

BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 MARCH 2023

BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED

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BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED

CO-OPERATIVE INFORMATION

Registered society number	21590R	
Committee members	Jaimini Bharakhada	Chair
	Jorubha Barot	
	Ketan Ganatra	Resigned November 2022
	Kulwant Hunjan	Resigned December 2022
	Santaben Modhvadia	Appointed 16 January 2023
	Fred Moore	Appointed 22 May 2023
	Ann Smith	
	Manish Thobani	Resigned December 2022
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 2023.

Committee members

Chair	Jaimini Bharakhada
Treasurer	Fred Moore
Secretary	Shaan Karagoz
Other Members	Jorubha Barot Ketan Ganatra (Resigned November 2023) Kulwant Hunjan (Resigned December 2022) Santaben Modhvadia (Appointed January 2023) Ann Smith Manish Thobani (Resigned December 2022)

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 £1,186,906 (2022 Deficit: £427,421).

One of the most significant monetary activities during this financial year was the allocation of funds towards planned maintenance and major works. The Committee of Management, recognising the critical need for action, made a strategic decision to tap into the co-op's reserves to address a longstanding backlog of essential repairs in tenant members' homes. These issues had suffered, overlooked for decades under previous committees, resulting in deplorable living conditions for our tenant members.

The dire state of some properties, which had been poorly managed and neglected for far too long, left the current Committee with no alternative but to prioritise these repairs. Continual requests from tenant members for improvements highlighted the urgency of this matter, and the Committee, elected at the end of 2020, made it a primary focus to enhance the living quality of our members' homes.

This dedicated effort has resulted in a series of extensive improvements across our properties. These improvements encompassed essential upgrades such as door and window replacements, kitchen renovations, structural repairs, and various other measures to rectify long-standing issues of dampness and inadequate facilities. Whenever feasible, these initiatives were capitalised to optimise their long-term impact.

In light of tenant members' resounding demand for improvements, the Committee deemed it not only appropriate but crucial to allocate resources from the co-op's reserves towards these critical projects. Even with the challenges posed by increasing costs due to the cost-of-living crisis, the Committee has carefully managed the co-op's finances, ensuring that we maintain sufficient cashflow and liquidity while meeting our obligations to improve the living conditions of our tenant members.

REPORT OF THE COMMITTEE OF MANAGEMENT

Review of the Year and Future Developments (continued)

A monthly finance meeting takes place that reviews the Co-op's bank balance against creditors and works issued, assuring the committee that adequate balances remain in the Co-op's NatWest account while all day-to-day repairs are still being carried out. A monthly income/expenditure cashflow is also developed and reviewed as part of the finance meeting.

The committee has regularly reviewed the asset management plan which will ensure in the long term that all works required are carried out, but the committee recognises that in many cases, tenant members' preferences are that works are carried out sooner than the asset management plan currently allows for. The committee has therefore been exploring options to borrow monies to carry out works sooner than otherwise would be the case. The principle of whether the co-op should borrow to accelerate the improvements programme is being put to members at the co-op's AGM on Friday 6th October 2023. If members vote to support the principle of borrowing, the committee will work on developing a viable business plan that will support appropriate levels of borrowing.

The committee supports the proposed new regulatory standard that requires Registered Provider landlords to have sufficient knowledge of each individual property and, working with its managing agent, has taken steps to go beyond the data gathered in the 2019 stock condition survey to gradually build a profile of each property. Whilst the committee will need to carefully manage its resources in the short term to delivery its ongoing asset management programme, it is confident that in the long term the co-op will have more than enough resources to deliver a comprehensive asset management programme; to comply with its legal and regulatory obligations; and most importantly to meet its tenant members needs and aspirations for their homes.

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 will enhance good operating practice whilst also reflecting relevant & up-to-date guidance. A programme to review all policies in a timely manner has been developed.

Earlier this year, the Committee decided to purchase the full freehold of the 131 Loughborough Road offices, our registered office for a number of years, in order to be able to develop specific services for Belgrave tenant members and the wider community to promote our identity and deliver services. Options are being considered to make best use for the building, which will include exploring potential community facilities.

An initial use of the building was to develop a 'warm spaces' facility to provide vulnerable Co-op tenant members and other residents a warm place to assist in dealing with some of the cost-of-living crisis and increasing energy costs. In response to requests from tenant members, this evolved into a weekly 'Ekta' sessions that provide a range of activities and initiatives promoting physical and mental well-being, as well as practical advice on how to keep their home warm, deal with damp/mould, money management, and, importantly, fosters a strong sense of community bonding. It was recognised as a means to address the needs of those who were cut off or isolated, helping to create a sense of community bonding and a feeling of

REPORT OF THE COMMITTEE OF MANAGEMENT

Review of the Year and Future Developments (continued)

belonging. This initiative aligns with the co-operative's ethos, emphasising the importance of community — an aspect that the committee considered hadn't been adequately addressed previously.

This and other community activity in relation to "Belgrave Unity" — an initiative to bring together the local community in the wake of the disturbances in Leicester a year ago — have helped BNCHA to build stronger relationships across the community, including with Leicester City Council, the local and regional police, local schools, Leicester's universities and with others.

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 practices, governance, and business planning. We cover:

- Risk management — the committee's annual review of the business plan included a full review of the co-ops risk management strategy and risk register
- Business continuity plans.
- Committee training & development.
- Business planning and long-term finance planning
- Action planning to enable the co-op to achieve its strategic objectives.

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 and independent audits (the next independent audit will particularly explore financial management).
- Oversight of local and national legislation and regulatory requirements. The committee has particularly considered the draft regulatory standards proposed by the Regulator of Social Housing, and is adjusting its programme to ensure ongoing compliance.
- Seeking support from key stakeholders

Governance and Viability Standard

On 18th September 2023, 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.

REPORT OF THE COMMITTEE OF MANAGEMENT

Governance and Viability Standard (continued)

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 co-op relies on the Managing Agent as the principal source of reassurance, with regular independently conducted internal audits to review aspects of risk facing the co-op.

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.

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.

REPORT OF THE COMMITTEE OF MANAGEMENT

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 Direction for private registered providers of social housing in England 2022. It 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 2022/23	Performance 2021/22	Comparison with other housing associations
Reinvestment (%) The investment in properties as percentage of total properties held	22%	13%	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	-3%	-22%	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	£11,581	£7,130	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	-59%	-27%	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	-8%	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

6 October 2023

INDEPENDENT AUDITORS' REPORT TO THE COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2023

Opinion

We have audited the financial statements of Belgrave Neighbourhood Co-operative housing association Limited for the year ended 31 March 2023 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 2023 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 2022.

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.

BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2023

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 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:

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 2023

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 6 October 2023

BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Turnover	2	2,010,242	1,999,477
Operating expenditure	2	(3,199,864)	(2,426,649)
Operating surplus/(deficit)	2	<u>(1,189,622)</u>	<u>(427,172)</u>
Interest receivable		3,332	456
Surplus/(deficit) on ordinary activities before tax		<u>(1,186,290)</u>	<u>(426,716)</u>
Taxation	6	(633)	(705)
Surplus/(deficit) for the year		<u>(1,186,923)</u>	<u>(427,421)</u>
Paid shares surrendered	13	17	-
Total comprehensive income/(loss) for the year		<u><u>(1,186,906)</u></u>	<u><u>(427,421)</u></u>

The results relate wholly to continuing activities and the notes on pages 18 to 29 form an integral part of these accounts.

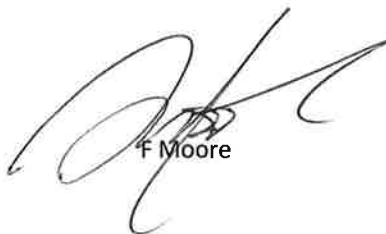
The financial statements on pages 14 to 17 were approved and authorised for issue by the Committee on 6 October 2023.

Signed on behalf of the Committee:

J Bharakhada Chair



S Karagoz Secretary



F Moore

Treasurer



BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Notes	2023 £	2022 £
Fixed assets			
Tangible fixed assets	8 & 9	15,034,234	13,839,565
Current assets			
Debtors	10	154,515	137,910
Cash & cash equivalents		474,837	2,935,858
		<u>629,352</u>	<u>3,073,768</u>
Creditors (falling due within one year)	11	<u>(844,006)</u>	<u>(730,878)</u>
Net current liabilities		<u>(214,654)</u>	<u>2,342,890</u>
Total assets less current liabilities		<u>14,819,580</u>	<u>16,182,455</u>
Creditors (falling due after one year)	12	<u>(8,244,473)</u>	<u>(8,420,425)</u>
Total net assets		<u>6,575,107</u>	<u>7,762,030</u>
Reserves			
Called up share capital	13	463	480
Revaluation reserve		222,288	222,288
Income & expenditure reserve		6,352,356	7,539,262
Total reserves		<u>6,575,107</u>	<u>7,762,030</u>

The financial statements on pages 14 to 17 were approved and authorised for issue by the Committee of Management on 6 October 2023.

Signed on behalf of the Committee:

J Bharakhada Chair



S Karagoz Secretary



F Moore Treasurer



The notes on pages 18 to 29 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 2021	480	7,966,683	145,188	8,112,351
Surplus / (deficit) 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	7,966,683	145,188	8,112,351
Revaluation reserve	-	-	77,100	77,100
Balance at 1 April 2022	480	7,539,262	222,288	7,762,030
Surplus / (deficit) for the year	-	(1,186,906)	-	(1,186,906)
Total comprehensive income	480	6,352,356	222,288	6,575,124
Share capital surrendered	(17)	-	-	(17)
Gross surplus	463	6,352,356	222,288	6,575,107
Revaluation reserve	-	-	-	-
Balance at 31 March 2023	463	6,352,356	222,288	6,575,107

BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	£	£
Cash flow from operating activities	(963,665)	(75,122)
Interest paid	-	-
Tax paid	(633)	(705)
Net cash flow from operating activities	<u>(964,298)</u>	<u>(75,827)</u>
Cash flow from investing activities		
Purchase of fixed assets	(1,500,055)	(519,024)
Interest received	3,332	456
Net cash flow from investing activities	<u>(1,496,723)</u>	<u>(518,568)</u>
Cash flow from financing activities		
Proceeds from the issue of shares	-	-
Net cash flow from financing activities	<u>-</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents	<u>(2,461,021)</u>	<u>(594,395)</u>
Cash and cash equivalents at 1 April	2,935,858	3,530,254
Cash and cash equivalents at 31 March	<u>474,837</u>	<u>2,935,858</u>
Cash and cash equivalents consists of:		
Cash at bank and in hand	<u>474,837</u>	<u>2,935,858</u>
Cash flow from operating activities		
Operating surplus for the year	(1,189,622)	(427,172)
<i>Adjustments for non-cash items:</i>		
Depreciation of fixed assets	305,385	261,313
Decrease/(increase) in debtors	(16,604)	(55,506)
Increase/(decrease) in creditors	113,128	322,196
Amortisation of grants	(175,952)	(175,952)
Cash flow from operating activities	<u>(963,665)</u>	<u>(75,122)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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 2022. 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.

Going concern

At the time of approving the financial statements, the committee members have a reasonable expectation that the co-operative has adequate resources to continue in operational existence for the foreseeable future. Whilst there were net current liabilities at the end of March 2023, this was a planned arrangement where those liabilities have now been resolved. At a challenging time caused by the cost of living crisis, the committee ensures sufficient liquidity through regular monthly detailed review of the co-op's cashflow, alongside a regular review of the co-op's long term finance plan. Thus the committee members continue to adopt the going concern basis of accounting in preparing the financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1. Principal accounting policies

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.

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 the 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 2023

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1. Principal accounting policies

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 2023

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

Social housing lettings	Turnover	Operating expenditure	Operating surplus
2023	2,010,242	(3,199,864)	(1,189,622)
2022	1,999,477	(2,426,649)	(427,172)

2(b). Turnover and operating expenditure

	Notes	2023 £	2022 £
Income from social housing lettings			
Rents receivable		1,762,548	1,695,815
Service charges		154,964	144,505
Other income		-	15,000
Amortisation of grants		142,792	142,792
Other grant income		33,160	33,160
Gross rents receivable		2,093,464	2,031,272
Rent losses from voids		(83,222)	(31,795)
Total income from lettings	2a	2,010,242	1,999,477
Expenditure on social housing lettings			
Housing management	7	521,227	468,948
Services	7	43,360	132,694
Support Services	7	65,552	57,690
Miscellaneous Costs		5,334	16,557
Routine maintenance	7	1,336,812	769,720
Planned maintenance		895,997	442,500
Major repair expenditure		35,919	330,701
Rent losses from bad debts		-	(47,273)
Disposal of assets	8	-	-
Depreciation of SHG properties	8	295,663	255,112
Total expenditure on lettings	2a	3,199,864	2,426,649
Operating surplus/(deficit) on letting activities		(1,186,622)	(427,172)

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:

	2023	2022
	£	£
Emoluments (including pension contributions and benefits-in-kind)	Nil	Nil

The number of directors who received emoluments (including pension contributions) in the following ranges was:

£ Nil	Nil	Nil
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Total expenses reimbursed to the Directors not chargeable to UK income tax

-	-
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4. Surplus on ordinary activities

The operating surplus is stated after charging:

	2023	2022
	£	£
Rent losses from bad debts	-	(47,273)
Depreciation of tangible fixed assets	305,385	261,312
Auditor remuneration	5,000	4,746
	310,385	218,785

5. Staff costs

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

	2023	2022
	Number	Number
Management and administration	3	1
Development	-	-
Housing, support and care	-	-
	3	1

The average number of employees, including members of the executive team, calculated on a full-time equivalent was 3 employee (2022 - 1).

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:

	2023 £	2022 £
Wages and salaries	58,371	22,497
Social security	-	-
Other pension costs	-	-
	<u>58,371</u>	<u>22,497</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:

	2023 £	2022 £
Current year at current rates	<u>633</u>	<u>705</u>

BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

7. Management expenses

	Housing Management	Services	Support Services	Routine Maintenance	Finance & Admin	2023 Total	2022 Total
Management fees	275,435		37,467	370,015	37,024	719,941	516,997
Estate costs							
Insurance	21,112					21,112	40,892
Repairs & maintenance				657,863		657,863	495,686
Service expenditure		43,360				43,360	132,694
Overheads							
AGM expenses					28,720	28,720	18,036
Annual report					-	-	4,000
Conferences & training					-	-	2,024
Social activities & marketing					12,960	12,960	795
Printing, postage & stationery					16,654	16,654	21,439
Committee expenses					-	-	10,401
Committee travel					-	-	125
Subscriptions & memberships					(2,101)	(2,101)	5,604
Charitable donations					-	-	280
Outsource Payroll Costs					113,950	113,950	38,724
Audit fees					5,000	5,000	4,746
Consultancy fees					38,543	38,543	90,782
Legal & professional fees					84,617	84,617	3,354
Bank charges & interest payable					567	567	1,092
Office maintenance					79,972	79,972	8,015
Office utilities					136,071	136,071	27,166
Office premises depreciation					9,722	9,722	6,200
	296,547	43,360	37,467	1,027,878	561,699	1,966,951	1,429,052
Finance & admin apportionment	224,680	-	28,085	308,934	(561,699)	-	-
	521,227	43,360	65,552	1,336,812	-	1,966,951	1,429,052

BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

8. Housing properties

	Housing Properties
Cost	
At 1 April 2022	18,444,624
Additions:	
Works to existing properties	1,147,868
At 31 March 2023	<u>19,592,492</u>
Depreciation	
At 1 April 2022	4,946,059
Charge for the year	295,663
At 31 March 2023	<u>5,241,723</u>
Net book value	
At 31 March 2023	<u>14,350,769</u>
At 31 March 2022	<u>13,498,565</u>

9. Other fixed assets

	Office Premises
Cost	
At 1 April 2022	341,000
Additions	352,187
At 31 March 2023	<u>693,187</u>
Depreciation	
At 1 April 2022	-
Charge for the year	9,722
Revaluation reserve	-
At 31 March 2023	<u>9,722</u>
Net book value	
At 31 March 2023	<u>683,465</u>
At 31 March 2022	<u>341,000</u>

BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

10. Debtors

	2023	2022
	£	£
Rent arrears	116,859	101,256
Bad and doubtful debt provision	-	(4,637)
Net rent arrears	<u>116,859</u>	<u>96,619</u>
Other debtors	6,593	16,593
Prepayments & accrued income	31,063	24,698
	<u>154,515</u>	<u>137,910</u>

All debtors fall due within one year.

11. Creditors (falling due within one year)

	2023	2022
	£	£
Trade creditors	294,523	412,969
Deferred social housing grant (note 17)	142,792	142,792
Deferred capital grant (note 17)	33,160	33,160
Rents paid in advance	43,607	51,010
Corporation tax	720	87
Accruals & deferred income	329,204	90,860
	<u>844,006</u>	<u>730,878</u>

12. Creditors (falling due after one year)

	2023	2022
	£	£
Deferred social housing grant (note 17)	8,065,270	8,208,062
Deferred capital grant (note 17)	179,203	212,362
	<u>8,244,473</u>	<u>8,420,424</u>

BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

13. Share capital

	2023	2022
	£	£
Shares of £1 each in issue at 1 April	480	480
Shares surrendered during year	(37)	(-)
Shares issued during year	20	-
Shares in issue at 31 March	<u>463</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

	2023	2022
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

	2023	2022
	£	£
At 1 April	8,602,879	8,772,328
Grants received	-	-
Released to income	(179,203)	(175,952)
At 31 March	<u>8,423,676</u>	<u>8,596,376</u>
Amount due to be released < 1 year	179,203	175,952
Amount due to be released > 1 year	8,244,473	8,420,424
	<u>8,423,676</u>	<u>8,596,376</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

18. Related party transactions

At the date of these financial statements, 4 Committee members are tenants of Co-operative properties.

The net total rents received in advanced in respect of these members at 31 March 2023 was £965 (2022: £507).

During the year the Co-operative had nil balance in related to Committee members expenses (2022: £10,401)

