

Brighton & Hove Seaside Community Homes Limited

TRUSTEES'/DIRECTORS' REPORT
AND FINANCIAL STATEMENTS

for the year ended

31 March 2021

Brighton & Hove Seaside Community Homes Limited

LEGAL AND ADMINISTRATIVE INFORMATION

DIRECTORS

C J Carlisle (Chair)
C I El-Shabba
J B J Hughes
M B Mears
C Moquet
A Phillips
D Spafford
G Williams
P S Woodgate

CHIEF EXECUTIVE OFFICER S Bulbeck

COMPANY NUMBER 06861227

CHARITY NUMBER 1133436

REGISTERED OFFICE Unit F, Hove Technology Centre
AND OPERATIONS ADDRESS St Joseph's Close
 Hove
 East Sussex
 BN3 7ES

AUDITOR Chariot House Limited,
 44 Grand Parade
 Brighton
 East Sussex
 BN2 9QA

SOLICITORS Trowers & Hamlin
 3 Bunhill Row
 London
 EC1Y 8YZ

BANK Santander UK Plc
 2 Triton Square
 Regent's Place
 London
 NW1 3AN

FINANCIAL ADVISORS RSM Corporate Finance LLP
 6th Floor
 25 Farringdon Street
 London
 EC4A 4AB

Brighton & Hove Seaside Community Homes Limited

TRUSTEES' AND DIRECTORS' REPORT

For the year ended 31 March 2021

The trustees, who are also directors of the charity for the purposes of the Companies Act, present their annual report and the financial statements for the year ended 31 March 2021.

The trustees confirm that these accounts comply with current statutory requirements, the Financial Reporting Standard applicable in the U.K. and Republic of Ireland (FRS102) (effective from 1 January 2019) following the Charities SORP, and with the terms of the company's Memorandum and Articles of Association under which it is governed. The trustees have had due regard to the public benefit guidance published by the Charity Commission.

STRUCTURE

The charity is a company limited by guarantee and registered under the Companies Act 2006, registration number 06861227, and is governed by a Memorandum and Articles of Association that determine its legal framework. It is a registered charity, number 1133436. The company was incorporated on 27 March 2009 and was registered as a charity on 4 January 2010. The charity is a Public Benefit Entity.

TRUSTEES

The following trustees have held office since 1 April 2020:

C J Carlisle
C I El-Shabba (Appointed 17/9/20)
D S Gibson (Resigned 17/9/20)
J B J Hughes
K Knight (Resigned 27/8/20)
M B Mears
C Moquet
A Phillips (Appointed 14/9/20)
D Spafford
G Williams (Appointed 19/10/20)
P S Woodgate

STRUCTURE, GOVERNANCE AND MANAGEMENT

BOARD OF TRUSTEES (DIRECTORS)

The board of trustees is responsible for the strategic direction, governance and performance monitoring of the organisation. It meets six times per year. Under the requirements of the Memorandum and Articles of Association, board members are comprised of Brighton & Hove City Councillors, Council Tenants and Independents. To be quorate there must be at least five board members present when board decisions are made. The day-to-day management of the organisation is delegated to the Chief Executive.

RECRUITMENT AND APPOINTMENT OF TRUSTEES (DIRECTORS)

Councillor board members are appointed by Brighton & Hove City Council (BHCC). The council has the right to appoint and remove the council board members independent of any rights council company members may have. Council Tenants may serve three terms of three years. They are elected to the board as a result of selection by council tenant area panels. Independents are recruited by way of open advertisement and may serve three terms of three years. They are recruited for their technical expertise in relevant areas such as housing, law, development, finance and human resources. All trustees receive an induction briefing with reference to relevant documents including external guidance and are encouraged to attend training in relation to their responsibilities as a trustee. All trustees give their time voluntarily and receive no benefits.

Brighton & Hove Seaside Community Homes Limited

TRUSTEES' AND DIRECTORS' REPORT

For the year ended 31 March 2021

REMUNERATION OF SENIOR STAFF

The pay of senior staff is set by the board of trustees. In view of the nature of the charity, the complexity of its financial model and the expertise required, the trustees benchmarked against senior housing roles in the public sector.

PARTNERSHIPS

The company works in partnership with Brighton & Hove City Council to deliver services that effectively address homelessness in Brighton & Hove. The partnership is a key factor in the success of the organisation so far and is essential to continuing provision of suitable affordable housing for homeless people.

PUBLIC BENEFIT

The Charities Act 2011 requires all charities to consider explicitly how their charitable aims are carried out for the public benefit. The board of trustees must:

- ensure that they carry out the aims of Brighton & Hove Seaside Community Homes for the public benefit;
- have regard to the Charity Commission's guidance on public benefit; and
- report on Brighton & Hove Seaside Community Homes' public benefit in the trustees' annual report.

The board of trustees has considered these requirements alongside the company's charitable purpose and its activities, all of which are detailed in this report. It is satisfied that the company has charitable aims that are carried out for the public benefit, in particular:

- the benefits to individuals and families are clear and in line with the company's charitable objectives;
- the beneficiaries are entirely appropriate to the aims; and
- there is no private benefit.

BENEFICIARIES

The company commenced its main activities on 1 November 2011, and at the time of writing this report the company has acquired and refurbished 499 properties, which have been subsequently let to homeless single people or homeless families.

RISK MANAGEMENT AND INTERNAL CONTROLS

The board of trustees is responsible for ensuring that the company operates effectively and achieves its objectives. The board acknowledge their ultimate responsibility for ensuring that the company has in place a sound system of internal controls that are appropriate to the various business environments in which it operates.

These controls focus on the significant risks that threaten the company's ability to meet its objectives and provide reasonable assurance with respect to:

- the reliability of key information and performance indicators used within the company or for publication;
- the maintenance of proper records;
- the safeguarding of assets against unauthorised use or disposal; and
- the company's compliance with relevant laws and regulations.

The board are confident that procedures are in place that effectively identify risks that might prevent the company achieving its objectives and that these procedures manage such risks and mitigate their effects. The company has management arrangements, resources, skills and systems that are appropriate to the circumstances, scale and scope of its operations and ensures that its activities are backed by proper systems of assurance for internal control.

The major risks, to which the company is exposed, as identified by the trustees, have been reviewed and systems or procedures have been established to manage those risks.

The company's risk management and risk identification activities provide assurance that the company is focusing on and identifying the key risks that threaten the attainment of the company's business objectives. Activities comprise;

Brighton & Hove Seaside Community Homes Limited

TRUSTEES' AND DIRECTORS' REPORT

For the year ended 31 March 2021

- the maintenance of a risk register
- an annual review of financial controls
- a bimonthly review of the principal risks and uncertainties that the company faces;
- the establishment of policies, systems and procedures to mitigate those risks; and
- the implementation of procedures designed to minimise or manage any potential impact on the company should those risks materialise.

These activities have identified that the key financial risk for the company is meeting its loan covenants set out in its Facility Agreement. The key element of managing this risk is close monitoring and review of the company's performance against the financial model agreed with its lender, by senior management and financial advisors, ensuring that there are sufficient funds to cover the company's future financial commitments.

Attention has also been focussed on non-financial risks arising from Health & Safety responsibilities. These risks are managed by monitoring the performance of the managing agent through key performance indicators to ensure compliance with Health & Safety legislation. Specifically focussing on Gas Safety, Electrical Safety, Fire Safety, Asbestos Management and Legionella Management.

The board recognises that performance indicators have an important role in assurance by allowing the board to assess whether the organisation is meeting its objectives. Key performance indicators are reported to board meetings.

OBJECTIVES AND ACTIVITIES

PRINCIPAL ACTIVITIES

The principal activities of the company are the redevelopment and refurbishment of empty properties and the provision of affordable rented accommodation for homeless people or those threatened with homelessness.

The company seeks to achieve these objectives by raising investment, leasing council stock in need of refurbishment; refurbishing it to Decent Homes Standards and then utilising it for the purposes of the charitable objectives of the company as set out below. BHCC have been able to re-invest the capital receipt received for the leases into refurbishing 100% of its own housing stock up to Decent Homes Standards.

CHARITABLE OBJECTIVES

The objects for which the company is established are:

- to provide for rent houses or hostels and any associated amenities for persons in necessitous circumstances upon terms appropriate to their means;
- to provide for aged, disabled (whether mentally or physically) or chronically sick persons in need thereof houses or hostels and any associated amenities specifically designed or adapted to meet the disabilities and requirements of such persons;
- to provide services, advice or assistance upon terms appropriate to their means to aged, disabled (whether mentally or physically) or chronically sick persons in need thereof and providing any associated amenities specially designed or adapted to meet the disabilities and requirements of such persons;
- the relief of poverty amongst the residents of the local authority area in which the company owns or manages housing stock;
- the advancement of education, training or retraining, particularly among unemployed people and providing unemployed people with work experience; and
- the maintenance, improvement or provision of public amenities for the public benefit in the interests of regeneration in areas of social and economic deprivation in the administration area of the council.

EQUALITIES AND INCLUSION

The company operates equal opportunity policies and procedures in all aspects of its work. By implementing these policies and procedures the company seeks to ensure that it does not discriminate against any person or other organisation on the grounds of race, disability, nationality, gender, sexuality, age, religion, responsibility for

Brighton & Hove Seaside Community Homes Limited

TRUSTEES' AND DIRECTORS' REPORT

For the year ended 31 March 2021

dependents, unrelated criminal activities, being HIV positive or having AIDS status, or any other matter which cause a person to be treated with injustice.

The company seeks to follow best professional practice in relation to equal opportunities and to comply with all relevant legislation as well as statutory and other official guidance and codes of practice.

ACHIEVEMENTS AND PERFORMANCE

The company commenced its main activities on 1 November 2011 when it leased its first batch of sixty-one properties. Since that time it has leased, refurbished and brought back into use four hundred and ninety nine empty homes, many of which were a blight on the community, attracting anti-social behaviour and vandalism. The initial agreed programme of leasing, refurbishing and tenanting has been successfully completed for all the properties.

The leasing and refurbishment of these properties provides a good quality, home for local single people and families who may otherwise be housed in unsuitable temporary accommodation, or in Bed & Breakfast, or in either of these outside of Brighton & Hove, away from a household's support networks and services such as GP's and local schools. All of the company's properties are self-contained, meaning beneficiaries do not have to share bathroom and cooking facilities with other households.

The company has appointed a managing agent to manage the properties on its behalf and agreed a set of key performance indicators to ensure its service is delivered to a high standard. These are provided and reviewed on a monthly and quarterly basis.

FINANCIAL REVIEW

The company's principal financial instruments comprise bank balances, trade debtors, trade creditors and loans to the company. The main purpose of these instruments is to finance the company's operations.

The company received £4,585,835 (2020: £4,450,009) in revenue and had £5,116,846 (2020: £5,126,035) outgoings in 2020/21, and the result of the year was net expenditure of £531,011 (2020: £676,026).

The company has a forty-year business plan to cover the financing and management of its current leasing programme. The trustees are pleased to report that the business plan and the financing arrangement with Santander indicate appropriate funding for the company to operate.

RESERVES POLICY

The long-term financial plan and projections prepared have anticipated reserves, although these are in deficit at present and will be for some time to come. However, the board is keen to designate part of the charity's unrestricted funds to be used for reserves and in the light of the main risks to the organisation has decided to set aside three months overheads and operating costs plus redundancy costs for such a purpose. The generation of free reserves will enable the charity to continue to support the delivery of organisational objectives providing working capital funding for running costs as well as a buffer for unforeseen expenditure, variations in cash flow and to cover organisational liabilities.

FUTURE PLANS

Having completed its programme to lease and refurbish properties for the use by homeless single people and homeless families, the company's focus is concentrated on ensuring the success of the programme in terms of ongoing quality of accommodation and service delivery, tenant engagement in terms of improving their environments and well-being, and on consolidating its partnership work and relationships with its key stakeholders. Future strategic direction will see the company focus its efforts on acquiring further properties to meet housing need in the Brighton & Hove area. It has produced a set of proposals for consideration by its key stakeholder and remains open to further opportunities to provide other services within its charitable objects.

In addition to its core activity the company continues to strengthen its infrastructure and capacity to ensure sufficient support and systems are in place to further its charitable objects.

Brighton & Hove Seaside Community Homes Limited

TRUSTEES' AND DIRECTORS' REPORT

For the year ended 31 March 2021

The company is also focused on tenant engagement activities that enable tenants to feedback on the services they receive, participate in activities that enrich their lives, and provide opportunities for training, improving their environments and increasing their well-being.

TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of Brighton and Hove Seaside Community Homes Limited for the purposes of company law) are responsible for preparing the Trustees' and Directors' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the incoming resources and application of resources, including the income and expenditure, of the company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- 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 company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

IMPACT OF COVID 19

Beneficiaries and staff: The company has worked with the local authority and other partners to support beneficiaries through the Covid 19 emergency. All beneficiaries were contacted during the lockdowns, to ensure they were able to access the local authority coordinated response to meet the needs of local citizens. The company also set up its own emergency response package for its own residents in case the city-wide response was unable to meet immediate needs. The company continues to fulfil its charitable objectives by providing housing for those in housing need. It has not been necessary to furlough staff who are all working remotely and communicating regularly via various electronic means to ensure continued operation. The CEO is communicating with other charity and housing CEOs to stay abreast of, and tailor the emergency response as necessary.

Financial: The nature of the company's business model has meant that the company has been sheltered from the worst of the financial impact of Covid 19. There are no implications for fundraising, investments, defined benefit schemes or reduction in the value of fixed assets, and there has been no need to draw on government support schemes, additional borrowing or utilise reserves. The trustees consider that the company is financially sustainable and will remain a going concern.

Activities: Service delivery to beneficiaries has been affected by a cessation of property lettings and non-urgent repairs for around two months during the first government lockdown. Whilst these activities are now back underway, the cessation has resulted in a backlog of non-urgent repairs which, at the time of writing, is estimated to take six months to clear. Seaside's managing agent has brought in extra staff and resources with the aim of reducing the time taken to clear the backlog.

Risks: At the outset of the Covid 19 emergency, the company identified that it faced increased risks in several areas: the health & wellbeing of its staff, maintaining service delivery for beneficiaries, the ability to maintain compliance with regulatory and legislative requirements and standards, particularly in relation to Health & Safety, cash flow in terms of ensuring rents are received, reputational damage, and supply chain issues related to contractors and suppliers. In practice, all of these risks have been managed to an extent they have not caused undue issues for the

Brighton & Hove Seaside Community Homes Limited

TRUSTEES' AND DIRECTORS' REPORT

For the year ended 31 March 2021

company. The exception to this is service delivery for beneficiaries which has been affected as described in the paragraph above.

Future Plans: The company's future plans to acquire further properties have been, and are likely to continue to be delayed by, the decision-making processes and timescales of stakeholders and institutions, access to finance and possibly property market conditions.

STATEMENT OF DISCLOSURE TO AUDITOR

The directors who are in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

On behalf of the board



C J Carlisle

CHAIR

Date: 25th August 2021

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BRIGHTON & HOVE SEASIDE COMMUNITY HOMES LIMITED

Opinion

We have audited the financial statements of Brighton & Hove Seaside Community Homes Limited (the 'charitable company') for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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 charitable company's affairs as at 31 March 2021 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.

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 Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion 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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BRIGHTON & HOVE SEASIDE COMMUNITY HOMES LIMITED

- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also the directors of the charitable company 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 trustees 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 trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Independent Auditors 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:

We gained an understanding of the legal and regulatory framework applicable to the charitable company and the sector in which it operates, and considered the risk of acts by the charitable company that were contrary to applicable laws and regulations, including fraud.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focussed on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006, Charities Act 2011 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management and enquiries of legal counsel when considered necessary. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud. As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of management bias by the trustees that represented a risk of material misstatement due to fraud.

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BRIGHTON & HOVE SEASIDE COMMUNITY HOMES LIMITED

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



John Thacker FCA DChA (Senior Statutory Auditor)
for and on behalf of Chariot House Limited
Chartered Accountants
44 Grand Parade
Brighton
East Sussex
BN2 9QA

Date: 26 August 2021

Brighton & Hove Seaside Community Homes Limited

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)

For the year ended 31 March 2021

	Notes	2021 £	2020 £
INCOME AND ENDOWMENTS FROM:			
Charitable activities		4,585,835	4,450,009
EXPENDITURE ON:			
Charitable activities	11	(5,116,846)	(5,126,035)
NET EXPENDITURE		(531,011)	(676,026)
RECONCILIATION OF FUNDS:			
TOTAL FUNDS BROUGHT FORWARD		(6,246,600)	(5,570,574)
TOTAL FUNDS CARRIED FORWARD		(6,777,611)	(6,246,600)

The deficit for the year arises from the charitable company's continuing operations.

The statement of financial activities includes all gains and losses recognised in the year.

Brighton & Hove Seaside Community Homes Limited

BALANCE SHEET

As at 31 March 2021

Company Registration No. 06861227

	Notes	2021 £	2020 £
FIXED ASSETS			
Tangible assets	3	23,031,082	23,798,739
CURRENT ASSETS			
Debtors	4	768,581	861,715
Cash at bank and in hand		4,241,121	4,062,971
		<u>5,009,702</u>	<u>4,924,686</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	5	(640,796)	(651,101)
NET CURRENT ASSETS		<u>4,368,906</u>	<u>4,273,585</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		27,399,988	28,072,324
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	6	(34,177,599)	(34,318,924)
NET LIABILITIES		<u>(6,777,611)</u>	<u>(6,246,600)</u>
UNRESTRICTED FUNDS			
Deficiency		(6,777,611)	(6,246,600)
TOTAL DEFICIENCY	8	<u>(6,777,611)</u>	<u>(6,246,600)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 10 to 20 were approved by the board of directors and authorised for issue on 25th August 2021 and are signed on its behalf by:



C J Carlisle
CHAIR

Brighton & Hove Seaside Community Homes Limited

STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Note	2021 £	2020 £
CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	13	178,421	554,746
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of fixed assets		(271)	-
CASH USED IN INVESTING ACTIVITIES		(271)	-
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayments of borrowing		-	-
Cash inflows from new borrowing		-	-
NET CASH PROVIDED BY FINANCING ACTIVITIES		-	-
CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD		178,150	554,746
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD		4,062,971	3,508,225
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD		4,241,121	4,062,971

Brighton & Hove Seaside Community Homes Limited

ACCOUNTING POLICIES

For the year ended 31 March 2021

BASIS OF ACCOUNTING

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

As the company has net liabilities, the directors have considered whether it is appropriate to prepare the financial statements on the basis that the company is a going concern. As long-term funding has been secured, the directors consider it appropriate to adopt the going concern basis for the preparation of its financial statements.

INCOMING RESOURCES

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Rental Income is accounted for on the basis of monies receivable during the year.

Interest income is recognised when it is probable that the economic benefits will flow to the charity and the amount of revenue can be measured reliably.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	Over the life of the lease
Computer equipment	3 years on a straight-line basis
Furniture, fixtures and fittings	3 years on a straight-line basis

Depreciation is calculated for a full year in the year of acquisition of the asset.

Small items of equipment under £250 in cost are not capitalised and are written off in the year of purchase.

In the trustees' opinion, there is no material difference between the carrying value and the market value of the leasehold properties.

OPERATING LEASES

Rentals payable under operating leases are charged against income on a straight-line basis over the lease term.

RESOURCES EXPENDED

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. All expenditure including support costs and governance costs are allocated or apportioned to the applicable expenditure headings, as noted below:

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office and governance costs. They are incurred directly in support of expenditure on the objects of the charity. Where support costs cannot be directly attributed to particular headings they are allocated on a basis consistent with the use of the resources.

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees. Where they cannot be directly attributed to particular headings they are allocated on a basis consistent with the use of the resources.

LIABILITIES

Liabilities are classified according to the substance of the contractual arrangement entered into and are stated at their nominal amount.

Brighton & Hove Seaside Community Homes Limited

ACCOUNTING POLICIES

For the year ended 31 March 2021

FINANCIAL INSTRUMENTS

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost.

CASH AT BANK AND IN HAND

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

DEVELOPMENT COSTS

Costs of legal and professional fees will be capitalised where they are directly attributable to the organisation's initial programme of transfer of properties from Brighton & Hove City Council.

Legal and professional fees and other costs incurred in the running of the company are not capitalised to the cost of the properties but written off in the period the costs are incurred.

PENSION CONTRIBUTIONS

The charity makes pension contributions on behalf of eligible employees into personal pension plans. The charity's contribution is restricted to the contributions disclosed in Note 7.

FUND ACCOUNTING

All funds are unrestricted and can be used in accordance with the charitable objects at the discretion of the trustees.

Brighton & Hove Seaside Community Homes Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

1	NET OUTGOING RESOURCES FOR THE YEAR	2021	2020
		£	£

Net outgoing resources is stated after charging:

Depreciation of tangible assets

- Owned assets	228	221
- Leased assets	767,700	767,697
Operating lease rentals	10,251	9,093

2 TAXATION

The company is a registered charity and as such its income and gains falling within Sections 471 to 489 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 are exempt from corporation tax to the extent that they are applied to its charitable objectives.

3 TANGIBLE FIXED ASSETS

	Leasehold Land and buildings	Computer equipment etc.	Total
	£	£	£
COST			
At 1 April 2020	29,498,181	33,234	29,531,415
Additions	-	271	271
At 31 March 2021	29,498,181	33,505	29,531,686
DEPRECIATION			
At 1 April 2020	5,699,585	33,091	5,732,676
Charge for the year	767,700	228	767,928
At 31 March 2021	6,467,285	33,319	6,500,604
NET BOOK VALUE			
At 31 March 2021	23,030,896	186	23,031,082
At 31 March 2020	23,798,596	143	23,798,739

4	DEBTORS	2021	2020
		£	£
	Trade debtors	355,481	427,177
	Other debtors and prepayments	413,100	434,538
		768,581	861,715

Brighton & Hove Seaside Community Homes Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2021

5	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2021 £	2020 £
	Trade creditors	200,244	178,206
	Taxation and social security	-	-
	Other creditors	165,947	197,846
	Loan - Santander	274,605	275,049
		<u>640,796</u>	<u>651,101</u>
6	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2021 £	2020 £
	Other creditors - Brighton and Hove City Council	2,778,200	2,644,920
	Loan - Santander	31,399,399	31,674,004
		<u>34,177,599</u>	<u>34,318,924</u>
	An analysis of the maturity of Loan - Santander is given below:	2021 £	2020 £
	Amounts falling due in more than one year, but less than two years:	<u>270,462</u>	<u>274,605</u>
	Amounts falling due between two and five years:	<u>1,417,112</u>	<u>1,105,767</u>
	Amounts falling due in more than five years:	<u>29,711,825</u>	<u>30,293,632</u>

The other creditors due to the Brighton and Hove City Council are repayable when funds become available which as a result of current cash flow forecasts will not be within twelve months of the date of the approval of these financial statements.

On 23 September 2011 the company issued a debenture, and on 1 November 2011, 1 February 2012, 30 March 2012, 1 June 2012, 1 August 2012, 1 October 2012, 26 March 2013, 17 March 2014, 14 September 2015, 24 March 2016 and 25 October 2016 supplement debentures, as security for a loan facility from Prudential Trustee Company Limited. This is secured by a first fixed and floating charge on the assets of the company. The amount of the debenture was £33 million, and the consideration was the grant of a £33 million loan facility over a five-year period. Capital repayments commenced in September 2017 with repayment in full by 31 March 2041.

Brighton & Hove Seaside Community Homes Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2021

7 PENSION AND OTHER POST-RETIREMENT BENEFIT COMMITMENTS

DEFINED CONTRIBUTION

	2021 £	2020 £
Contributions payable by the company for the year	<u>25,585</u>	<u>26,309</u>

8 LIABILITIES OF MEMBERS

Under clause 6 of the Memorandum of Association, every Company Member undertakes to contribute such amount as may be required (not exceeding £1) to the Company's assets if it should be wound up while he/she is a Member or within one year after he/she ceases to be a Member, for payment of the Company's debts and liabilities contracted before he/she ceased to be a Member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributors among themselves.

9 FINANCIAL COMMITMENTS

At 31 March 2021 the company was committed to making the following future minimum lease payments under non-cancellable operating leases.

	Equipment		Land and Buildings	
	2021 £	2020 £	2021 £	2020 £
Operating leases which expire:				
Not later than one year	2,322	2,322	8,000	6,658
Between two and five years	<u>2,516</u>	<u>4,838</u>	<u>15,101</u>	<u>0</u>

10 RELATED PARTY TRANSACTIONS

	2021 £	2020 £
Short term creditors owing to Brighton & Hove City Council at the year end	179,544	173,232
Amounts received from Brighton & Hove City Council on the company's behalf in the year	560,169	608,649
Long term creditors owing to Brighton & Hove City Council at the year end	2,778,200	2,644,920
Rental income received in the year from Brighton & Hove City Council as managing agents	4,585,835	4,450,009
Charges in the year from Brighton & Hove City Council for management fees	2,116,662	2,042,255
Repayment of Available Monies to Brighton and Hove City Council	426,889	0

Three directors of the company are also council members of the Brighton and Hove City Council.

Brighton & Hove Seaside Community Homes Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2021

11 EXPENDITURE ON CHARITABLE ACTIVITIES	2021	2020
	£	£
Property management fees	2,116,662	2,042,255
Support costs	218,995	241,283
Depreciation	767,928	767,918
Office and general overheads	76,456	76,858
Legal and professional fees	62,111	99,446
Finance costs	1,865,289	1,886,957
Audit fee	9,405	11,318
	<u>5,116,846</u>	<u>5,126,035</u>

12 STAFF COSTS AND TRUSTEES' REMUNERATION	2021	2020
	£	£
Salaries	174,890	185,744
Social security	12,610	14,470
Pension contribution	25,585	26,308
	<u>213,085</u>	<u>226,522</u>

The average number of employees for 2021 was 5 (2020: 6) and one employee (2020: one employee) earned more than £60,000, but not more than £90,000.

The total employee benefits of the key management personnel of the charity were £107,463 (2020: £107,440).

None of the Trustees received any emoluments or other payment for their services during either year.

Two trustees were reimbursed expenses during the year of £401 in total (2020: Three trustees, £1,036).

These expenses included travelling expenses, stationery, IT equipment and subscriptions.

13 RECONCILIATION ON NET MOVEMENTS IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES	2021	2020
	£	£
Net movement in funds	(531,011)	(676,026)
Add back depreciation charge	767,928	767,918
(Increase)/Decrease in debtors	93,134	(38,848)
(Decrease)/Increase in creditors	(151,630)	501,702
NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	<u>178,421</u>	<u>554,746</u>

Brighton & Hove Seaside Community Homes Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2021

14 ANALYSIS OF CHANGES IN NET DEBT

	At start of year	Cash Flows	Other non-cash Changes	At end of year
	£	£	£	£
Cash	4,062,971	178,150	-	4,241,121
Loans falling due within one year	(275,049)	275,049	(274,605)	(274,605)
Loans falling due after more than one year	(34,318,924)	(133,280)	274,605	(34,177,599)
Total	<u>(30,531,002)</u>	<u>319,919</u>	<u>-</u>	<u>(30,211,083)</u>

