

ORCHARD HOUSING SOCIETY LIMITED

Registered under the Co-operative and Community Benefit Societies Act 2014,  
Registration Number 16793R and the Housing and Regeneration Act 2008,  
Registration Number: L1322

REPORT AND FINANCIAL STATEMENTS

31st December 2022

ORCHARD HOUSING SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS - 31ST DECEMBER 2022

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ORCHARD HOUSING SOCIETY LIMITEDOFFICERS, PROFESSIONAL ADVISERS AND REGISTERED OFFICEManagement committee

The following persons served as management committee members since 1st January 2022:

## Elected

Ms J. Goodman (Chair)

Mrs. J. Morris (Secretary)

Mr. G. Cunnold

Mr. A. Brudney

Dr. T. J. V. Yates

Ms. L. Devic

Mr. A. Walker

## Co-opted

Mr S. Goschalk (Treasurer)

Ms. D. Bromley

Ms. A. Manenti (ceased attendance)

## Nominated

Mr M. Sparksman (Tenant Representative)

Ms. P Brydon (Tenant Representative)

Auditor

Griffin Stone Moscrop & Co  
21-27 Lamb's Conduit Street  
London WC1N 3GS

Solicitors

Batchelors Solicitors  
35 Widmore Road  
3GS Bromley  
Kent BR1 1RW

Bankers

Barclays Bank p.l.c.  
Golders Green Branch  
The Edgware Group  
126 Station Road  
Edgware  
Middlesex HA8 7RY

Registered office

1 The Orchard  
Hampstead Way  
London NW11 6YN

ORCHARD HOUSING SOCIETY LIMITEDREPORT OF THE MANAGEMENT COMMITTEE

The management committee is pleased to submit its report with the audited financial statements of the Society for the year ended 31st December 2022.

Principal activity

The principal activity of the Society continues to be the provision of sheltered housing for elderly persons in Hampstead Garden Suburb in accordance with the Society's rules.

Status

The Society is a registered society under the Co-operative and Community Benefit Societies Act 2014 (Number 16793R) and is registered with the Homes and Communities Agency as a Registered Provider of Social Housing (Number L1322). It is an exempt charity within the meaning of the Charities Act 2011 and is not required to register with the Charity Commission. The Society is governed by its rules.

Results

As shown on page 9, the financial statements show a deficit of £210,619 compared with a surplus of £171,325 in 2021. Rental charges at £452,442 (2021: £451,127) and void losses at £9,987 (2021: £9,647) remained consistent with 2021. The Society continued to carry out renovations to empty flats as they arose to ensure a high standard is maintained. The operating costs increased from £401,934 in 2021 to £580,794 in 2022, as a result of the first phases of the repairs of all external doors and windows that cost £100,935 and overall cost increases in the costs particularly other repairs, temporary staff and legal and professional costs. The Society's liquid resources invested in low-risk investments showed an unrealised loss of £80,072 against an unrealised gain of £131,791 in 2021. These investments have recovered about 50% of this unrealised loss so far this year.

At 31st December 2022 bank and cash balances amounted to £201,815 compared with £431,451 at 31st December 2021. The management committee regards the state of affairs of the Society as satisfactory.

The management committee regularly reviews the performance of the Society's investments.

Premises

Repairs and maintenance expenditure amounted to £265,112, an increase from just over £125,000 compared with 2021, and, as mentioned above, included over £100,000 in the first phases of the major repair campaign of repairing or in the worst cases replacing external doors and windows and associated woodwork. This campaign is continuing in 2023 and further expenditure of some £125,000 is expected.

During 2022 major structural work was undertaken to underpin areas of the buildings where substantial subsidence was taking place. This work cost a total of £138,281 and a further £3,500 retention is being held to cover defects and will be payable in November 2023. These costs have been capitalised and added to the Housing Property fixed asset and will be depreciated over the balance of the term of the lease.

It is noted by the management committee that the property lease expires in March 2067.

In the opinion of the management committee the current open market value of the Society's housing property exceeds its book value, but, in the absence of a professional valuation, the management committee is unable to quantify the excess.

Tenants

During the year 7 tenancies were terminated as a result of tenants passing away or moving out and 9 new ones started, there being two vacancies occurring in 2021 that were not filled until 2022.

Administration

Ms. Amanda Peters, Ms. Beatrice Boussard and one other member of staff were employed through the year. Ms Boussard resigned in January 2023 and her position is currently being filled by contract staff. The management committee expresses its thanks and gratitude for their continued work during the year.

Efforts continued to be made to strengthen the Management Committee. Ms Lily Devic and Ms Jane Goodman joined the Committee at the 2022 AGM. Ms Diana Bromley and Mr Stephen Goschalk were co-opted during 2022.

The Chairman of the Management Committee, Mr Allan Jones, resigned due to ill health at the end of the year. He had been ill for some time and Mr Graham Cunnold had stepped in during his absence. Ms Jane Goodman was appointed Chair in January 2023.

Mr Graham Cunnold acted as Treasurer throughout the year. He has since stepped down as Treasurer and Mr Stephen Goschalk was appointed in September last year.

The Committee would like to thank and express its gratitude to Mr Jones and Mr Cunnold for their services in the positions of Chairmen and Treasurer.

Continued.....

ORCHARD HOUSING SOCIETY LIMITEDREPORT OF THE MANAGEMENT COMMITTEE (Continued)Principal risks and uncertainties

The management committee has assessed the major risks to which the Society is exposed, in particular those related to its operations and finances, and is satisfied that systems and procedures are in place to mitigate the Society's exposure thereto.

All buildings are fully insured, other than for a subsidence exclusion, and regular fire risk inspections are held. Adequate public and employer liability insurance is in place. Health and safety guidelines are strictly adhered to, and procedures are in place relating to the protection of vulnerable adults. Important documents and valuables are kept securely. Minimal cash is held on the premises, and any significant amounts of cash received is banked as soon as possible. Computer data is backed up regularly.

The increasing regulation of housing societies, requirements for energy efficiency together with the age of the buildings will result in increased costs both in operations and in the need for major works. This risk is offset partially by the possible availability of grants and other support for increasing energy efficiency.

A concern is that the flats are small and may become less attractive to prospective tenants, and any consequent increase in voids would make it difficult to maintain the Society's necessary income stream. However, there remains continuing interest from prospective tenants in the flats and a healthy waiting list is maintained.

One significant risk to the Society's long term operations is the length of the lease remaining on the property. The management committee is considering options as regards possible enfranchisement to extend the lease. Government statements about possible legislation that would assist in this process and reduce its costs indicate that this may be a feasible course of action.

Measures used by the management committee as key performance indicators for management purposes

The management committee considers the occupancy rate of the Society's housing property, which comprises 61 flats, to be of paramount importance, as this shows how well the Society is doing in achieving its aim of providing sheltered housing. It also gives an indication of the underlying demand for the Society's sheltered housing. The committee is glad to report that, generally, the flats were fully occupied throughout the period. Void losses (a little over 2% of rental income) arising from unfortunate circumstances such as the death of a tenant.

A record is kept of any complaints made by tenants relating to, amongst other things, the state of the premises. These are duly considered by the management committee and appropriate action is taken.

Future developments and influences on future performance

Work has taken place and is planned during 2023 to address a number of major issues with the buildings. As mentioned above the work to repair external doors and windows is continuing and will be completed by the end of summer 2023.

Work on the car park has been completed in the first part of 2023 at a cost of some £45,000.

Work on replacing all internal front doors on the flats with fireproof doors and door surrounds will also be carried out in 2023. This work will be in two phases - the first in areas not affected by subsidence in mid-2023 and the second in areas which were affected by subsidence towards the end of 2023 when the underpinning should have fully set so that no further movement of the building will be occurring.

Management will be moving forward on developing a plan to replace the existing heating and hot water systems that have reached the end of their operational life. An initial study has identified a number of possibilities and further work to assess capital costs, operating costs and availability of external finance will be undertaken. It is expected that work may commence in 2023 but it is the intention that a plan for this work will be completed in 2023 and may be scheduled for 2024 to avoid having any loss of heat during the winter.

Following the completion of the underpinning and the stopping of further movement of the buildings work will be carried out on the roofs. Surveys are planned to assess the state of the roofs and the options available.

The capital required for these major works will come partially from the society's reserves but plans to seek external support will be drawn up. Whilst these major works, other than the repairs to external doors and windows, will be capitalised and depreciated over at least 10 years this depreciation charge will represent a significant impact on the total operating costs.

The need to meet increasing regulatory requirements and the need to split the operational management from the management committee members will increase the operating costs as more staff will be required.

Continued.....

ORCHARD HOUSING SOCIETY LIMITEDREPORT OF THE MANAGEMENT COMMITTEE (Continued)Compliance with the Governance and Financial Viability Standard

The management committee confirms that the Society continues to comply with the Governance and Financial Viability Standard.

Governance

The Society is governed by its management committee. The management committee meets regularly in order to review the Society's activities and performance and to consider and, where appropriate, update the Society's policies, plans and procedures in accordance with current best practice.

During 2022 certain of the management committee members liaised with the managers on a regular basis so as to direct their day to day activities to ensure that the Society functioned smoothly and efficiently and for the exchange of information. They also made themselves available at other times so that the managers could obtain advice, assistance and guidance whenever necessary.

The management committee has adopted the National Housing Federation's 2020 Code of Governance and the management committee expects to be fully compliant during 2023. In 2023 a part-time Chief Executive, Mr Stephen Jacobs, was appointed and steps are in progress to hand over all day-to-day management and operational control to staff and separate the management committee from executive actions in compliance with the regulatory guidelines.

Value for Money Standard

The management committee members acknowledge their responsibilities under the April 2018 Value for Money Standard, and confirm that procedures are in place to ensure compliance therewith.

Such procedures include, but are not restricted to, regularly appraising options for improving performance and considering alternative commercial, organisational and delivery structures. Each service provider is benchmarked against possible alternatives to ensure that the required quality of service is being obtained at a competitive price.

The Society has considered the seven Value for Money metrics set by the regulator. Of the seven metrics, four metrics are not applicable as the Society has not made any reinvestment nor delivered any new homes and has no borrowings.

Of the Value for Money metrics applicable to the Society, the results are as follows:

	<u>Actual</u>		<u>Benchmark <sup>*1</sup></u>	
	2022	2021	2022	2021
Headline social housing cost with support for the elderly per unit	£9,446	£6,514	£5,770	£5,500
Operating margin (social lettings only)	-28.5%	8.1%	20.3%	23.7%
Operating margin (overall)	-29.5%	9.1%	15.0%	19.4%
Return on capital employed	-14.2%	2.4%	2.2%	2.1%

The negative actual results arise due to the deficit for 2022 against a surplus for 2021. As detailed above the primary cause for the deficit was the substantial expenditure on required repairs of external doors and windows and the unrealised loss on the investment assets. It is considered likely that a deficit will also occur in 2023 due to the further work on external doors and windows which may be partially offset by unrealised gains on the investment assets, if the current performance continues.

\*1 - Benchmark figures have been taken from the "Value for money metrics report - annex to Global Accounts" for the relevant year. The benchmark for the headline social housing cost metric was taken from the cost factor quoted for supported housing and housing for older people sub-group. The benchmarks for the remaining three metrics were taken from regional analysis for London.

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ORCHARD HOUSING SOCIETY LIMITEDREPORT OF THE MANAGEMENT COMMITTEE (Continued)Equality of opportunity, diversity and inclusion

All prospective staff and tenants complete an Equality and Diversity (EDI) form, and this will be included in the appointment process for future committee members. An anonymised analysis of the information provided by tenants has revealed that the Society's tenants are largely representative of those that live in Barnet.

Committee members

All elected and nominated committee members own one share of £1 in the Society.

Statement of management committee members' responsibilities

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the management committee members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Society and of its income and expenditure for that period. In preparing those financial statements, the management committee members are 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 Society will continue in business.


The management committee members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Society and enable them 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 2019. They have a general responsibility for taking reasonable steps to safeguard the assets of the Society and to prevent and detect fraud and other irregularities.

Statement of disclosure of information to the auditor

We, the management committee members of the Society who held office at the date of approval of these financial statements as set out on page 1, each confirm, so far as we are aware, that:

- there is no relevant audit information of which the Society's auditor is unaware; and
- we have taken all the steps that we ought to have taken as management committee members in order to make ourselves aware of any relevant audit information and to establish that the Society's auditor is aware of that information.

Signed on behalf of the management committee.



J. GOODMAN

CHAIR

26th May 2023

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORCHARD HOUSING SOCIETY LIMITED

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### Opinion

We have audited the financial statements of Orchard Housing Society Limited (the "Society") for the year ended 31st December 2022 which comprise the statement of comprehensive income (including the income and expenditure account), the balance sheet, the cash flow statement and notes to the financial statements, including 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 Society's affairs as at 31st December 2021, 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 Society 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 management committee'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 Society'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 management committee with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the report of the management committee, other than the financial statements and our auditor's report thereon. The management committee is responsible for the other information contained within the report of the management committee. 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORCHARD HOUSING SOCIETY LIMITED  
(Continued)

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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 Society 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 statement of comprehensive income, any other statements to which our report relates, and the balance sheet are not in agreement with the Society's books of account; or
- we have not received all the information and explanations necessary for the purposes of our audit.

Responsibilities of the management committee

As explained more fully in the management committee's responsibilities statement set out on page 5, the management committee 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 it determines 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 management committee is responsible for assessing the Society'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 management committee either intends to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- carrying out substantive checking to supporting documents on a sample basis of individual transactions within income and expenditure to give comfort that on a sample basis the statement of comprehensive income does not contain any irregular items;
- carrying out walk-through testing to verify that the Society's accounting systems and controls are being implemented as designed;
- verifying the existence on a sample basis of individual employees on the payroll; and
- verifying that material balances within the balance sheet are supported by third party evidence to confirm the existence and valuation of those balances at the balance sheet date.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORCHARD HOUSING SOCIETY LIMITED  
(Continued)

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Auditor's responsibilities for the audit of the financial statements (Continued)

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management committee.
- Conclude on the appropriateness of the management committee members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation (ie. gives a true and fair view).

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the Society'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 Society'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 Society and the Society's members, as a body, for our audit work, for this report, or for the opinions we have formed.

*Griffin Stone Moscrop & Co.*

GRIFFIN STONE MOSCROP & CO  
CHARTERED ACCOUNTANTS  
STATUTORY AUDITOR

21-27 Lamb's Conduit Street  
London WC1N 3GS  
26th May 2023

ORCHARD HOUSING SOCIETY LIMITEDSTATEMENT OF COMPREHENSIVE INCOME (including the Income and Expenditure Account)

<u>FOR THE YEAR ENDED:</u>		<u>31ST DECEMBER 2022</u>	<u>2021</u>
Turnover	<u>Note</u> 1h)		
Rents receivable		231,696	226,511
Services and heating (excluding water rates apportioned to tenants)		220,746	224,616
		<hr/> 452,442	<hr/> 451,127
Void losses		(9,987)	(9,647)
Doubtful debt		-	(4,295)
		<hr/> 442,455	<hr/> 437,185
Laundry receipts		2,984	3,451
Guest room receipts		4,463	924
Donations and sundry income		321	86
		<hr/> 450,223	<hr/> 441,646
Operating costs			
Direct property management costs		503,431	350,227
Administrative costs		72,800	47,144
		<hr/> 576,231	<hr/> 397,371
Depreciation of housing property	1e)	4,563	4,563
		<hr/> 580,794	<hr/> 401,934
Operating (deficit)/surplus		(130,571)	39,712
Unrealised (loss)/gain on investment		(80,072)	131,791
Interest receivable on bank deposits		283	16
Bank charges (net)		(259)	(194)
		<hr/> (210,619)	<hr/> 171,325
(Deficit)/surplus on ordinary activities for the year before taxation		-	-
Taxation		<hr/> -	<hr/> -
Total comprehensive income for the year	10	(210,619)	171,325
Balance, 1st January 2022, brought forward	10	1,691,730	1,520,405
Balance, 31st December 2022, carried forward	10	£ 1,481,111	£ 1,691,730

The only recognised loss is the loss for the year of £210,619.

There is no difference between the reported deficit for the year and historical cost surpluses or deficits.

The results relate wholly to continuing activities.

Approved by the management committee and authorised for issue on 26th May 2023.

Signed on behalf of the management committee.

J. GOODMAN	<i>Jane Goodman</i>	)	CHAIR
J. MORRIS	<i>Jos. ph. de Morris</i>	)	SECRETARY
S. GOSCHALK	<i>S. Goschalk</i>	)	TREASURER

The attached notes form part of these financial statements.

ORCHARD HOUSING SOCIETY LIMITED

<u>BALANCE SHEET</u>		<u>31ST DECEMBER 2022</u>	<u>2021</u>
	<u>Note</u>		
Fixed assets			
Tangible fixed assets			
Housing property	4	339,064	205,346
Other	5	169,762	191,795
Investment	6	809,762	889,834
		<hr/>	<hr/>
		1,318,588	1,286,975
Current assets			
Debtors	7	14,932	27,624
Cash at bank and in hand		201,815	431,451
		<hr/>	<hr/>
		216,747	459,075
Creditors: amounts falling due within one year	8	54,197	54,296
		<hr/>	<hr/>
Net current assets		162,550	404,779
		<hr/>	<hr/>
Total assets less current liabilities		£ 1,481,138	1,691,754
		<hr/> <hr/>	<hr/> <hr/>
Share capital	9	27	24
Revenue reserve	10	1,481,111	1,691,730
		<hr/>	<hr/>
		£ 1,481,138	1,691,754
		<hr/> <hr/>	<hr/> <hr/>

Approved by the management committee and authorised for issue on 26th May 2023.

Signed on behalf of the management committee.

	)	
	)	
J. GOODMAN	<i>Jane Goodman</i> )	CHAIR
	)	
	)	
J. MORRIS	<i>Josephine Morris</i> )	SECRETARY
	)	
	)	
S. GOSCHALK	<i>S Goschalk</i> )	TREASURER

The attached notes form part of these financial statements.

ORCHARD HOUSING SOCIETY LIMITEDSTATEMENT OF CASH FLOWS

	<u>2022</u>		<u>2021</u>
Cash flow from operating activities (see below)	(91,641)		34,560
Cash flow from investing activities			
Payments to acquire tangible fixed assets	(138,281)		(56,573)
Interest received	283		16
Net cash flow from investing activities	(137,998)		(56,557)
Cash flow from financing activities			
Shares issued/(cancelled)	3		(2)
Net cash flow from financing activities	3		(2)
Net decrease in cash and cash equivalents	(229,636)		(21,999)
Cash and cash equivalents at 1st January 2022	431,451		453,450
Cash and cash equivalents at 31st December 2022	£ 201,815		431,451
Reconciliation of operating surplus to cash flow from operating activities			
(Deficit)/surplus for the year before taxation	(210,619)		171,325
Unrealised loss/(gain) on investment	80,072		(131,791)
Interest received shown in investing activities	(283)		(16)
Depreciation of tangible fixed assets	26,596		26,208
Decrease/(increase) in debtors	12,692		(19,612)
(Decrease)/increase in creditors	(99)		(11,554)
Cash flow from operating activities	£ (91,641)		34,560
Analysis of net funds			
	At 1st		At 31st
	January 2022	Movement	December 2022
Cash at bank and in hand	299,956	(229,919)	70,037
Deposits	131,495	283	131,778
	£ 431,451	(229,636)	201,815

ORCHARD HOUSING SOCIETY LIMITEDNOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 20221. Summary of significant accounting policies

The Society is a private registered provider of social housing in the UK and is a public benefit entity as defined by Financial Reporting Standard 102. The registered office address is given on page 1 of these financial statements. The Society's principal activity is disclosed on page 2.

a) 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 2018 update of the 2014 edition of the Statement of Recommended Practice for registered social housing providers (effective 1 January 2019), and with the Accounting Direction for Private Registered Providers of Social Housing 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 to include certain items at fair value.

The financial statements are prepared in sterling, which is the functional currency of the Society, and are rounded to the nearest £1.

b) Tangible fixed assets - housing property

Housing property is stated at cost less any provision for impairment (representing a diminution in the recoverable service potential of the asset below its carrying value in the balance sheet) less accumulated depreciation (see Note 1e)). Cost comprises the purchase price and construction costs, together with incidental costs of acquisition, including interest payable, and expenditure incurred in respect of improvements. Interest payable is capitalised by applying the Society's cost of borrowing to expenditure during the construction of the property up to the date of practical completion.

Improvements are works to existing property which result in an increase in the net rental income or a reduction in maintenance costs.

c) Tangible fixed assets - other

Other tangible fixed assets are stated at cost less accumulated depreciation (see note 1e)), except for an individual asset costing £1,000 or less, which is generally written off to the statement of comprehensive income as incurred.

d) Social Housing Grants

Social Housing Grants relating to assets are included in deferred income within creditors and are recognised in income on a systematic basis over the expected useful life of the assets concerned.

e) Depreciation

The long leasehold housing property is being depreciated on the straight line basis over the remaining period of the lease. The lease expires in March 2067. The lift installation was depreciated on the straight line basis over its expected useful working life of 20 years.

Depreciation is provided on the straight line basis, on plant and machinery at the rate of 10% per annum, on office and other equipment at the rate 33 $\frac{1}{3}$ % per annum and on fixtures and fittings at the rate of 20% per annum, so as to write off the cost of the assets over their estimated useful working lives. The estimated useful working lives are reviewed annually.

ORCHARD HOUSING SOCIETY LIMITEDNOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2022 (Continued)1. Accounting policies (continued)f) Impairment

Housing property is considered for impairment annually, and detailed impairment reviews of all tangible fixed assets are carried out if there is an indication that impairment has occurred.

g) Investments

Investments are recognised initially at fair value, which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value through the statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably. Other investments are measured at cost less impairment.

h) Turnover

Turnover represents rental and service charges income receivable in the year net of rent and service charge losses from voids and are included in the financial statements in the period to which they relate. Housing Related Support (previously Supporting People) income is included in rents receivable.

A legacy is included in income when the personal representative of the estate has given notice to the Society that payment of the legacy will be made and its amount can be measured with sufficient reliability. Donations are included in income when received.

All other income is included in the financial statements in the period to which it relates.

i) Major and cyclical repairs and maintenance

The Society has established a regular programme of cyclical repairs and maintenance. Costs are charged to the statement of comprehensive income in the year in which they are incurred. Total repairs and maintenance costs incurred during the year amounted to £265,112 (2021 - £139,642).

j) Pension contributions

The Society makes contributions to a pension fund for two of its employees. The payments, which are a fixed percentage of the employee's gross salary, are charged to the income and expenditure account as incurred.

k) Taxation

As an exempt charity the Society is generally not liable to taxation on its surplus or capital gains. It is not, however, exempt from value added tax. Irrecoverable value added tax is included in the cost of those items to which it relates.

l) Financial instruments

The Society only has financial assets and financial liabilities of a kind that qualifies as basic financial instruments. Basic financial instruments (including debtors and creditors) are initially recognised at transaction value and subsequently measured at their settlement value.

ORCHARD HOUSING SOCIETY LIMITEDNOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2022 (Continued)1. Accounting policies (continued)m) Operating leases

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

n) Going concern

After making appropriate enquiries, the management committee members have a reasonable expectation that the Society has adequate resources to continue in operational existence for the next twelve months. For this reason they continue to adopt the going concern basis in preparing the financial statements.



ORCHARD HOUSING SOCIETY LIMITEDNOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2022 (Continued)2. Staff costs and payments to committee members and officers

a) Staff costs during the year comprised:	<u>2022</u>	<u>2021</u>
Salaries	83,192	83,979
Social security costs	3,805	4,137
Other pension costs	910	1,028
	<u>£ 87,907</u>	<u>89,144</u>

No employee received remuneration in excess of £60,000 (2021 - the same).

The average monthly number of employees of the Society during the year was 3 (2021 - the same), none (2021 - 1) of whom were part-time.

b) No fee or remuneration is paid to any committee member or officer, those persons being the Society's key personnel. During the period, no expenses were reimbursed to any members of the management committee (2021 - the same).

3. Auditor's remuneration

Total remuneration of the auditor (including out of pocket expenses and VAT) for the year was £24,684 (2021 - £27,030). Of this amount, £5,880 (2021 - £5,600) (including VAT) was in respect of auditing services.

4. <u>Tangible fixed assets - housing property</u>	<u>2022</u>	<u>2021</u>
Long leasehold - The Orchard		
Cost		
At 1st January 2022	415,591	415,591
Additional expenditure	138,281	-
At 31st December 2022	<u>553,872</u>	<u>415,591</u>
<u>Deduct:</u>		
Depreciation		
At 1st January 2022	210,245	205,682
Charge for the year	4,563	4,563
At 31st December 2022	<u>214,808</u>	<u>210,245</u>
Net book value		
At 31st December 2022	<u>£ 339,064</u>	<u>205,346</u>

ORCHARD HOUSING SOCIETY LIMITEDNOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2022 (Continued)

5. <u>Other tangible fixed assets</u>	<u>Plant and machinery</u>	<u>Office and other equipment</u>	<u>Fixtures and fittings</u>	<u>Total</u>
Cost				
At 1st January 2022	212,568	23,621	3,885	240,074
Additions	-	-	-	-
Disposals	-	-	-	-
At 31st December 2022	<u>212,568</u>	<u>23,621</u>	<u>3,885</u>	<u>240,074</u>
Depreciation				
At 1st January 2022	23,028	22,542	2,709	48,279
Charge for the year	21,257	462	314	22,033
Disposals	-	-	-	-
At 31st December 2022	<u>44,285</u>	<u>23,004</u>	<u>3,023</u>	<u>70,312</u>
Net book value				
At 31st December 2022	£ 168,283	617	862	169,762
At 31st December 2021	<u>£ 189,540</u>	<u>1,079</u>	<u>1,176</u>	<u>191,795</u>

6. <u>Investment</u>	<u>2022</u>	<u>2021</u>
Market value at 1st January 2022	889,834	758,043
Unrealised (loss)/gain	(80,072)	131,791
Market value at 31st December 2022	£ <u>809,762</u>	<u>889,834</u>
Historical cost at 31st December 2022	£ <u>450,000</u>	<u>450,000</u>

The investment relates to 3,669.08 (2021 - the same) accumulation units in the COIF Charity Funds Investment Fund.

7. <u>Debtors</u>	<u>2022</u>	<u>2021</u>
Arrears of rent and service charges	3,074	2,490
Prepayments	11,858	25,134
	£ <u>14,932</u>	<u>27,624</u>

All of the above are receivable within one year of the balance sheet date.

8. <u>Creditors: amounts falling due within one year</u>	<u>2022</u>	<u>2021</u>
Rent and service charges received in advance	290	14
Other creditors and accruals	53,907	54,282
	£ <u>54,197</u>	<u>54,296</u>

ORCHARD HOUSING SOCIETY LIMITEDNOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2022 (Continued)

9. <u>Share capital</u>	<u>2022</u>	<u>2021</u>
Issued, called up and fully paid		
At 1st January 2022	24	26
Shares issued/(cancelled) during the year	3	(2)
	<hr/>	<hr/>
At 31st December 2022	<u>27</u>	<u>24</u>

The shares do not carry rights to any dividends, nor to a distribution in the event of a winding-up of the Society, and they are not redeemable. Each share carries one vote in a general meeting of the Society.

10. <u>Revenue reserve</u>	<u>2022</u>	<u>2021</u>
At 1st January 2022	1,691,730	1,520,405
Total comprehensive income for the year	(210,619)	171,325
	<hr/>	<hr/>
At 31st December 2022	<u>£ 1,481,111</u>	<u>1,691,730</u>

11. Units

Throughout the year ended 31st December 2022 the Society owned and managed 61 units of social housing, all providing sheltered housing for elderly persons.

12. Contingent liability

The Society's lifts installation was financed by a Social Housing Grant totalling £101,275. The Social Housing Grant becomes repayable under certain circumstances, primarily the disposal of the Society's housing property, at which point the liability will be a subordinated debt. However, the management committee considers it unlikely that the Society will ever incur such a liability.

13. Capital commitment

At 31 December 2022 the Society had entered into a contract to renovate the car park at The Orchard and preliminary building works had commenced.

ORCHARD HOUSING SOCIETY LIMITEDSTATEMENT OF OPERATING COSTSFOR THE YEAR ENDED 31ST DECEMBER 2022

<u>2021</u> <u>Total</u>		<u>2022</u> <u>Total</u>	<u>Direct property</u> <u>management costs</u>	<u>Administrative</u> <u>costs</u>
	Employee costs			
89,144	Management and administration staff	87,907	87,907	-
10,329	Temporary staff and telecare costs	29,573	29,573	-
	Estate costs			
26,699	Insurance	31,514	31,514	-
24,548	Garden maintenance	27,753	27,753	-
39,852	Heating and lighting	39,815	39,815	-
139,642	Repairs and maintenance	265,112	265,112	-
500	Ground rent	500	500	-
19,513	Depreciation of plant and machinery	21,257	21,257	-
	Office and other overheads			
1,750	Telephone and internet costs	11,668	-	11,668
27,030	Audit, accountancy, bookkeeping, etc	24,684	-	24,684
7,224	Legal and professional fees	26,640	-	26,640
1,247	Printing, postage and stationery	1,600	-	1,600
1,467	Computer expenses	1,595	-	1,595
2,071	Subscriptions	2,257	-	2,257
4,223	Sundry expenses	3,580	-	3,580
2,132	Depreciation of office and other equipment and fixtures and fittings	776	-	776
<u>£ 397,371</u>	<u>Total operating costs</u>	<u>£ 576,231</u>	<u>503,431</u>	<u>72,800</u>

This page does not form part of the statutory financial statements.