

Leicestershire Rural Housing Association Limited

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2023

LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2023

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LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED

ASSOCIATION INFORMATION

For the year ended 31 March 2023

Board of Management

Chair:

Mr Chris Lambert

**Mr Reg Ward
Mrs Caroline Large
Ms Valerie Bunting**

Registered Office:

Leicestershire Rural Housing Association

Memorial House
Stenson Road
Coalville
Leicestershire
LE67 4JP

Auditor:

KPMG LLP

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Banker:

Barclays Bank PLC

Secretary:

Mr Richard Mugglestone

A Co-operative and Community Benefit Society with Charitable Rules
Registration No: IP29402R

LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED

ANNUAL REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2023

Principal Activities

The principal activity of the Association is the provision and management of affordable housing projects in Leicestershire villages.

Review of the Year

Throughout 2022/23 Leicestershire Rural Housing Association (LRHA) has continued to promote itself as a provider of high-quality housing management services on small-scale rural developments. Its continued success to date has been achieved by forging links with other Housing Associations and establishing formal management agreements. In this respect, LRHA is grateful for the ongoing and vital support of emh homes.

By the end of the reporting period LRHA had 167 homes in management, with stock levels expected to increase in coming years as partner registered providers develop more rural projects for LRHA to manage. Despite the many factors impacting upon registered providers' ability to develop, further schemes are already in the pipeline and opportunities for additional management on behalf of other organisations are being explored.

The Association has remained committed to its residents and have made progress in developing meaningful resident engagement ensuring that the Association is accountable to and influenced by its customers.

The Association also continues to perform well from a management perspective, with key management performance indicators being achieved or exceeded. Performance on rent arrears management remains particularly positive given the impact of the pandemic, and uncertainty across Europe on top of Welfare Reforms and growing pressures on residents' income.

Whilst the Association pursues registration as a provider with the regulator, it will continue to concentrate on its core business of providing high quality management services to partner registered providers and assisting them to develop more rural homes. Aligned to this it will look for opportunities to provide its specialist and locally sensitive management services to others. Positive promotion of rural development comes via LRHA's support of the Leicestershire Rural Housing Group and its strategic work to enable more homes for rural communities in the County.

During the year the comprehensive servicing arrangements with Midlands Rural Housing have continued. This arrangement has seen the Association's Business Plan objectives delivered and its reputation maintained whilst continuing to provide operating efficiencies and financial benefit.

The current environment is an increasingly challenging one for a small Association but the need for its services is clear. The Board of LRHA can see no reason why, with the support of partner organisations, it cannot achieve its aims and continue to be successful in future years.

Approach to Value for Money

LRHA is committed to being an effective and efficient social business, and achieving Value for Money (VfM) in its activities. The servicing arrangements in place with MRH, and the associated cost sharing with partner RHAs, ensure VfM is an intrinsic part of our operations. Existing VfM activities were analysed into the following themes:

- **Governance** – the Board are responsible for the overall approach to VfM and monitor and review management and servicing costs on an annual basis.
- **Resident involvement** – meaningful resident engagement has been developed, ensuring that the Association is accountable to and influenced by its customers.
- **Financial management** – effective financial planning and accurate financial information are essential in the delivery of VfM. Such information is regularly supplied and reviewed by the Board to ensure VfM in its activities.
- **Procurement** – VfM is a primary consideration in the procurement of any contracts. Cost sharing on key contracts remains a key aspect of the procurement approach.

LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED

ANNUAL REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2023

Value for Money in practice

During 2022/23 the Association implemented a number of activities to enhance its Value for Money objectives.

These included:

- i) An increase in staffing resources and time allocation which has had minimal impact on associated recharges.
- ii) Competitively procuring key elements of planned and cyclical maintenance services via emh Group to achieve cost efficiencies.
- iii) In conjunction with its RHA partners, management costs have been reviewed to more accurately reflect the time allocated to this activity, and ensure efficiency in service delivery over current business plan period.

Liability Insurance

The Association has taken out liability insurance on behalf of the members of the Board of Management.

Future Outlook

The Association acknowledges that the wider economy continues to be affected by economic uncertainty due to However, the Association has the resources to respond positively, and ensure that the viability of the business is maintained whilst delivering on its key aims and objectives. There will, however, be the need to balance maintenance investment, management costs and encouragement of the delivery of new homes.

It is recognised that the country's economic performance is uncertain and that the political landscape is subject to change.

On behalf of the Board of Management


Richard Mugglestone (Sep 27, 2023 16:18 GMT+1)

Richard Mugglestone

Secretary

22nd September 2023

LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED
STATEMENT OF BOARD'S RESPONSIBILITIES IN RESPECT OF THE BOARD'S REPORT AND
THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

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

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to 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 Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the association or to cease operations or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its 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 2022. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.


Christopher Lambert (Sep 28, 2023 11:13 GMT+1)

Mr Chris Lambert
Chair
22nd September 2023

LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO LEICESTERSHIRE RURAL HOUSING ASSOCIATION
LIMITED

For the year ended 31 March 2023

Opinion

We have audited the financial statements of Leicestershire Rural Housing Association Limited ("the Association") for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cashflows and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the state of the Association's affairs as at 31 March 2023 and of the income and expenditure of the Association for the year then ended; and
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The association's board has prepared the financial statements on the going concern basis as they do not intend to liquidate the association or to cease its operations, and as they have concluded that the association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Board's conclusions, we considered the inherent risks to the association's business model and analysed how those risks might affect the association's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Board's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the association's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the association will continue in operation.

LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO LEICESTERSHIRE RURAL HOUSING ASSOCIATION
LIMITED

For the year ended 31 March 2023

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Board as to the Association's high-level policies and procedures to prevent and detect fraud, and the Association's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the majority of revenue streams are routine transactions with non-complex recognition criteria.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the association-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included journals posted to unusual accounts.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with management (as required by auditing standards), and discussed with management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit

The potential effect of these laws and regulations on the financial statements varies considerably.

The association is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related Co-operative and Community Benefit Societies Act legislation) and requirements imposed by the Regulator for Social Housing and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO LEICESTERSHIRE RURAL HOUSING ASSOCIATION
LIMITED

For the year ended 31 March 2023

Fraud and breaches of laws and regulations – ability to detect (continued)

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Association's Board are responsible for the other information, which comprises the Report of the Board. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the report of the board;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Co-operative and Community Benefit Societies Act 2014.
-

Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

- the Association has not kept proper books of account; or
- the Association has not maintained a satisfactory system of control over its transactions; or
- the financial statements are not in agreement with the Association's books of account; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Board' responsibilities

As explained more fully in their statement set out on page 5, the Association's Board are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO LEICESTERSHIRE RURAL HOUSING ASSOCIATION
LIMITED

For the year ended 31 March 2023

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association those matters we are required to state to it 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 for our audit work, for this report, or for the opinions we have formed.



Victoria Sewell
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Suite 23
BLOCK
Royal William Yard
Plymouth
PL1 3RP

29 September 2023

LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

		2023	2022
	Note	£	£ (*restated)
Turnover	3	207,110	204,357
Operating costs	3	(230,698)	(125,927)
Operating (loss)/surplus	3	(23,588)	78,430
Movement in fair value of financial instruments		32,536	(25,525)
Surplus for the year	5	8,948	52,905
Total comprehensive income for the year		8,948	52,905

Turnover is derived from continuing activities.

*see note 15

LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Note	2023 £	2022 £ (*restated)
Current assets			
Trade and other debtors	9	92,927	108,477
Cash and cash equivalents		462,835	427,238
Total current assets		555,762	535,715
Creditors: amounts falling due within one year	10	(218,515)	(169,725)
Net current assets		337,247	365,990
Creditors: amounts falling due after one year	11	(4,091)	(41,782)
Net assets		333,156	324,208
Capital and reserves			
Called up share capital	13	10	10
Revenue reserves		333,146	324,198
Total funds		333,156	324,208

* see note 15

These financial statements were approved by the board of directors on 22 September 2023 and were signed on its behalf by:

Mr Chris Lambert

Chairman


Christopher Lambert (Sep 28, 2023 11:13 GMT+1)


Mrs Caroline Large

Board Member


Caroline Large (Sep 28, 2023 12:57 GMT+1)

Mr Richard Mugglestone

Secretary


Richard Mugglestone (Sep 27, 2023 16:18 GMT+1)

LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

	Called up share capital £	Revenue reserve £	Total equity £
Balance at 1 April 2022 (restated)	10	324,198	324,208
Total comprehensive income for the period			
Surplus for the year	-	8,948	8,948
Balance at 31 March 2023	10	333,146	333,156
Balance at 1 April 2021	10	271,293	271,303
Total comprehensive income for the period			
Surplus for the year (restated)	-	52,905	52,905
Balance at 31 March 2022 (restated)	10	324,198	324,208

* see note 15

LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED

STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £	2022 £
Cashflows from operating activities			
Operating (loss)/surplus for the year	3	(23,588)	78,430
<i>Adjustments for non-cash items:</i>			
Pensions costs less contributions payable	12	(40,292)	(5,540)
Decrease/(increase) in trade & other debtors		15,551	(83,018)
Increase in trade and other creditors		51,390	1,533
Net cash from operating activities		3,061	(8,595)
Cashflow from financing activities			
Interest paid		32,536	(25,525)
Net cash from financing activities		32,536	(25,525)
Net change in cash and cash equivalents		35,597	(8,595)
Cash and cash equivalents at start of period		427,238	435,833
Cash and cash equivalents at end of period		462,835	427,238

LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 LEGAL STATUS

The Association is incorporated under the Co-operative and Community Benefit Society Act 2014. The company registration number is IP29402R. It is seeking registration with The Regulator of Social Housing. Its principal place of business is Memorial House, Stenson Road, Coalville and it is a Public Benefit Entity.

2 PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The financial statements of the association are prepared in accordance with Financial Reporting Standard 102 - the applicable financial reporting standard in the UK and Republic of Ireland (FRS 102) and with reference to the Statement of Recommended Practice: Accounting by Registered Social Housing Providers Update 2018 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

The presentation currency of these financial statements is sterling.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed later in this note.

Measurement convention

The financial statements are prepared on historical cost basis.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Association prepares a 5 year business plan which is updated and approved on an annual basis. The most recent business plan was approved in May 2023 by the Board. As well as considering the impact of a number of scenarios on the business plan the Board also adopted a stress testing framework against the base plan.

The board, after reviewing the association budgets for 2023/24 and the association's medium term financial position as detailed in the 5-year business plan, is of the opinion that, taking account of severe but plausible downsides, the association has adequate resources to continue in business for the foreseeable future. In order to reach this conclusion, the Board have considered:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Going concern (continued)

- Maintenance costs – budget and business plan scenarios have been modelled to take account of cost increases and delays in maintenance expenditure, with major works being phased into future years;
- Rent and service charge receivable – arrears and bad debts have been increased to allow for customer difficulties in making payments and budget and business plan scenarios to take account of potential future reductions in rents;
- Liquidity – current available cash gives significant headroom for committed spend and other forecast cash flows that arise;
- The associations' ability to withstand other adverse scenarios such as higher number of void properties.

The board believe the Association has sufficient finance in place even in severe but plausible downside scenarios.

Consequently, the Directors are confident that the Association will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Classification of financial instruments by the Association

In accordance with FRS102.22, financial instruments issued by the Association are treated as equity only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Association to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Association; and
- b) where the instrument will or may be settled in the Association's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Association's own equity instruments or is a derivative that will be settled by the Association's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Basic financial instruments

Tenant arrears, trade and other debtors

Tenants arrears, trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised costs using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Trade and other creditors

Trade and other creditors are recognised initially at transaction price plus attributable costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Employee benefits

Defined benefit plans

The Pensions Trust Social Housing Pension Scheme

The association participates in The Pensions Trust Social Housing Pension Scheme via Joint Contracts of Employment with Midlands Rural Housing and Village Development Association Ltd (MRH) and three other rural housing associations. The entire assets and liabilities of this pension scheme is declared in the accounts of MRH.

The share of the liability for deficit contribution payments between the association and MRH are then declared in the associations accounts. Changes in the liability are charged to the Statement of Comprehensive Income and as Movement in fair value of financial instruments.

Termination benefits

Termination benefits are recognised when the Association is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Taxation

Tax on the profit or loss for the year comprises current tax.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustments to tax payable in respect of previous years.

Turnover

Turnover represents rental and service charge income receivable (net of void losses), fees receivable, proceeds from first tranche sales of low-cost home ownership and from properties developed for open market sales, and amortisation of Social Housing Grant (SHG) under the accrual model. Rental income is recognised on the execution of tenancy agreements. Proceeds on sale are recognised on practical completions. Other income is recognised as receivable on the delivery of the services provided.

Expenses

Operating Costs

Operating costs represent the costs and overheads associated with delivering the services rendered.

Operating leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable and unwinding of the discount on provisions. Borrowing costs that are directly attributable to the acquisition, construction or production of Housing Properties that take a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

Interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable are recognised in surplus as they accrue.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Key Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the financial reporting date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on the amounts recognised in the financial statements.

The recoverability of rent arrears and trade debtors

The estimate for rent arrears and trade debtors relates to the recoverability of the outstanding balances at the reporting date. For rental arrears experience shows that the longer a debt is outstanding the greater the likelihood that the debt will not be recovered in full. Based on this a provision for bad and doubtful arrears debts is estimated based on 50% of the value of current tenant arrears and 100% of former tenant arrears. Trade Debtors are reviewed on an individual balance basis and a provision created for bad and doubtful debts based on the on the age and likely recoverability of the debt.

Defined benefit pensions liabilities

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plan, such estimates are subject to significant uncertainty. Further details are given in Note 12.

The associations liability under the defined benefit scheme is its share of the deficit contribution payments arising under the plan. This creates a financial instrument for the association which is measured at fair value. This fair value is subject to an estimate of the discount rate.

Apportionment of Management Expenses

Direct administration and operating costs have been apportioned to the Income and Expenditure Account on the basis of actual expenditure incurred. Finance and administration costs are further apportioned on the basis of charges levied by the Managing Agents.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	Operating costs / Cost of Sales 2023 £		Turnover	Operating surplus	Operating costs / Cost of Sales 2022 £		Operating surplus
3 SOCIAL HOUSING							
Other social housing activities							
Managed properties	207,110	(230,698)	(23,588)	204,357	(125,927)	78,430	
	207,110	(230,698)	(23,588)	204,357	(125,927)	78,430	
Total social housing	207,110	(230,698)	(23,588)	204,357	(125,927)	78,430	
Operating (loss)/surplus			(23,588)			78,430	

LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	2023 Number	2022 Number
4 HOUSING STOCK		
Social housing accommodation		
Managed on behalf of other landlords	167	170
Total social housing managed	167	170
Total housing stock	167	170

	2023 £	2022 £
5 EXPENSES AND AUDITORS' REMUNERATION		

Included in profit are the following:

Auditor's remuneration:

Audit of these financial statements	5,695	4,150
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	2023 Number	2022 Number
6 STAFF NUMBERS AND COSTS		

The Association has entered into Joint Contracts of Employment with staff previously employed by Midlands Rural Housing and Village Development Association Limited (MRHA) as sole employer. Management and development services are provided under a management contract by MRHA.

The average number of persons employed by the Association during the year, analysed by category, was as follows:

Office staff	1	1
	1	1

	2023 £	2022 £
Payments to MRHA under the above contract during the year were as follows:		
Staff costs	48,378	47,144
Finance processing/accounting costs	44,036	(35,798)
Other recharges	7,319	5,552
	99,733	16,898

LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

7 BOARD MEMBERS

Nil remuneration was payable to members of the Board of Management during the period (2022: Nil)

The number of people serving on the Board during the year was 4 (2022: 5)

8 TAXATION

No liability to taxation arises on the Association in the current year.

	2023 £	2022 £
9 TRADE AND OTHER DEBTORS		
Current tenant arrears	5,626	15,044
Less provision for bad and doubtful debts	(3,671)	(4,369)
Former tenant arrears	230	7,389
Less provision for bad and doubtful debts	(230)	(7,389)
Trade debtors	33,761	35,438
Prepayments and accrued income	57,211	12,062
Other debtors	-	50,302
Total debtors	92,927	108,477

Due within one year	92,927	108,477
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10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Trade creditors	25,753	32,876
Rent received in advance	43,618	39,936
Accruals and deferred income	34,982	9,222
Taxation and social security	1,659	8,780
Other creditors	107,353	71,160
Pension deficit contributions (see note 12)	5,150	7,751
	218,515	169,725

11 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

Pension deficit contributions (* restated) (see note 12)	4,091	41,782
	4,091	41,782

* see note 15

LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

12 EMPLOYEE BENEFITS

The Pensions Trust - Social Housing Pension Scheme

As detailed in Note 6 employees are employed on Joint Contracts of Employment with Midlands Rural Housing and Village Development Association Limited (MRH). MRH participates in The Pensions Trust - Social Housing Pension Scheme. The entire assets and liabilities of this pension scheme is declared in the accounts of MRH.

A legal agreement is in place between the 5 entities involved in the joint contracts of employment which sets out how the pension costs of those jointly employed staff will be met by each entity. In line with this agreement the association therefore has a liability for its share of the deficit contribution payments arising under the plan. Under FRS102 Section 11 this creates a financial instrument between the association and MRH. This is separately declared within Note 10 - Creditors: amounts falling due within one year and Note 11 - Creditors: amounts falling due after one year, and is summarised below.

	2023	2022
	£	£ (*restated)
Total pension deficit contributions	9,241	49,533

* see note 15

13 SHARE CAPITAL

Share capital

Allotted, issued and fully paid at 1 April and 31 March	10	10
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At 31 March 2023, the Association had 10 ordinary shares (2022: 10) in issue, with each share having a nominal value of £1. The shares have no rights to dividends nor to any share of assets of the Association in the event of it ceasing to operate.

14 RELATED PARTIES

Board Members, Mr Reg Ward and Mr Chris Lambert, were also on the Board of Midlands Rural Housing and Village Development Association Limited.

Payments made during the year to Midlands Rural Housing and Village Development Association Limited on an arm's length basis in respect of staff costs, finance processing, accounting, development and other recharges are as disclosed in Note 6.

LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

15 PRIOR PERIOD ADJUSTMENT

For the year ended 31st March 2022 an adjustment to the fair value of the creditor with Midlands Rural Housing for the payments due under the pension deficit contributions was omitted from the accounts in the prior year. The amount was £25,525. Given the material nature of this adjustment the 2022 accounts have been restated to include this amount. This has impacted the following lines on the financial statements:

	<u>2022</u> <u>Restated</u>	<u>2022</u> <u>Original</u>	<u>Restatement</u>
<u>STATEMENT OF COMPREHENSIVE INCOME</u>			
Movement in fair value of financial instruments	(25,525)	-	(25,525)
Surplus before tax	52,905	78,430	(25,525)
Total comprehensive income for the year	52,905	78,430	(25,525)
<u>STATEMENT OF FINANCIAL POSITION</u>			
Creditors: amounts falling due after one year	(41,782)	(16,257)	(25,525)
Net Assets	324,208	349,733	(25,525)
Revenue reserves	324,198	349,723	(25,525)
Total funds	324,208	349,733	(25,525)
<u>STATEMENT OF CHANGES IN EQUITY</u>			
Surplus for the year	52,905	78,430	(25,525)
Balance at 31 March 2022	324,198	349,723	(25,525)

The notes to the accounts that have been impacted by this adjustment have also been restated.