

BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 MARCH 2022

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BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED

CO-OPERATIVE INFORMATION

Registered society number	21590R	
Committee members	Jaimini Bharakhada	Chair
	Nylam Parmer	Resigned 1 st October 2021
	Santaben Modhvadia	Resigned 1 st October 2021
	Lalitaben Suthar	Resigned 1 st October 2021
	Lesley Webster	Resigned 1 st October 2021
	Sadia Akhtar	Resigned 1 st October 2021
	Ketan Ganatra	Appointed 1 st October 2021
	Jorubha Barot	
	Dr Pramod Patel (Co-optee)	Appointed 1 st October 2021 Resigned 6 th June 2022
	Kulwant Hunjan	Appointed 1 st October 2021
	Manish Thobhani	Appointed 1 st October 2021
	Ann Smith	Appointed 1 st October 2021

Registered office
131 Loughborough Road
Leicester
LE4 5LQ

Auditor
Rogers Spencer Limited
Newstead House
Pelham Road
Nottingham
NG5 1AP

Solicitors
Devonshires Solicitor LLP
30 Finsbury Circus
London
EC2M 7DT

Bankers
Natwest Bank
Melton Turn Branch
2 Melton Road
Leicester
LE4 5EA

REPORT OF THE COMMITTEE OF MANAGEMENT

The Committee of Management presents their report and the audited financial statements for the year ended 31 March 2022.

Committee members

Chair Jaimini Bharakhada

Treasurer N/A

Secretary Mina Khoda

Other Members

Dr Pramod Patel (Co-optee) Resigned 6th June 2022
Kulwant Hunjan
Manish Thobhani
Ann Smith
Ketan Ganatra
Jorubha Barot

Principal activity

The principal activity of the Co-operative is the provision of rented accommodation for its members.

Review of the Year and Future Developments

The Committee of Management is reporting a deficit for the year of £427,421 (2021 Deficit: £76,152).

A review of the stock condition survey, which was published in 2019, has been undertaken. This included a revising of the costs in the longer-term Asset Management Plan.

From the AMP the Committee has been able to identify key areas of planned and cyclical works. It is intended that these will be reviewed and implemented as part of a 7-year program of improvement works.

To ensure that the longer-term improvement plan was affordable, we commissioned Pinnacle/Nic Bliss to:

Establish a 30-year rental income cash flow.

Review and offer assurances that the AMP is affordable and offers value for money.

BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT

The conclusion of these reports, which are reviewed at least annually, is that with a smoother phasing of the work means that the programme is likely to be affordable to the Co-op over the 30-year period.

The external painting programme has been nearly completed on time and in budget, and this will form part of the cyclical programme and carried out every 5 years.

In addition, we have approved:

The continuation of the Door/Window replacement programme.

The renewal of Bathrooms (giving tenant members choice over Bath/Shower) for all properties.

Kitchen renewals where needed but planned renewals over the next 5 years.

Address structural defects by innovative remedial works.

Ensuring the properties meet the strict compliance regulations is critical, we can report that all properties are compliant across all areas of compliance:

Gas safety checks

Asbestos register

Fire Risk assessments.

EICR (Electrical) safety checks.

Addressing low rated EPC properties.

The Committee has taken progressive steps in the development and the review of a new suite of policies, commissioned through the Confederation of Co-operative Housing, which they believe will enhance good operating practise whilst also reflecting relevant & up-to-date guidance.

Subsequent events - Coronavirus

As part of their annual review the Committee of Management have considered the implications of the current Coronavirus pandemic. The economic impact on the Co-operative due to the Coronavirus pandemic is subject to an unprecedented level of uncertainty with the full range of possible effects unknown. This could lead to certain financial impacts on the activities of the Co-operative due to factors outside the control of the Committee. The Co-operative, along with their managing agent, has embraced modern working practices and other measures to continue normal service levels which has supported day to day operational services and reduced any financial loss or risk.

As we emerge out of the Coronavirus restrictions and into a more 'normal' way of working and living, working with our service provider, Pinnacle, face to face appointments, visits and the opening of the office have been re-introduced.

Earlier this year, the Committee took a decision to purchase the full freehold of our offices we used to share with Cossington Housing Cooperative at 131 Loughborough Road, our registered office for a number of years.

We feel this will be provide an opportunity to develop specific services for Belgrave tenant members and promote our identity and deliver services. We are already looking at how we can make best use for the building, which will include exploring potential community facilities.

Principal risks and uncertainties

The Committee are proactive in managing risk and uncertainty involved in the operation of the Co-operative and to this end we organise regular risk management reviews into working practises, governance, and business planning. We cover:

REPORT OF THE COMMITTEE OF MANAGEMENT

Risk management

Business continuity plans.
Committee training & development.
Business planning and Action Plan.

The Committee believe a range of risk mitigation techniques should be used in the running of the Co-operative and as such they endorse practises such as, but not limited to:

The continual review & management of policies and procedures.
Q&A audits- independent audits.
Oversight of local and national legislation.
Seeking support from key stakeholders

Governance and Viability Standard

At its meeting on 15th August 2022, the BNCHA committee considered compliance with the Governance and Viability Standard.

In respect of governance, the committee considers that BNCHA is fully compliant with the standard having implemented actions recommended by the co-op's internal audits in respect of a governance review carried out in 2021.

In respect of viability, the committee has produced a long-term finance plan and is satisfied with the co-op's long-term viability.

The committee also considered its compliance with the Confederation of Co operative Housing's Code of Governance and determined that the co-op is fully compliant.

The committee has recently reviewed its business plan strategies and objectives and is working on an ongoing programme of policy review.

The Managing Agents' staff take internal control seriously. Members of staff are encouraged to discuss ways in which procedures can be improved with their managers in an open way.

The Committee of Management is aware that neither the external auditors, nor external accrediting bodies have any specific responsibility to identify shortcomings in its systems of internal control. For this reason, the Organisation relies on the Managing Agent as the principal source of reassurance.

Fraud

The Organisation complies with the Regulator to Social Housing's requirements of fraud.

All cases of actual and attempted fraud are reported to the Committee of Management. All cases of fraud in excess of £1,000 must be reported to the Regulator.

There have been no reported cases of fraud in the year.

Reference to Committee's development programs

As part of good governance and managing internal controls, the Committee are proactive in undertaking learning and development to provide a better service to the Co-operative.

REPORT OF THE COMMITTEE OF MANAGEMENT

Liability insurance

The Co-operative has taken out liability insurance on behalf of the members of the Committee of Management.

Related party transactions

By the nature of the organisation being a Housing Co-operative, members of the Committee of Management are tenants of the Co-operative, with the exception of the co-opted members. All such members of the Committee of Management are charged and required to pay rent on standard terms.

Responsibilities in respect of the financial statements

The Committee is ultimately responsible for ensuring the financial statements are prepared in accordance with applicable law and regulations; however, they use the support and guidance of their managing agent.

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the association and of its income and expenditure for that period.

In preparing these financial statements, the Committee is required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The Committee is overall responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting and has delegated this to its Service Provider, Pinnacle, to ensure it meets all the regulatory requirements.

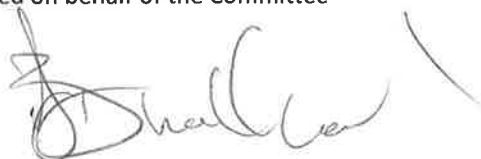
REPORT OF THE COMMITTEE OF MANAGEMENT

The Regulator of Social Housing value for money metrics

The Regulator of Social Housing has introduced new metrics against which all registered providers are required to report.

Regulator of Social Housing metrics			
Metric	Performance 2021/22	Performance 2020/21	Comparison with other housing associations
Reinvestment (%) The investment in properties as percentage of total properties held	13%	8%	Planned repair programmes started in the year as a result of Committee changes.
New supply delivered (%) The number of new homes acquired or developed as a proportion of the total number of homes	0%	0%	BNCHA is not currently seeking to acquire new properties as they focus on improving their current stock. Land is also in short supply in Leicester which has driven up prices.
Gearing (%) How much of the assets are made up of debt and the degree of debt finance after allowing for cash held	-22%	-27%	BNCHA is in a net cash position and has maintained its cash position relative to FY20. It retains significant cash ready to invest in property improvements across its portfolio.
EBITDA MRI A key indicator for liquidity and investment capacity	0%	0%	BNCHA has no interest liabilities
Headline social housing cost The cost per unit held	£7,130	£4,981	BNCHA has a relatively low cost per unit compared to other associations – this reflects the lower investment in housing for older people. The cost per unit has remained relatively constant year on year although the small increase reflects investment in void properties.
Operating margin (%) Profitability of operating assets before any exceptional expenses	-27%	-4%	BNCHA has fallen into a negative operating position over the past two years now due to the large increase in the repairs programme causing their to be an operating deficit.
Return on capital employed A measure of the efficient investment of capital resources	0%	0%	BNCHA is in the lower range of housing associations on this metric as it is essentially a not-for-profit business.

Signed on behalf of the Committee



J Bharakhada
Chair

14 October 2022

BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2022

Opinion

We have audited the financial statements of Belgrave Neighbourhood Co-operative housing association Limited for the year ended 31 March 2022 which comprise the statement of comprehensive income, statement of financial position, statement of changes in reserves, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2022 and of its 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 Co-operative and Community Benefit Societies Act 2014, 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the board's 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 association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

INDEPENDENT AUDITORS' REPORT TO THE COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2022

Other information

The other information comprises the information included in the Report of the Committee of Management, other than the financial statements and our auditor's report thereon. The board are responsible for the other information contained within the Report of the Committee of Management. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- the association has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation; or
- the revenue account, any other accounts to which our report relates, and the balance sheet are not in agreement with the association's books of account; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the board

As explained more fully in the board's responsibilities statement set out on page 8, the board is 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 have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2022

Auditor's responsibilities for the audit of the financial statements

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

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

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the Co-operative through discussions with the committee, and from our commercial knowledge and experience of the housing sector;
- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Co-operative, including the taxation legislation and data protection, Co-operative and community benefit society act 2014, anti-bribery, employment, environmental and health and safety legislation;

We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and

- Identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.
- We assessed the susceptibility of the Co-operatives financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:
- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- Understanding the design of the Co-operatives remuneration policies.

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested journal entries to identify unusual transactions;
- Assessed whether judgements and assumptions made in determining the accounting estimates set out within note 1 were indicative of potential bias; and
- Investigated the rationale behind significant or unusual transactions.

INDEPENDENT AUDITORS' REPORT TO THE COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2022

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing financial statement disclosures to underlying supporting documentation;
- Reading the minutes of meetings of committee members;
- Enquiring of management as to actual and potential litigation and claims; and
- Reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

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

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 auditor's report.

Use of our report

This report is made solely to the association's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. 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.



Rogers Spencer
Statutory Auditors
Chartered Accountants
Nottingham

Date 14 October 2022

BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
Turnover	2	1,999,477	1,942,664
Operating expenditure	2	(2,426,649)	(2,023,132)
Operating surplus/(deficit)	2	<u>(427,172)</u>	<u>(80,468)</u>
Interest receivable		456	4,886
Surplus/(deficit) on ordinary activities before tax		<u>(426,716)</u>	<u>(75,582)</u>
Taxation	6	(705)	(569)
Surplus/(deficit) for the year		<u>(427,421)</u>	<u>(76,152)</u>
Paid shares surrendered	13	0	0
Total comprehensive income/(loss) for the year		<u><u>(427,421)</u></u>	<u><u>(76,152)</u></u>

The results relate wholly to continuing activities and the notes on pages 17 to 27 form an integral part of these accounts.

The financial statements on pages 13 to 16 were approved and authorised for issue by the Committee on 14 October 2022.

Signed on behalf of the Committee:

J Bharakhada

Chair



M Khoda

Secretary



K Ganatra

Committee member



BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Notes	2022 £	2021 £
Fixed assets			
Tangible fixed assets	8 & 9	13,839,565	13,504,752
Current assets			
Debtors	10	137,910	82,404
Cash & cash equivalents		2,935,858	3,530,254
		<u>3,073,768</u>	<u>3,612,658</u>
Creditors (falling due within one year)	11	<u>(730,878)</u>	<u>(408,683)</u>
Net current assets		<u>2,342,890</u>	<u>3,203,975</u>
Total assets less current liabilities		<u>16,182,455</u>	<u>16,708,727</u>
Creditors (falling due after one year)	12	<u>(8,420,425)</u>	<u>(8,596,377)</u>
Total net assets		<u>7,762,030</u>	<u>8,112,351</u>
Reserves			
Called up share capital	13	480	480
Revaluation reserve		222,288	145,188
Income & expenditure reserve		7,539,262	7,966,683
Total reserves		<u>7,762,030</u>	<u>8,112,351</u>

The financial statements on pages 13 to 16 were approved and authorised for issue by the Committee of Management on 14 October 2022.

Signed on behalf of the Committee:

J Bharakhada

Chair



M Khoda

Secretary



K Ganatra

Committee Member

The notes on pages 17 to 27 form an integral part of these accounts.

BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN RESERVES

	Called Up Share Capital £	Revenue Reserves £	Revaluation Reserves £	Total £
Balance at 1 April 2020	480	8,042,835	145,188	8,188,503
Surplus for the year	-	(76,152)	-	(76,152)
Total comprehensive income	480	7,966,683	145,188	8,112,351
Share capital surrendered	-	-	-	-
Gross surplus	480	7,966,683	145,188	8,112,351
Revaluation reserve	-	-	-	-
Balance at 1 April 2021	480	7,966,683	145,188	8,112,351
Surplus for the year	-	(427,421)	-	(427,421)
Total comprehensive income	480	7,539,262	145,188	7,684,930
Share capital surrendered	-	-	-	-
Gross surplus	480	7,539,262	145,188	7,684,930
Revaluation reserve	-	-	77,100	77,100
Balance at 31 March 2022	480	7,539,262	222,288	7,762,030

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	2022	2021
	£	£
Cash flow from operating activities	(75,122)	44,888
Interest paid	-	-
Tax paid	(705)	(1,156)
Net cash flow from operating activities	<u>(75,827)</u>	<u>43,732</u>
Cash flow from investing activities		
Purchase of fixed assets	(519,024)	(91,085)
Interest received	456	4,886
Net cash flow from investing activities	<u>(518,568)</u>	<u>(86,198)</u>
Cash flow from financing activities		
Proceeds from the Issue of shares	-	-
Net cash flow from financing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	<u>(594,395)</u>	<u>(42,466)</u>
Cash and cash equivalents at 1 April	3,530,254	3,572,720
Cash and cash equivalents at 31 March	<u>2,935,858</u>	<u>3,530,254</u>
Cash and cash equivalents consists of:		
Cash at bank and in hand	<u>2,935,858</u>	<u>3,530,254</u>
Cash flow from operating activities		
Operating surplus for the year	(427,172)	(80,468)
<i>Adjustments for non-cash items:</i>		
Depreciation of fixed assets	261,313	253,272
Decrease/(increase) in debtors	(55,506)	5,778
Increase/(decrease) in creditors	322,196	42,257
Amortisation of grants	(175,952)	(175,952)
Cash flow from operating activities	<u>(75,122)</u>	<u>44,888</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

Legal status

Belgrave Neighbourhood Co-operative Housing Association Limited is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with Homes England as a Private Registered Provider of Social Housing. The address of the registered office is given in the information on page 3 of these financial statements.

1. Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards including 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 Co-operative and Community Benefit Societies Act 2014. The financial statements have been prepared on a going concern basis under the historical cost convention, modified by the revaluation of investments and certain fixed assets. The financial statements are prepared in sterling £, and rounded to the nearest £1.

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

Turnover

Turnover represents rental and service charge income receivable in the year. Charges for services provided and Supporting People income are recognised as income when the Co-operative has provided the service concerned. Grants made as contributions to revenue expenditure are credited to income in the period in which the related expenditure is incurred.

Property managed by agents

Where the Co-operative carries the financial risk on property managed by agents, all the income and expenditure arising from the property is included in the statement of comprehensive income.

Apportionment of service fees

Service fees have been apportioned to the Income and Expenditure Account on the basis of the charges levied by Pinnacle PSG (Managing Agent), as per the signed Service Level Agreement (SLA). Service fees include, but are not limited to, housing management, accountancy support, IT maintenance and Committee education & training.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1. Principal accounting policies

Major repairs expenditure

Major repair projects that began before 1 April 1993 have been included in fixed assets. Major repair projects commencing after 1 April 1993 have been written off to the Income and Expenditure Account, together with any corresponding SHG receivable, except where the work is considered to be an improvement, when the cost and SHG are both capitalised. Improvement expenditure is expenditure which "adds value to" or "extends the useful life of" the property concerned.

Tangible fixed assets

Tangible fixed assets (including social housing properties) are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended such as the cost of acquiring land and buildings, developments costs, interest charges on loans during the development period and expenditure on improvements.

Improvements are works to existing properties which result in an increase in the net rental income, including a reduction in maintenance costs or result in a significant extension of the useful economic life of the property

Housing properties in the course of construction are stated at cost and not depreciated.

The Co-operative separately identifies the major components which comprise its housing properties, and charges depreciation to write down the cost of each component to its estimated residual value, on a straight line basis, over its estimated useful economic life.

The major components of its housing properties and their useful economic lives are as follows:

Building structure	80 years
Roofs	70 years
Kitchens	20 years
Bathrooms	20 years
Windows and doors	25 years
Heating and boilers	15 years

Freehold land is not depreciated.

The Co-operative owns a 50% share of an office building situated on 131 Loughborough Road. This is depreciated on a straight line basis over the expected economic useful life at the following annual rate:

Interest in 131 Loughborough Road	2%
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1. **Principal accounting policies**

Social Housing and other government grants

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in Turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. SHG received for items of cost written off in the Statement of Comprehensive Income Account is included as part of Turnover.

When Social Housing Grant (SHG) in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

SHG must be recycled by the Group under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by Homes England and Greater London Authority. However, SHG may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as Turnover. In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in other operating expenses.

Current asset investments

Current asset deposits are bank deposits that can only be withdrawn by giving more than twenty-four hours' notice.

Provisions

The Association only provides for contractual liabilities.

Taxation

Current tax represents the amount of tax payable or receivable in respect of taxable income for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The Co-operative is not registered for VAT. All amounts disclosed in the accounts are inclusive of VAT.

Judgements and key sources of estimation uncertainty

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

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

BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

2(a). Turnover, operating expenditure and operating surplus

Social housing lettings	Turnover	Operating expenditure	Operating surplus
2022	1,999,477	(2,426,649)	(427,172)
2021	1,942,664	(2,023,132)	(80,648)

2(b). Turnover and operating expenditure

	Notes	2022 £	2021 £
Income from social housing lettings			
Rents receivable		1,695,815	1,663,224
Service charges		144,505	136,926
Other income		15,000	-
Amortisation of grants		142,792	142,792
Other grant income		33,160	33,160
Gross rents receivable		2,031,272	1,976,102
Rent losses from voids		(31,795)	(33,437)
Total income from lettings	2a	1,999,477	1,942,664
Expenditure on social housing lettings			
Housing management	7	468,948	438,435
Services	7	132,694	179,166
Support Services	7	57,690	-
Miscellaneous Costs		16,557	1,922
Routine maintenance	7	769,720	465,020
Planned maintenance		442,500	598,973
Major repair expenditure		330,701	115,012
Rent losses from bad debts		(47,273)	(22,469)
Disposal of assets	8	-	-
Depreciation of SHG properties	8	255,112	247,072
Total expenditure on lettings	2a	2,426,649	2,023,132
Operating surplus/(deficit) on letting activities		(427,172)	(80,468)

BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

3. Directors' remuneration

The total remuneration paid to the directors of the Co-operative (the Committee of Management) was:

	2022	2021
	£	£
Emoluments (including pension contributions and benefits-in-kind)	Nil	Nil
	<hr/>	<hr/>
The number of directors who received emoluments (including pension contributions) in the following ranges was:		
£ Nil	Nil	Nil
	<hr/>	<hr/>
Total expenses reimbursed to the Directors not chargeable to UK income tax	-	-
	<hr/>	<hr/>

4. Surplus on ordinary activities

The operating surplus is stated after charging:

	2022	2021
	£	£
Rent losses from bad debts	(47,273)	(22,469)
Depreciation of tangible fixed assets	261,312	253,272
Auditor remuneration	4,746	5,520
	<hr/>	<hr/>
	218,586	236,323
	<hr/>	<hr/>

5. Staff costs

The average monthly number of employees, including members of the executive team, during the year/period was as follows:

	2022	2021
	Number	Number
Management and administration	1	-
Development	-	-
Housing, support and care	-	-
	<hr/>	<hr/>
	1	-
	<hr/>	<hr/>

The average number of employees, including members of the executive team, calculated on a full-time equivalent was 1 employee (2021 - 0).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

5. Staff costs (continued)

The aggregate remuneration of such employees was as follows:

	2022 £	2021 £
Wages and salaries	22,497	-
Social security	-	-
Other pension costs	-	-
	<u>22,497</u>	<u>-</u>

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

6. Tax on surplus on ordinary activities

The charge for the year relating to United Kingdom corporation tax is made up as follows:

	2022 £	2021 £
Current year at current rates	<u>705</u>	<u>569</u>

BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

7. Management expenses

	Housing Management	Services	Support Services	Routine Maintenance	Finance & Admin	2022 Total	2021 Total
Management fees	274,433		36,986	175,687	29,891	516,997	461,250
Estate costs							
Insurance	40,892					40,892	35,738
Repairs & maintenance				495,686		495,686	253,392
Service expenditure		132,694				132,694	133,097
Overheads							
AGM expenses					18,036	18,036	-
Annual report					4,000	4,000	3,960
Conferences & training					2,024	2,024	-
Social activities & marketing					795	795	5,516
Printing, postage & stationery					21,439	21,439	5,889
Committee expenses					10,401	10,401	5,752
Committee travel					125	125	103
Subscriptions & memberships					5,604	5,604	8,123
Charitable donations					280	280	-
Outsource Payroll Costs					38,724	38,724	12,997
Audit fees					4,746	4,746	5,520
Consultancy fees					90,782	90,782	92,521
Legal & professional fees					3,354	3,354	33,915
Bank charges & interest payable					1,092	1,092	607
Office insurance					-	-	184
Office maintenance					8,015	8,015	11,969
Office utilities					27,166	27,166	5,891
Office premises depreciation					6,200	6,200	6,200
	315,325	132,694	36,986	671,373	272,674	1,429,052	1,082,622
Finance & admin apportionment	153,623	-	20,704	98,347	(272,674)	-	-
	468,948	132,694	57,690	769,720	-	1,429,052	1,082,622

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

8. Housing properties

	Housing Properties
Cost	
At 1 April 2021	17,925,528
Additions:	
Works to existing properties	519,096
At 31 March 2022	<u>18,444,624</u>
Depreciation	
At 1 April 2021	4,690,947
Charge for the year	255,112
At 31 March 2021	<u>4,946,059</u>
Net book value	
At 31 March 2022	<u>13,498,565</u>
At 31 March 2021	<u>13,234,581</u>

9. Other fixed assets

	Office Premises
Cost	
At 1 April 2021	310,000
Revaluation reserve	31,000
At 31 March 202	<u>341,000</u>
Depreciation	
At 1 April 2021	39,900
Charge for the year	6,200
Revaluation reserve	(46,100)
At 31 March 2022	<u>-</u>
Net book value	
At 31 March 2022	<u>341,000</u>
At 31 March 2021	<u>270,100</u>

The Co-operative has a 50% share in the office premises at 131 Loughborough Road, Leicester.

BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

10. Debtors

	2022	2021
	£	£
Rent arrears	101,256	126,111
Bad and doubtful debt provision	(4,637)	(78,914)
Net rent arrears	<u>96,619</u>	<u>47,197</u>
Other debtors	16,593	-
Prepayments & accrued income	24,698	35,207
	<u>137,910</u>	<u>82,404</u>

All debtors fall due within one year.

11. Creditors (falling due within one year)

	2022	2021
	£	£
Trade creditors	412,969	30,145
Deferred social housing grant (note 17)	142,792	142,792
Deferred capital grant (note 17)	33,160	33,160
Rents paid in advance	51,010	64,123
Corporation tax	87	314
Accruals & deferred income	90,860	138,149
	<u>730,878</u>	<u>408,683</u>

12. Creditors (falling due after one year)

	2022	2021
	£	£
Deferred social housing grant (note 17)	8,208,062	8,350,854
Deferred capital grant (note 17)	212,362	245,522
	<u>8,420,424</u>	<u>8,596,376</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

13. Share capital

	2022	2021
	£	£
Shares of £1 each in issue at 1 April	480	480
Shares surrendered during year	(-)	(-)
Shares issued during year	-	-
Shares in issue at 31 March	<u>480</u>	<u>480</u>

The shares have no rights to dividends nor to any share of the assets of the Co-operative in the event of it ceasing to operate.

14. Property numbers

	2022	2021
Units in management at year end	<u>379</u>	<u>379</u>

All units currently in management are for general needs

15. Control

Control of the Co-operative lies with the Committee of Management.

16. Management of the Co-operative

The Co-operative employs Pinnacle Housing Limited as their managing agent.

17. Deferred grants

	2022	2021
	£	£
At 1 April	8,772,328	8,948,280
Grants received	-	-
Released to income	(175,952)	(175,952)
At 31 March	<u>8,596,376</u>	<u>8,772,328</u>
Amount due to be released < 1 year	175,952	175,952
Amount due to be released > 1 year	<u>8,420,424</u>	<u>8,596,376</u>
	<u>8,596,376</u>	<u>8,772,328</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

18. Related party transactions

At the date of these financial statements, 6 Committee members are tenants of Co-operative properties.

The net total rents received in advanced in respect of these members at 31 March 2022 was £507 (2021: £1,461).

During the year the Co-operative paid £10,401 (2021: £5,854) in expenses to Committee members.

