cash flows from investing activities			
Payments to acquire tangible fixed assets	8	(254,617)	(269,411)
Cash flow from financing activities			
Proceeds from issue of new long-term loans		-	-
		<hr/>	<hr/>
Net increase / (decrease) in cash and cash equivalents		69,722	167,547
Cash and cash equivalents at 1 April		542,126	374,579
Cash and cash equivalents at 31 March		<hr/> 611,848 <hr/>	<hr/> 542,126 <hr/>

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2023

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 2023

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	10 years straight line basis
----------	------------------------------

(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	10 years straight line basis
Leasehold property improvements	5 / 10 / 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	3 / 5 / 10 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 2023

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 2023

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 2023

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 2022/23 financial statements, the association requires the continued support of Pivotal Group Holdings. 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

	2023 £	2022 £
Rents receivable excluding service charges	9,374,048	8,477,911
Service charges receivable	135,268	93,571
Other income	63,116	188,777
Total income from lettings	9,572,432	8,760,259
Cost of property letting	7,308,525	5,764,148
Support costs	2,154,382	1,972,730
Management and administration	1,055,286	1,011,331
Total housing activities expenditure	10,518,193	8,748,209
Net surplus / (deficit) from social housing activities	(945,761)	12,050
Rent losses from voids	1,137,851	1,221,527

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2023

3 Bed spaces

	Number of units at 31 March 2023	Number of units at 31 March 2022
<i>Social housing</i>		
Supported housing	<u>537</u>	<u>517</u>
	537	517

4 Auditor's remuneration

	2023 £	2022 £
Fees payable to the Association's auditor for the audit of the Association's annual accounts	24,100	21,000
	<u>24,100</u>	<u>21,000</u>

5 Directors' remuneration

No remuneration was paid to or receivable by directors during the year (2021: 0)

6 Staff costs

The aggregate remuneration of such employees was as follows:

	2023 £	2022 £
Wages and salaries	1,220,434	1,202,606
Social security	115,730	104,921
Other pension costs	22,150	22,041
	<u>1,358,314</u>	<u>1,329,568</u>
Average number of employees	47	49

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 2023

7 Intangible fixed assets

	Software £
Cost:	
At 1 April 2022	39,392
Additions	-
Disposals	-
At 31 March 2023	<u>39,392</u>
Amortisation:	
At 1 April 2022	27,229
Charge for the year	3,540
Eliminated on disposals	-
At 31 March 2023	<u>30,769</u>
Net book value:	
At 1 April 2022	<u>12,163</u>
At 31 March 2023	<u>8,623</u>

8 Tangible fixed assets

	Plant & machinery	Leasehold property improvements	Property set up costs	Office equipment	Furniture & fixtures	Total
	£	£	£	£	£	£
Cost:						
At 1 April 2022	337,396	303,158	262,627	35,214	98,281	1,036,676
Additions	76,929	156,764	-	-	20,924	254,617
Disposals	-	-	(262,267)	-	-	(262,267)
At 31 March 2023	414,325	459,922	-	35,214	119,205	1,028,666
Depreciation:						
At 1 April 2022	200,557	96,247	162,074	27,150	8,895	494,923
Charge for year	37,844	61,843	44,752	3,641	10,554	158,634
Eliminated on Disposal	-	-	(206,826)	-	-	(206,826)
At 31 March 2023	238,401	158,090	-	30,791	19,449	446,731
Net book value:						
At 1 April 2022	136,839	206,911	100,553	8,064	89,386	541,753
At 31 March 2023	175,924	301,832	-	4,423	99,756	581,935

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2023

9 Debtors

	2023	2022
	£	£
Trade debtors	909,582	582,697
Other debtors	459,951	317,503
Prepayments and other accrued income	202,414	302,490
	<u>1,571,947</u>	<u>1,202,690</u>

10 Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	566,932	368,920
Other tax and social security	27,456	26,000
Other creditors	1,695,361	760,731
Loans	28,125	-
	<u>2,317,874</u>	<u>1,155,651</u>

11 Creditors: amounts falling due after more than one year

	2023	2022
	£	£
Loans	421,875	450,000
	<u>421,875</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 started in April 2023 and the capital is repayable over 16 quarterly payments.

12 Provision for liability – Rental income sinking fund

	2023
	£
Sinking fund provision at 1 April 2022	541,184
Movement in provision during the year	287,284
Sinking fund provision at 31 March 2023	<u>828,468</u>

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2023

13 Leases

	2023	2022
	£	£
Not later than one year	5,034,504	4,850,742
Later than one and not later than five years	20,138,015	19,402,969
Later than five years	44,837,054	46,906,508
	70,009,573	71,160,219

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

14 Funds

	2022	Income	Expenditure	2023
	£	£	£	£
General reserves	151,897	9,572,432	(10,518,193)	(793,864)
	151,897	9,572,432	(10,518,193)	(793,864)

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

	2023	2022
	£	£
Surplus / (deficit) for the year	(945,761)	12,050
Depreciation and impairment of tangible fixed assets	158,634	100,622
Amortisation and impairment of intangible fixed assets	3,540	7,079
Loss on disposal of tangible fixed assets	55,801	-
(Increase) / decrease in trade and other debtors	(369,257)	(10,550)
Increase / (decrease) in trade and other creditors	1,134,098	51,458
Increase / (decrease) in provisions	287,284	276,299
Net cash flow from operating activities	324,339	436,958

16 Analysis of changes in net debt

	2022	Cash flows	2023
	£	£	£
Borrowings repayable in < 1 year	(28,125)	-	(28,125)
Long-term borrowings	(421,875)	-	(421,875)
Total liabilities	(450,000)	-	(450,000)
Cash and cash equivalents	542,126	69,722	611,848
Total net debt	92,126	69,722	161,848

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2023

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 £877,694 (2022: £358,764).

Pivotal Support Group Limited

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

Included in other debtors/(creditors) are £43,477 (2022: (£45,599)).

Pivotal Care Group Limited

Included in other debtors are £122,752 (2022: £81,684).

Pivotal Homes Property

Included in other debtors are £Nil (2022: £3,010).

Pivotal Development Services Limited

Included in other debtors are £30,346 (2022: £24,996).

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:

£75,279 (2022: £187,813) rentals payable to Charles Terence Estates Limited.

£48,000 (2022: £148,000) bed space contribution income received from Charles Terence Estates Limited

£57,241 (2022: £95,740) rents recharged to Charles Terence Estates Limited

Rentals payable are considered to be at market value.

Included in trade creditors are £Nil (2022: £26,382).

Included in other debtors are £263,375 (2022: £230,338).

Pivotal Homes Group Limited

Included in other creditors are £312,107 (2022: £299,623).

Included in loans are £450,000 (2022: £450,000).

Pivotal Professional Services Limited

Included in other debtors/(other creditors) are (£22,525) (2022: £22,525).