

Norwich Housing Society Limited

**Company Number: IP11676R
Registered Social Landlord number: L1405**

Audited Financial Statements

For the year ended 31 October 2022

Norwich Housing Society Limited

Year ended 31 October 2022

Contents	Page
Reference and Administrative Details	1
Report of the Chairman	2 - 3
Report of the Board of Management	4 - 7
Independent Auditor's Report to the Members	8 - 10
Statement of Comprehensive Income	11
Statement of Financial Position	12
Statement of Changes in Equity / Reserves	13
Statement of Cash Flows	14
Notes to the Annual Report and Financial Statements	15 - 27

Norwich Housing Society Limited

For the year ended 31 October 2022

The Board of Management submit their annual Report and Financial Statements for the year ended 31 October 2022.

Reference and Administrative Details

Homes and Communities Agency
Registration Number:

L1405

Company Registration Number:

IP11676R

Board of Management:

J Boon (Chairman from 15 March 2022, Vice Chairman to 15 March 2022)
G Tewson (Vice Chairman from 15 March 2022)
C Sangster – Chairman (resigned 15 March 2022)
J Kidd
G Sargent
W Taylor
G Davis (resigned 15 March 2022)
M Land (resigned 26 April 2022)
D Driscoll (co-opted 7 June 2022)
K Lucas (co-opted 7 June 2022)
M Yaman (co-opted 28 July 2022)

Registered Office:

13 Bracondale
Norwich
Norfolk
NR1 2AL

Chief Executive:

T Pinder (to 25 November 2021)
P Kingston (interim from 15 November 2021 to 21 March 2022)
J Newstead (from 21 March 2022)

Property Services Manager:

A Broom

Bankers:

HSBC	Lloyds Plc
18 London Street	3 rd Floor
Norwich	25 Gresham Street
NR2 1LG	London
	EC2V 7HN

The Charity Bank Limited
182 High Street
Tonbridge
Kent
TN9 1BE

Solicitors:

Spire Solicitors LLP
38 Prince of Wales Road
Norwich
NR1 1HZ

Auditor:

Lovewell Blake LLP
Bankside 300
Peachman Way
Broadland Business Park
Norwich
NR7 0LB

Norwich Housing Society Limited

Report of the Chairman

For the year ended 31 October 2022

Firstly, I would like to thank Carol Sangster, our outgoing Chairman, who gave so many years of dedication to the Society, through good times and bad. Her last year as Chair was particularly difficult as it included the discovery that we had been overcharging social rents on several schemes for some years; the departure of 3 Chief Executives, and the legacy of Covid-19.

Having already served 8 years on the Board, mostly as Vice Chairman, I had only one year left of my 9-years as Chairman. I therefore tried to focus on 10 specific objectives to hand on the Society with a confident and healthy future:

1. Establish stability:

Following the resignation of Tim Pinder, Paul Kingston was appointed as temporary CEO. We are grateful to Paul for his calm and steady hand, and for paving the way for the appointment of our permanent CEO, John Newstead. John has settled in well to the role, bringing management stability to the organisation, and establishing effective staff communication - my thanks to all the staff who stayed with us despite the uncertain times, and continued throughout to provide our trademark excellent and personalised services to our tenants.

Following the ending of Covid-19 space restrictions, the Bracondale office has been re-organised to restore the ground floor meeting room, re-plan the open plan ground floor office, and re-locate the property team into a dedicated team office upstairs.

2. Complete the rent repayment process:

We needed to raise extra finance to cover the rent repayments; fortunately, our borrowings were low and securities high, so with the expert help of Maurice Land and Bill Taylor (Chairman of the Finance and Governance Sub-Committee) the necessary loan was obtained. We maintained regular communication with the Social Housing Regulator who were satisfied with our proactive approach to resolving the issue. The repayments to current tenants are progressing on schedule and the project will be concluded with final payments to former tenants.

3. Strengthen the Board:

Several Board members reached the end of their term or decided to step down during the year, including Maurice Land and Glyn Davies, to whom I give my thanks. It was therefore essential to bring new members onto the Board with the appropriate range of skills and experience; the combination of existing contacts and advertising has been extraordinarily successful in sourcing some excellent candidates; we co-opted 3 new members during the year - David Driscoll, Mehmet Yaman and Kayleigh Lucas - and will be co-opting a further 4 before the AGM, all with extensive financial, housing and governance experience (David Clarke, Chris Hancock, Steven Mitchell and Katherine Russell).

4. Complete the new development at Bluebell Road:

The building contract started just before Covid-19 hit, so the build was affected by labour and material shortages. However, the first phase was completed in September 2022 and we anticipate that the second phase will be handed over in November 2022. The development provides 8 units in total – 4 single storey new-build units and 4 flats within the extended original house (owned by Stuart Court), and a Common Room which will also serve Leander Court. Our thanks go to E N Suiter (Building Contractors), and Norwich City Council who provided a generous grant from their Right-to-Buy fund.

5. Chairman handover:

I am delighted that David Driscoll has agreed to take over from me as Chairman of the Board. David has spent over 20 years at senior level in the private Retirement housing and care sector. I'm pleased that Gill Tewson will continue to support him as Vice Chairman.

6. Maintain our properties to the highest standards:

My particular thanks go to Andy Broom, our Property Services Manager, for his tireless work in maintaining and improving our properties. Currently flat refurbishment takes place when a property becomes vacant, which gives an unpredictable base for budgeting and programming. Important first steps have been taken towards establishing an online Property Database; ultimately, I hope this will inform a 25-year Stock Condition Survey, so work can be planned and funded in advance with associated benefits in efficiency.

7. Consider the environment and climate change:

Spiralling energy costs have contributed to a cost-of-living crisis this year. We have launched an Environmental and Sustainability Policy, which includes Key Performance Indicators to measure the energy efficiency and environmental quality of our stock.

8. Achieve Board excellence:

The 2020 Code of Governance, issued by the National Housing Federation, is designed to help housing associations achieve the highest standards of governance. We have produced an Action Plan to ensure we continue to comply with these standards, including a regular cycle of internal and external audits, and Risk Matrix reviews.

9. Support our tenants:

The Scheme Managers continue to provide support and assistance to our tenants, and now take an active role on the Operations Sub-Committee. Over the year the Sub-Committee has, among other things, produced a Mobility Scooter Policy, reviewed allocations procedures and updated the Tenants' Handbook.

We are looking to increase tenant involvement in the Society, and have started the ball rolling by agreeing a tenant involvement structure whereby we will invite expressions of interest for a representative from each scheme to form a Tenants Group. A spokesperson from that Group would be appointed to initially join the Operations Sub-Committee, and hopefully in due course, the Board.

10. Look to the future:

Board members have attended two Away-Days to agree our new 5-year plan which will run from this year to 2028. It will act as a clear template for the Society's future, based on strong finances, maintaining the highest standard of properties balanced with new development opportunities, and excellent quality of services to our tenants.

It has been an honour to serve as Chairman, and I wish the Society success for its future in these increasingly challenging times. I have every confidence that the new Chairman and Board will continue to uphold the ideals of the Society, to provide housing and support to the elderly in need.

Jon Boon
Chairman of the Board

Date

31 January 2023

Norwich Housing Society Limited

Report of the Board of Management (continued)

For the year ended 31 October 2022

Board of Management members

The Board members who served during the year are shown on page 1.

J Boon provides architectural services to the Society as disclosed in note 19. No potential or actual conflicts of interest have been declared by members during this financial year. All members served during the year and up to the date of this report. Each member of the Board owns a £1 share in the Society.

Nature of the Society, Objectives and Strategies

The Society exists in order to provide, within the city of Norwich, affordable good quality rented accommodation for those over 60 years of age currently without a self-contained home or living in other circumstances unsuitable to their needs.

The ongoing objective is to acquire by means of development or otherwise, sufficient self-contained residential units so as to accommodate all current and future applicants in genuine need of rehousing; whilst at the same time ensuring the proper maintenance, modernisation and management of all existing properties.

Financial Review and Position at Year-End including factors affecting that position

The Society has completed another successful year.

Rent and Service Charge income has reduced to £1,603k (2021: £1,657k) after voids.

Operating costs are lower than the previous year amounting to £1,464k (2021: £1,486k).

Following a charge of £574k in respect of historic rent overpayments, a deficit of £505k (2021: surplus of £213k) has been deducted from reserves. During the year we invested £465k (2021: £153k) in capital expenditure.

The Society had net current liabilities of £535,325 at 31 October 2022 (2021: net current assets of £46,766). The Society closely monitors its cash flow to ensure there are sufficient funds being generated to fund these commitments, the majority of which relate to the historic rent overpayment liability, which will be settled from long term loan funding post year-end.

Rent policy

The Society is committed to providing decent homes and services at rent and service charge levels that are affordable whilst ensuring regulatory requirements and obligations to funders are met.

The Society currently applies a Social Rent structure when reviewing rent levels using a formula laid down by Government. The calculation of formula rent is included in the Rent Standard (Regulator of Social Housing) and the Policy Statement on Rents for Social Housing (Ministry of Housing, Communities and Local Government).

Reserves policy

It is the policy of the Society to reinvest all surpluses in the maintenance and improvement of its properties and additional development.

Future developments including factors and influences on future performance

The Board of Management continues to review the Society's development future and the areas within the existing stock where improvements could be made.

Norwich Housing Society Limited

Report of the Board of Management

For the year ended 31 October 2022

Value for money

The Society embraces a value for money culture and demonstrating value for money is a key objective of the business. Through the careful use of resources, we continually strive to deliver efficiencies and improve the quality of our housing and support services by employing effective asset management, developing the skills of the staff, applying robust risk management, and streamlining procedures.

As a result of an internal procurement audit which was carried out this year, we reviewed our approach to purchases under £10,000 whereby for contractual commitments and "day to day" operational activities we have obtained best prices for required goods and services. We are working with contractors and suppliers to ensure the best possible cost is achieved across the board.

The Society's assets are managed to deliver the best possible service as efficiently, effectively, and economically as possible. If appropriate, any surplus cash funds more than the Reserves Rationale are prioritised and used to further maintain and improve the condition of our properties. The condition of the Society's properties is regularly reviewed by the Board and its Sub-Committees. The development of a Property Database this year will enable the Society to make more informed decisions on priorities for major works and will help us produce a long term planned maintenance programme.

Our Key Performance Indicators are benchmarked against other small housing providers for older people. Rent collection rates, levels of rent arrears, void losses and staff sickness absence are monitored and compared. Our performance compares favourably to other providers, and we have performed well against the Regulator of Social Housing's Value for Money Metrics.

VFM metric	2022	2021	2020
1. Reinvestment %	3.9%	1.3%	3.3%
2. New supply delivered (social housing units %)	1.4%	0%	0%
3. New supply delivered (non-social housing units %)	0%	0%	0%
4. Gearing %	7.9%	5.8%	10.7%
5. EBITA MRI interest cover %	-164.8%	381.3%	508.3%
6. Headline social housing cost per unit	£5,688	£4,764	£3,962
7. Operating margin (social housing) %	7.4%	9.4%	9.8%
8. Operating margin (overall) %	8.6%	16.4%	10.9%
9. ROCE %	1.2%	1.4%	1.5%

A review of our Housing and Property services functions was carried out this year and we have re-structured the office team to create a dedicated Property Services Department which has delivered operational efficiencies and an improved service to tenants.

We have successfully recruited 7 new Board members this year with a wide range of skills and knowledge in financial management, audit, risk management, development and housing management which will strengthen governance at the Society to ensure performance management and scrutiny are effective to drive improved value for money.

The Society's performance framework will be further developed to establish links between strategy, partnerships, and resources to achieve improved value for money. Our aim is to ensure that we have a comprehensive approach to value for money which ensures the effective delivery of the Society's vision and values, in a way that meets the needs of our regulators and stakeholders.

Both the Tenants' satisfaction and Value for Money reports are available within the "About Us" area of the Society's website <http://www.norwichhousingsociety.org>

Statement of compliance

In preparation of the financial statements, Norwich Housing Society has complied with all aspects of the HCA's Governance and Financial Viability Standard.

Norwich Housing Society Limited

Report of the Board of Management (continued)

For the year ended 31 October 2022

Code of governance

The National Housing Federation Model Rules 2011 were adopted by the Society at the AGM in March 2014 and the National Housing Federation Code of Governance (amended in 2020) was adopted in April 2021.

Statement on the Registered Social Housing Provider's Internal Control Systems

The Board of Management acknowledges its ultimate responsibility for ensuring that the Society has in place a system of controls that is appropriate to the business environment in which it operates and for the review of the effectiveness of that system during the year. These controls are designed to identify and manage rather than eliminate risks which may prevent the organisation from achieving its objectives. The system is designed to give reasonable rather than absolute assurance with respect to:

- the reliability of information used within the Society or for publication;
- maintenance or proper accounting and management records; and
- the safeguarding of assets against unauthorised use or disposal.

The Board of Management has identified the significant risks attached to the Society and has procedures in place to minimise the exposure. Such procedures are regularly reviewed during the year.

Key elements of the system of control include ensuring that:

- formal policies and procedures are in place, which allow the monitoring of controls and restrict the unauthorised use of the Society's assets;
- experienced and suitably qualified staff take responsibility for important business functions;
- forecasts and budgets are prepared which allow the Board, Sub-Committees and management to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant reliable and up to date financial and other information and significant variances from budgets are investigated as appropriate;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures;
- the Finance and Governance Sub-Committee reviews reports from management as and when required by the Board of Management and from the external auditors to provide reasonable assurance that control procedures are in place and are being followed. The Finance and Governance Sub-Committee makes reports to the Board of Management following each time it meets;
- the Board of Management adopts appropriate procedures or takes appropriate action to correct weaknesses identified from the above reports.

The Board of Management acknowledges that their responsibility applies to the complete range of risks and controls within the Society's activities.

Political donations and expenditure

The Society has neither made nor received any donations during the course of this financial year.

Norwich Housing Society Limited

Report of the Board of Management (continued)

For the year ended 31 October 2022

Equality, Diversity & Inclusion

The Society is committed to promoting equal opportunities both in the provision of services and in our employment practices. We value diversity and will help ensure fair treatment for our customers, staff, Board members and contractors regardless of race, ethnic origin or nationality, gender, disability, religion, marital or family status, sexuality or sexual orientation, HIV status, age or physical appearance.

Board's responsibilities statement

The Board of Management is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board 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 these financial statements, the Board of Management 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 Society will continue in business.

The Board of Management is responsible for keeping proper accounting records that 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 in England 2019. It has general responsibility for taking reasonable steps to safeguard the assets of the Society and to prevent and detect fraud and other irregularities.

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

Statement of Disclosure of Information to Auditor

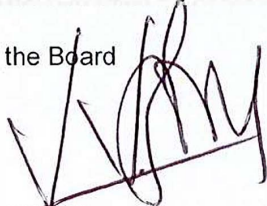
We, the Board members of Norwich Housing Society Limited, who held office at the date of approval of these financial statements as set out above, confirm, so far as we are aware, that:

- 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 Board members to make ourselves aware of any relevant audit information and to establish that the Society's auditor is aware of that information.

On behalf of the Board

Jon Boon
Chair

Date:
31 January 2023



John Newstead
Company Secretary

Date: 31 January 2023

Norwich Housing Society Limited

Independent auditors' report to the members of Norwich Housing Society Limited

Year ended 31 October 2022

Opinion

We have audited the financial statements of Norwich Housing Society Limited for the year ended 31 October 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, the 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 October 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly 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 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The board are responsible for the other information contained within the annual report. 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 conclusions 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 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.

Norwich Housing Society Limited

Independent auditors' report to the members of Norwich Housing Society Limited (continued)

Year ended 31 October 2022

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 7, 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 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 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.

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:

- Enquiry of management and those charged with governance;
- Enquiry of entity staff compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimate bias.

Because of the inherent limitations on 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 of misrepresentation.

Norwich Housing Society Limited

Independent auditors' report to the members of Norwich Housing Society Limited (continued)

Year ended 31 October 2022

A further description of our responsibilities is available on the FRC's website at: <https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>. 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.

Lovewell Blake LLP

Lovewell Blake LLP
Statutory Auditor
Bankside 300
Peachman Way
Broadland Business Park
Norwich
NR7 0LB

28/02/2023

Norwich Housing Society Limited
Statement of Comprehensive Income
For the year ended 31 October 2022


	Note	2022 £	2021 £
Turnover	2	1,602,738	1,656,795
Operating expenditure	2	(1,464,292)	(1,485,592)
Operating surplus		<u>138,446</u>	<u>171,203</u>
Exceptional item – overpayment refund	23	(574,119)	-
Gain on disposal of tangible fixed assets	5	-	101,240
Interest receivable	3	414	17
Interest and financing costs	4	(69,267)	(59,886)
Total comprehensive income for the year		<u>(504,526)</u>	<u>212,574</u>

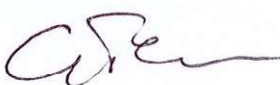
The only recognised loss is the deficit for the year of £504,526.

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

The results relate wholly to continuing activities.

The financial statements were approved by the board on 31 January 2023 and are signed on its behalf by -

J Boon
(Chairman)


G Tewson
(Vice Chairman)


John Newstead
(Company Secretary)

The accompanying accounting policies and notes form an integral part of these financial statements.

Norwich Housing Society Limited

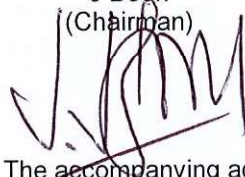
Balance Sheet

For the year ended 31 October 2022

	Note	2022	2021
		£	£
Fixed assets			
Tangible fixed assets	10, 11	12,043,070	11,835,056
Current assets			
Trade and other debtors	12	106,696	43,482
Cash and cash equivalents		504,657	567,970
		<u>611,353</u>	<u>611,452</u>
Creditors: amounts falling due within one year	13	<u>(1,102,002)</u>	<u>(564,686)</u>
Net current assets / (liabilities)		<u>(490,649)</u>	<u>46,766</u>
Total assets less current liabilities		11,552,421	11,881,822
Creditors: amounts falling due after more than one year	14	<u>(3,315,277)</u>	<u>(3,140,152)</u>
Total net assets		<u>8,237,144</u>	<u>8,741,670</u>
Capital and reserves			
Called up share capital	15	27	27
Income and expenditure reserve		<u>8,237,117</u>	<u>8,741,643</u>
Total reserves		<u>8,237,144</u>	<u>8,741,670</u>

The financial statements were approved and authorised for issue by the Board on 31 January 2023 and are signed on its behalf by:-

J Boon
(Chairman)



G Tewson
(Vice Chairman)



John Newstead
(Company Secretary)

The accompanying accounting policies and notes form an integral part of these financial statements.

Norwich Housing Society Limited

Statement of Changes in Equity/Reserves

For the year ended 31 October 2022

	Called up Share capital £	Income and expenditure reserve £	Total £
Balance at 1 November 2020	29	8,529,069	8,529,098
Surplus from statement of comprehensive income	-	212,574	212,574
Share capital issued	<u>(2)</u>	<u>-</u>	<u>(2)</u>
Balance at 1 November 2021	27	8,741,643	8,741,670
Deficit from statement of comprehensive income	-	(504,526)	(504,526)
Share capital cancelled	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 October 2022	<u>27</u>	<u>8,237,117</u>	<u>8,237,144</u>

Norwich Housing Society Limited

Statement of Cash Flows

For the year ended 31 October 2022

	Note	2022 £	2021 £
Net cash generated from operating activities	17	<u>261,703</u>	<u>709,238</u>
Cash flow from investing activities			
Purchase of tangible fixed assets		(464,545)	(153,403)
Proceeds from sale of tangible fixed assets		-	101,806
Interest received		<u>414</u>	<u>17</u>
Net cash flow from investing activities		<u>(464,131)</u>	<u>(51,580)</u>
Cash flow from financing activities			
Shares issued		-	-
Repurchase of shares		-	(2)
Cash inflows from new borrowing		500,000	-
Repayments of borrowings		(291,618)	(272,132)
Interest paid		<u>(69,267)</u>	<u>(59,887)</u>
Net cash flow from financing activities		<u>139,115</u>	<u>(322,021)</u>
Net change in cash and cash equivalents		(63,313)	325,637
Cash and cash equivalents at beginning of the year		<u>567,970</u>	<u>242,333</u>
Cash and cash equivalents at end of the year		<u>504,657</u>	<u>567,970</u>
Cash and cash equivalents consists of:			
Cash at bank and in hand		120,158	97,839
Short term deposits		<u>384,499</u>	<u>470,131</u>
Cash and cash equivalents at 31 October 2022		<u>504,657</u>	<u>567,970</u>

Norwich Housing Society Limited

Notes to the Financial Statements

For the year ended 31 October 2022

1. Accounting policies

The significant accounting policies used in the preparation of these financial statements are: -

a. Introduction and accounting basis

Norwich Housing Society Limited is governed under the Cooperative and Community Benefit Societies Act 2014 and is a Registered Provider of Social Housing in the United Kingdom. The address of the registered office is given in the reference and administrative information on page 1 of these financial statements. The nature of the Society's operations and principal activities are to provide (by means of development or otherwise), sufficient self-contained residential units to accommodate all current and future applicants in genuine need of rehousing.

The Society constitutes a public benefit entity as defined by FRS 102.

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* (FRS 102), the Statement of Recommended Practice for Social Housing Providers 2018, and with the Accounting Direction for private registered providers of social housing in England 2019. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Cooperative 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 rounded to the nearest £.

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.

b. Turnover

Turnover is measured at the fair value of the consideration received or receivable. The policies adopted for the recognition of turnover are as follows:

Turnover represents rental income and service charges income receivable in the year net of rent and service charge losses from voids, revenue grants from the government (local authorities) and the Homes England (previously known as the Homes and Communities Agency).

c. Tangible Fixed Assets

Tangible fixed assets, except freehold land, are stated at cost less accumulated depreciation. Cost includes costs directly attributable to making the asset capable of operating as intended such as the cost of acquiring land and buildings, development costs, interest charges on loans during the development period and expenditure on improvements. Expenditure on improvements will only be capitalised when it results in incremental future benefits such as increasing rental income, reducing maintenance costs or resulting in a significant extension of the useful economic life of the property.

Norwich Housing Society Limited

Notes to the Financial Statements (Continued)

For the year ended 31 October 2022

1. Accounting policies (continued)

Depreciation is charged on a straight line basis at rates anticipated to write off the cost of each asset over the expected useful economic lives of the assets at the following annual rates:

Boilers/Fires	6.66%
Kitchen	5.00%
Lift	5.00%
Plumbing	3.33%
Bathroom	3.33%
Windows/Doors	3.33%
Electrics	2.50%
Roof	1.43%
Walls	1.00%

The useful economic lives of all tangible fixed assets are reviewed annually.

d. Housing Properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation and impairment loss (representing a diminution in the recoverable service potential of the asset below its carrying value in the balance sheet). Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period.

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 are not depreciated.

Major components of housing properties, such as lifts and warden alarm systems, have been accounted for and depreciated separately from the connected housing property, over their expected useful economic lives.

The disposal proceeds from properties owned outright are included in turnover and the surplus or deficit is accounted for in the income and expenditure account of the period in which the disposal occurs as the difference between the net sale proceeds and the net carrying value.

e. Other tangible fixed assets

Other tangible fixed assets (other than housing properties), are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. The principal annual rates used for other assets are:

Fixtures, fittings and equipment	20.00%
Computer equipment	33.33%

f. Government grants

Government grants from Homes England (previously known as the Homes and Communities Agency (the HCA)), are received in respect of housing properties. These grants are recognised at the fair value of the asset received or receivable. Where the assets are accounted for using the cost model then the government grant is accounted for using the accruals model. The difference between the fair value of the asset and the consideration is recognised as a liability and amortised over the useful economic life of the asset. This amortisation is recognised within turnover.

Norwich Housing Society Limited

Notes to the Financial Statements

For the year ended 31 October 2022

1. Accounting policies (continued)

g. Cyclical repairs and maintenance

The Society has established regular programmes of repair and maintenance covering each scheme. The Society does not make provision for future works but charges actual costs incurred to the income and expenditure account.

h. VAT

The Association is not VAT registered. Income and expenditure, where applicable, is therefore shown inclusive of VAT in the financial statements.

i. Interest

Interest is charged to the income and expenditure account as it is incurred. Interest in relation to development projects is not capitalised.

j. Current assets

Debtors are recognised and carried forward at invoiced amounts less provisions for any doubtful debts. Bad debts are written off when identified.

Cash and cash equivalents are included in the balance sheet at cost. Cash and cash equivalents comprise cash at bank and in hand.

k. Creditors and provisions

Creditors and provisions are recognised when the Society has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

l. Financial instruments

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

m. Subsidiary undertaking

The Society is corporate trustee of Stuart Court Memorial Charity, a Registered Social Landlord. It is the opinion of the Board of Management of the Society that it would be of no real value to the members of the Society to produce group financial statements because of the amounts involved. This opinion has been formally approved by the Registrar of Friendly Societies in accordance with Section 99 of the Co-operative and Community Benefit Societies Act 2014. Consequently, these financial statements present information about the Society as an individual undertaking and not about its group.

n. Employee benefits

When employees have rendered service to the Society, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The Society operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

Norwich Housing Society Limited

Notes to the Financial Statements

For the year ended 31 October 2022

1. Accounting policies (continued)

o. Going concern

The Society's activities, its current financial position and factors likely to affect its future development are set out in the Report of the Board of Management. The Society has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the society's day to day operations and the repayment of historic rent overpayments to tenants. The Society also has a long-term business plan which shows that it is able to service these debt facilities while continuing to comply with lenders' covenants.

On this basis, the Board has a reasonable expectation that the Society has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

p. Judgements and key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year include:

Value of historic rent overpayment creditor.

Norwich Housing Society Limited

Notes to the Financial Statements

For the year ended 31 October 2022

2. Particulars of turnover, costs of sales, operating expenditure and operating surplus

	Turnover £	Operating Costs £	2022 Operating Surplus £	Turnover £	Operating Costs £	2021 Operating Surplus £
Social housing lettings (note 7)	1,581,588	(1,464,292)	117,296	1,640,052	(1,485,592)	154,460
Activities other than social housing activities	21,150	-	21,150	16,743	-	16,743
	<u>1,602,738</u>	<u>(1,464,292)</u>	<u>138,446</u>	<u>1,656,795</u>	<u>(1,485,592)</u>	<u>171,203</u>

3. Interest and other finance income and charges

	2022 £	2021 £
Bank interest receivable	<u>414</u>	<u>17</u>

4. Interest payable and similar charges

	2022 £	2021 £
Bank loans and overdrafts	<u>69,267</u>	<u>59,886</u>

5. Disposals of housing properties held as tangible fixed assets

	2022 £	2021 £
Proceeds from the disposal of housing properties	-	101,806
Carrying value of housing properties	-	(566)
	<u>-</u>	<u>101,240</u>

6. Operating surplus

The operating surplus is stated after charging/(crediting):

	2022 £	2021 £
Depreciation of tangible fixed assets	256,531	257,344
Key management personnel remuneration (see note 8)	99,919	132,534
Auditor's remuneration for audit	11,340	8,552
Auditor's remuneration for non-audit	1,334	1,195
Rent losses from bad debts	(411)	1,132
Government grants	(45,011)	(44,932)

Norwich Housing Society Limited

Notes to the Financial Statements (Continued)

For the year ended 31 October 2022

7. Particulars of turnover and operating expenditure

	2022 General needs housing £	2022 Supported housing (including housing for older people) £	2022 Total £	2021 General needs housing £	2021 Supported housing (including housing for older people) £	2021 Total £
Income						
Rents receivable net of identifiable service charges	49,836	1,152,342	1,202,178	57,405	1,191,926	1,249,331
Service charge income	2,318	291,117	293,435	2,817	258,707	261,524
Government grants taken to income	-	45,011	45,011	-	44,932	44,932
Turnover from social housing lettings	52,154	1,488,470	1,540,624	60,222	1,495,565	1,555,787
Other income	-	40,964	40,964	-	84,265	84,265
Total income	52,154	1,529,434	1,581,588	60,222	1,579,830	1,640,052
Operating expenditure						
Management	(18,567)	(467,549)	(486,116)	(16,707)	(420,708)	(437,415)
Service charge costs	(3,458)	(238,565)	(242,023)	(3,085)	(227,936)	(231,021)
Routine maintenance	(3,886)	(180,486)	(184,372)	(3,160)	(229,644)	(232,804)
Planned maintenance	(65)	(269,550)	(269,615)	(130)	(303,286)	(303,416)
Major repairs expenditure	-	(26,046)	(26,046)	-	(24,726)	(24,726)
Bad debts	-	411	411	-	1,133	1,133
Depreciation	-	(256,531)	(256,531)	-	(257,343)	(257,343)
Total operating expenditure costs on social housing lettings	(25,976)	(1,438,316)	(1,464,292)	(23,082)	(1,462,510)	(1,485,592)
Operating surplus on social housing lettings	26,178	91,118	117,296	37,140	117,320	154,460
Void losses (being rental income lost as a result of property not being let, although it is available for letting)	(6,253)	(33,901)	(40,154)	(6,014)	(32,885)	(38,899)

The Government grants taken to income relate to Housing Association grants and Local Authority Right To Buy (RTB) grants, which are released over the expected useful life of the properties to which they relate.

Norwich Housing Society Limited

Notes to the Financial Statements (Continued)

For the year ended 31 October 2022

7. Particulars of turnover and administrative expenditure (continued)

Turnover from non-social housing lettings:

	2022 £	2021 £
Commercial lettings	<u>21,150</u>	<u>16,743</u>

8. Board and key management personnel remuneration

None of the board members received emoluments.

The aggregate remuneration for key management personnel charged in the year is:

	2022 £	2021 £
Basic salary	90,430	119,818
Pension contributions	<u>9,489</u>	<u>12,716</u>
	<u>99,919</u>	<u>132,534</u>

The Chief Executive is a member of the Society's defined contribution pension scheme. He is an ordinary member of the pension scheme and no enhanced or special terms apply. During the period the total amount contributed to the individual pension arrangement of the Chief Executive was £4,388 (2021: £7,718).

£886 travel expenses were reimbursed to the senior management team (2021: £874).

No travel expenses were reimbursed to the Board of Management (2021: £Nil).

9. Staff costs

The average number of persons, including the Chief Executive, employed by the Society during the year was as follows:

	Number of employees 2022	2021
Management and administration	9	9
Housing, support and care	3	4
	—	—
Total	<u>12</u>	<u>13</u>

The average number of employees, including the Chief Executive, calculated on a full-time equivalent basis was 10 employees (2021: 11). For part-time workers, full-time equivalent numbers are calculated based upon the basic hours worked.

The aggregate remuneration of such employees was as follows:

	2022 £	2021 £
Wages and salaries	309,710	340,284
Social security costs	24,673	27,427
Pension costs	30,252	33,032
	<u>364,635</u>	<u>400,743</u>

Norwich Housing Society Limited

Notes to the Financial Statements (Continued)

For the year ended 31 October 2022

9. Staff costs (continued)

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

10. Tangible fixed assets - housing properties

	Social housing properties held for letting £	Housing properties for letting under construction £	Total housing properties £
Cost			
At 1 November 2021	15,063,963	546,796	15,610,759
Additions	28,644	435,901	464,545
Disposals	-	-	-
Transfer	982,697	(982,697)	-
At 31 October 2022	16,075,304	-	16,075,304
Depreciation			
At 1 November 2021	3,775,708	-	3,775,708
Charge for the year	256,526	-	256,526
Eliminated on disposals	-	-	-
At 31 October 2022	4,032,234	-	4,032,234
Net book value at 31 October 2022	12,043,070	-	12,043,070
Net book value at 31 October 2021	11,288,255	546,796	11,835,051

All properties are freehold and available for let. Land is not depreciated. The land element totals £2,194,674 (2021: £2,194,674).

Expenditure on works to existing properties

	2022 £	2021 £
Improvement works capitalised	464,545	153,403
Amounts charged to income and expenditure (note 7)	480,033	560,946
	<u>944,578</u>	<u>714,349</u>

Norwich Housing Society Limited

Notes to the Financial Statements (Continued)

For the year ended 31 October 2022

10. Tangible fixed assets - housing properties (continued)

Social housing assistance

	2022 £	2021 £
Total accumulated social housing grant received or receivable at 31 October 2022	<u>2,998,845</u>	<u>2,998,845</u>
Recognised to date in the Statement of Comprehensive Income Held as deferred income (notes 13 and 14)	826,173 <u>2,172,672</u>	781,162 <u>2,217,683</u>
	<u>2,998,845</u>	<u>2,998,845</u>

11. Tangible fixed assets - fixtures, fittings and equipment

	Total £
Cost	
At 1 November 2021	89,703
	<u> </u>
At 31 October 2022	89,703
	<u> </u>
Depreciation	
At 1 November 2021	89,698
Charge for year	5
	<u> </u>
At 31 October 2022	89,703
	<u> </u>
Net book value at 31 October 2022	-
	<u> </u>
Net book value at 31 October 2021	5
	<u> </u>

12. Trade and other debtors

	2022 £	2021 £
Trade debtors (gross social housing rent arrears)	35,729	27,272
Less provision for bad and doubtful debts	(2,000)	(2,500)
Other debtors	51,218	1,926
Prepayments and accrued income	21,749	16,784
	<u>106,696</u>	<u>43,482</u>

Norwich Housing Society Limited

Notes to the Financial Statements (Continued)

For the year ended 31 October 2022

13. Creditors: Amounts falling due within one year

	2022 £	2021 £
Bank loans and overdrafts	310,968	277,242
Trade creditors	67,410	130,180
Rents paid in advance	107,864	46,088
Other creditors	461,850	9,228
Accruals and deferred income	96,204	46,558
Other tax and social security	9,837	7,197
Government grants	47,869	48,193
	<u>1,102,002</u>	<u>564,686</u>

Bank loan terms of repayment and interest rates are as detailed in note 14.

14. Creditors: Amounts falling due after more than one year

	2022 £	2021 £
Bank loans and overdrafts	1,145,318	970,662
Government grants	2,169,959	2,169,490
	<u>3,315,277</u>	<u>3,140,152</u>

The bank loans include aggregate amounts of £348,854 (2021: £77,226) which fall due after five years and which are payable by instalments.

The loans are all secured by fixed charges on the Society's housing properties. Of the loans at the year end, £250,030 (2021: £330,000) was subject to a floating rate of 0.65% over the Bank of England base rate, £250,000 (2021: £330,000) was subject to fixed rates of interest at 5.315%, £158,482 (2021: £198,073) at 6.175% and £149,660 (2021: £190,842) at 6.185%. The remainder is at various fixed rates of interest, ranging from 9.125% to 10.75%.

15. Share capital and reserves

	2022 £	2021 £
Share capital		
Allotted, called up and fully paid:		
At 1 November 2021	27	29
Shares issued during the year	-	-
Shares cancelled during the year	-	(2)
	<u>27</u>	<u>27</u>
At 31 October 2022	<u>27</u>	<u>27</u>

Each member of the Board of Management holds a share of £1 in the Society. There are limited rights regarding receipt of dividends, redemption, distribution and winding up attached to the shares. On a ballot every shareholder present in person or by proxy shall have one vote. In the case of an equality of votes the chair of the meeting shall have a second or casting vote.

Income and expenditure reserve

The income and expenditure reserve represents cumulative surpluses and deficits net of other adjustments.

Norwich Housing Society Limited

Notes to the Financial Statements (Continued)

For the year ended 31 October 2022

16. Accommodation owned, managed and in development

	Number of units	
	31 Oct 22	31 Oct 21
<i>Social housing</i>		
General needs housing:		
Let at social rent	11	11
Housing for older people	281	277
<i>Non-social housing</i>		
Commercial lettings	2	2
	<u> </u>	<u> </u>
Total owned and managed	<u>294</u>	<u>290</u>
Accommodation in development	=	<u>4</u>

Norwich Housing Society also manages 25 properties for Stuart Court Memorial Charity, for whom it is the sole trustee. See note 19.

17. Cash flow from operating activities

	2022 £	2021 £
Surplus for the year	138,446	171,203
Depreciation of tangible fixed assets	256,531	257,344
Exceptional item – rent overcharge	(574,119)	-
(Increase) / decrease in trade and other debtors	(63,214)	112,827
Increase in trade and other creditors	504,059	167,864
	<u> </u>	<u> </u>
	<u>261,703</u>	<u>709,238</u>

18. Analysis of changes in net debt

	At 1 Nov 2021 £	Cash Flows £	Other Non- Cash Changes £	At 31 Oct 2022 £
Cash	567,970	(63,313)	-	504,657
Cash equivalents	-	-	-	-
	<u>567,970</u>	<u>(63,313)</u>	<u>-</u>	<u>504,657</u>
Loans falling due within one year	(277,242)	(208,382)	174,656	(310,968)
Loans falling due after more than one year	(970,662)	-	(174,656)	(1,145,318)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>(679,934)</u>	<u>(271,695)</u>	<u>-</u>	<u>(951,629)</u>

Norwich Housing Society Limited

Notes to the Financial Statements (Continued)

For the year ended 31 October 2022

19. Related party transactions

Under the definitions of FRS 102, Stuart Court Memorial Charity is considered a related party of Norwich Housing Society Limited (see note 20). Transactions between the two entities can be summarised as follows:

	2022 £	2021 £
Management charge receivable from Stuart Court Memorial Charity	<u>37,398</u>	<u>27,480</u>

The position at the balance sheet date can be summarised as follows:

	2022 £	2021 £
Amounts owed by/(to) Stuart Court Memorial Charity at 31 October 2022	<u>4,207</u>	<u>(1,416)</u>

During the year architectural services to the value of £3,742 (2021: £1,037) were provided to the charity by Jon Boon who is a member of the Board of Management of Norwich Housing Society Limited. At the year end the charity owed £Nil (2021: £Nil) to Mr Boon.

20. Subsidiary undertaking

The Society is the corporate trustee of Stuart Court Memorial Charity, a registered social landlord. The principal place of business of Stuart Court Memorial Charity is 13 Bracondale, Norwich, Norfolk, NR1 2AL.

Details of transactions entered into with Stuart Court Memorial Charity are set out in note 19.

The Board of Management have relied upon the exemption provided by S99 of the Co-operative and Community Benefit Societies Act 2014 because of the insignificant amounts involved and have not consolidated the results of the subsidiary in the Society's financial statements. A summary of the subsidiary results for the year ended 31 October 2022 is provided below:

	2022 £	2021 £
Turnover	145,979	148,836
Operating costs	<u>(144,576)</u>	<u>(103,898)</u>
Operating surplus	<u>1,403</u>	<u>44,938</u>
Surplus/(Deficit) for the year	<u>(77,235)</u>	<u>31,070</u>
Accumulated reserve at the year-end	<u>910,903</u>	<u>988,138</u>

21. Capital commitments

	2022 £	2021 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements.	<u>10,347</u>	<u>380,764</u>

It is intended that this anticipated capital expenditure will be financed from reserves and grants.

22. Pension costs

The Society operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Society in an independently administered fund. The pension cost charge represents contributions payable by the Society to the fund and amounted to £30,252 (2021: £33,032). Contributions totalling £39 were payable by the society at the year-end and included in creditors (2021: contributions totalling £71 were repayable to the society and included in debtors).

23. Exceptional item

Following changes to the Board and Senior Management Team, Norwich Housing Society identified that the historic basis for the initial calculation and subsequent increases applied to rents did not comply with the Regulator of Social Housing (RSH) Rent Standard and the detailed regulations set out in the Ministry of Housing, Communities and Local Government (MHCLG) Policy statement on rents for social housing (The Policy Statement), issued in February 2019, applicable from April 2020 onwards. The Society therefore commissioned a firm of consultants to carry out a review of rents. This review took place in October 2021 and indicated a significant rent overpayment due to tenants, which the Board consider could be covered by reserves. The amount of the overpayment was finalised during the year at £574,119, with this being provided in the accounts.