

**SANDBOURNE HOUSING ASSOCIATION**

**FINANCIAL STATEMENTS**

**31 MARCH 2023**

SANDBOURNE HOUSING ASSOCIATION  
31 MARCH 2023

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SANDBOURNE HOUSING ASSOCIATION  
31 MARCH 2023

INFORMATION

**Registered Numbers**

|  |        |
|--|--------|
| Community Benefit Society                        | 12740R |
| Regulator of Social Housing<br>And Homes England | LH0418 |
| Exempt Charity                                   | 403885 |

**Members of the Board**

|                |   |
|----------------|---|
| Maria Byrne    | Chair   |
| Joe Waters     | Vice-Chair  |
| Steve Hayes    |   |
| Bill Law       | Chair of Audit, Finance and Risk Committee<br>and of Staffing and Remuneration<br>Committee |
| Elizabeth Lees |   |
| Jan Lewis      |   |
| Michael Owen   | Chair of Management and Governance<br>Oversight Committee                                   |
| Ann Schofield  |   |
| Yogesh Vadgama |   |
| Laurie Wright  | Chair of Development Committee  |

**Senior Management Team**

|                            |  |
|----------------------------|--|
| Fiona Ferenczy MA ACA MCIH | Chief Executive Officer and Company<br>Secretary |
| David Hall MCIH            | Head of Housing                                  |

**Registered Office**

Beech House  
28-30 Wimborne Road  
Poole  
BH15 2BU

|           |  |
|-----------|--|
| Telephone | 01202 671222   |
| Email     | <a href="mailto:info@sandbourne.org.uk">info@sandbourne.org.uk</a>                                   |
| Website   | <a href="http://www.sandbournehousingassociation.org.uk">www.sandbournehousingassociation.org.uk</a> |

**Auditors**

PKF Francis Clark  
Towngate House  
2-8 Parkstone Road  
Poole  
BH15 2PW

SANDBOURNE HOUSING ASSOCIATION  
31 MARCH 2023

**Solicitors**

Capsticks Solicitors LLP  
Kings Park House  
22 Kings Park Road  
Southampton  
SO15 2UF

Humphries Kirk LLP  
3 Acorn Business Park  
Ling Road  
Poole  
BH12 4NZ

Tozers Solicitors LLP  
Broadwalk House  
Southernhay East  
Exeter  
EX1 1UA

**Bankers and Building Societies**

Cambridge and Counties Bank Ltd  
National Westminster Bank Plc  
Nationwide Building Society  
Triodos Bank UK Ltd

## BOARD REPORT

The Board Members present their report and the audited financial statements for the year ended 31 March 2023.

### **Members of the Board**

The Board members who have served during the year were as follows:

|                     |   |
|---------------------|---|
| Maria Byrne – Chair |   |
| Steve Hayes         | Co-opted February 2023                    |
| David Joicey        | Resigned September 2022                   |
| Bill Law            |   |
| Elizabeth Lees      |   |
| Jan Lewis           |   |
| Michael Owen        |   |
| Ann Schofield       |   |
| Yogesh Vadgama      |   |
| Joe Waters          |   |
| Wendy Wells         | Co-opted May 2022, resigned November 2022 |
| Laurie Wright       |   |

### **Review of the Operations of the Association**

Sandbourne Housing Association (Sandbourne) is a not-for-profit organisation governed by a voluntary Board. It is a Community Benefit Society, an Exempt Charity and is registered with the Regulator of Social Housing and Homes England.

The principal activity of Sandbourne is the provision of affordable housing in Poole, Bournemouth, Ringwood and the surrounding area.

During the year £1,327,217 (2022: £908,919) was spent on the purchase and alteration of housing properties for rent.

### **Rent**

Rents are set in accordance with government guidance.

### **Repairs and Maintenance**

All of Sandbourne's properties meet the requirements of the government's Decent Homes Standard. Sandbourne carries out a range of planned and responsive maintenance to enable all its properties to be maintained to a high standard and to continue to meet the Decent Homes Standard as a minimum.

## **Reserves**

Sandbourne maintains two designated reserves. These were set up to cover expenditure on major repairs for all the rented properties and cyclical repairs for shared ownership properties.

All other reserves are classified as free and are used for the general running of the business.

## **Treasury Matters**

The objective of the Board is to ensure that the provision of the financial resources necessary to run Sandbourne's business is adequately maintained. Surplus funds will be invested in interest-bearing cash accounts; loans will be entered into, after due financial appraisal, where additional funds are required for new development and the smooth running of the business.

## **Value for Money**

### Strategy

Sandbourne aims to embed value for money in all its thinking. We aim to provide the best possible service to our current and future residents and other stakeholders while still remaining financially viable. This means that we have to ensure that our services are provided in an effective, efficient and economic way.

Our regulator, the Regulator of Social Housing (RSH), assesses all registered providers of social housing on their commitment to providing value for money within their businesses. It specifically states that all registered providers must demonstrate:

- (a) A robust approach to achieving value for money – this must include a robust approach to decision making and a rigorous appraisal of potential options for improving performance.
- (b) Regular and appropriate consideration by the board of potential value for money gains – this must include full consideration of costs and benefits of alternative commercial, organisational and delivery structures.
- (c) Consideration of value for money across their whole business and where they invest in non-social housing activity, they should consider whether this generates returns commensurate to the risk involved and justification where this is not the case.
- (d) That they have appropriate targets in place for measuring performance in achieving value for money in delivering strategic objectives, and that they regularly monitor and report their performance against these targets.

### Vision

Remaining a small local housing provider delivering high quality homes and providing services that are tailored to the needs of our customers.

## Objectives

Sandbourne has a range of objectives as set out in its Business Plan, which was reviewed in May 2023. The objectives and their impact on Value for Money are:

- (a) To be locally based and primarily operating in the BCP Council and Ringwood areas – the Board believes that by concentrating the business in a defined local area which it knows well, it can provide the best possible service while containing the cost of that service. Opportunities which arise to provide services outside this area will only be undertaken if a real value for money benefit to both the business and the residents can be shown.
- (b) To provide high quality, affordable homes to enable residents to live independently – high quality homes last longer, require less maintenance and are more comfortable to live in. However, expenditure on quality must be tempered against affordability to ensure that our homes are available to those in greater financial and housing need.
- (c) To provide additional homes as the opportunity arises – surpluses generated by the business are retained within the business and used to improve existing homes or provide new ones.
- (d) To empower residents to have a direct say in the way that their homes and services are managed and to play an active role in the continuous improvement and development of systems and services – Sandbourne is currently working on improving and extending the ways that residents can be involved in the running of the Association and can express opinions on the services provided. Sandbourne currently has one resident Board member who contributes to the strategy and direction of the business. All residents can apply to join the Board when there is a vacancy. Other residents have opportunities to contribute to the business through regular meetings with staff, surveys on general service provision and specific topics and concerns, feedback forms on the website and in each newsletter and directly by phone, letter or email.
- (e) To seek to add social benefit to our residents in all we do. And to explore ways of measuring this investment – the best form of social benefit for our residents is the provision of affordable, secure and safe places to live. This also provides a social benefit to society as a whole. Residents who work directly with Sandbourne to review our services gain a range of experience and are offered relevant training to assist them. This can help them in their professional careers and in their social contacts.
- (f) To employ high quality, dedicated staff who can assist residents in benefiting from the quiet enjoyment of their homes and promote all aspects of equality and diversity – investing in staff means that they are more likely to stay with Sandbourne, will be more motivated in their work and will, thus, offer a better service to residents.
- (g) To invest in our staff, to ensure that they have the resources and skills to fulfil their role and to develop those skills where appropriate – Sandbourne promotes lifelong learning and encourages all staff to undertake training that will help to broaden their life experience and improve their professional skills. Where appropriate, and where finances allow, Sandbourne will also fund this

training. We also encourage staff to apply for new posts within the business as they arise.

- (h) To seek to continually improve our services and adapt them to the needs and requirements of our residents – Sandbourne regularly reviews the services that it provides to ensure that they meet the needs and aspirations of each cohort of residents and that they provide value for money to the business as a whole. We have a range of service standards which were introduced following consultation with our residents. These set out what we intend to do and how performance against the standards will be measured. Residents receive regular feedback on that performance and on how we intend to improve it.
- (i) To use local contractors wherever reasonable – local contractors know the area in which we are based, and we work with them to provide services tailored to our residents and our stock. Sandbourne is also often a significant customer for these contractors, which means that we can benefit from a cost effective, more personalised service from them.
- (j) To strive to embed Value for Money principles in all its activities – Sandbourne is constantly seeking to provide the best possible service to all its current and future residents at a price which is affordable and financially viable.
- (k) To actively pursue environmentally friendly options where possible and where affordable for both Sandbourne and our residents – the long-term future of the planet is important to Sandbourne, and we will look to protect that future wherever possible. As technologies develop, it may also be the case that the environmentally friendly option is also the best value for money option.
- (l) To remain ‘SMALL’ (defined as less than 1,000 homes by the Regulator) – the size of the organisation enables us to really know our residents and to react quickly to new opportunities which offer better value for money or to adapt business procedures to counter threats.
- (m) To remain independent – the Board believes that independence enables Sandbourne to provide the best service to our residents at the current time. However, the status of the Association is not set in stone and is reviewed regularly.

#### Value for Money in the year to 31 March 2023

The full version of the Value for Money Assessment for 2022/23 can be found on Sandbourne’s website. The following is a summary of that report.

- (a) Financial Returns
  - All of Sandbourne’s loans are now on fixed rates of interest ranging from 2.65% to 6.05% with an average rate of interest in the year to 31 March 2023 of 4.54% (2022: 4.26%) The average rate of interest due to be paid in the year to 31 March 2024 is 4.77% This is less than the base rate at June 2023, which was 5%, and therefore also considerably less than any floating rate of interest that would be paid if the loans were not on fixed rates.
  - At 31 March 2023 Sandbourne had two properties which were let out on market rents. The income from these properties in the year amounted to £17,340. The use of one of these properties has been reviewed and



consideration was made to converting it to a social rented property. However, it was decided to keep the property on a market rent for a further year.

(b) Social Returns

- As part of Sandbourne's service standards, at the request of residents, Sandbourne has introduced a programme of regular announced monthly estate inspections for our general need's sites, increasing our visibility and widening the opportunities for residents to engage with us on issues of interest or concern to them. The principle is extended for our 60+ developments with pre-arranged and publicised fortnightly visits by our housing officer giving residents the opportunity to meet with Sandbourne formally or informally as they wish.

(c) Environmental Returns

- The 12 properties acquired from Bournemouth Ace in 2019 did not comply with the Decent Homes Standard. Sandbourne committed to bring them up to standard including fitting new heating systems, which are more environmentally friendly than the older ones.
- Electric heating systems were upgraded in 12 properties in the year.
- Seven new, more efficient, gas boilers were installed in the year.
- Windows and external doors were upgraded in 14 properties in the year.

(d) Asset Management Strategy

- Sandbourne undertook a review of the Fire Risk Assessments (FRAs) at all its developments in the last two years. In the year 2022/23 Sandbourne has spent £124,045 (2021/22: £170,977) on fire safety works.
- Work on the development of six new social rented properties in Poole began in July 2021 and was completed in December 2022. The project was delayed due to the Covid-19 pandemic but was only slightly over budget when it was completed and provided six new homes at social rents for people in Poole who cannot access housing through the open market.

(e) Services to residents

- Sandbourne negotiates contracts for the supply of electricity and gas to all its communal areas and to residents in those blocks with communal heating. Both contracts were renewed in the year resulting in a significant increase in both costs. To help spread the impact of the rise in energy costs, Sandbourne took the decision to raise service charges for many tenants twice in the year to 31 March 2023. This avoided an even higher increase if we had waited until the usual review dates. When tenants were notified of the mid-year increases, they also received detailed explanations of why these were necessary and information on the help that was on offer to them from the government and charitable sources.
- Sandbourne is working with its residents to explore ways of reducing energy consumption to keep costs as low as possible. This will limit the price that residents pay but will also have an unintended positive environmental impact.

- The review of the way in which Sandbourne managed the Covid-19 pandemic was undertaken in consultation with Board members, staff, contractors and residents. This concluded that overall Sandbourne had responded well to the challenges of the pandemic.

(f) Administrative Improvements

- Sandbourne undertook a review in the year to ask how tenants wanted to be contacted by Sandbourne, particularly with regard to the quarterly Newsletter. Approximately a quarter of our tenants agreed to have the Newsletter emailed to them rather than receiving a hard copy in the post. This was trialled for the Spring 2023 Newsletter and worked well. This means that we can reduce our costs for the Newsletter by a quarter and we expect numbers to increase over time.

| <b>Value for Money Metrics</b>  | <b>2023</b>   | <b>2022</b>  |
|---|---|--|
| Metric 1 – Reinvestment %   | 3.73 %  | 2.65%  |
| Metric 2 – New supply delivered %   | 1.34% for social housing units<br>0% for non-social housing units | 0% for social housing units<br>0% for non-social housing units |
| Metric 3 – Gearing %  | 23.79%  | 28.62%   |
| Metric 4 – Earnings before interest, depreciation, amortisation, major repairs included (EBITDA MRI) Interest Cover % | 148.73%   | 182.7%   |
| Metric 5 – Headline social housing cost per unit  | £3,920  | £3,479   |
| Metric 6 – Operating Margin % (all lettings)  | 22.2%   | 22.8%  |
| Metric 7 – Return on capital employed (ROCE) %  | 2.1%  | 2.1%   |

Reinvestment increased as the development of six new homes in Poole was continued in the year, with the properties being completed in December 2022.

There was a net repayment of loans in the year reducing the overall gearing figure. However, interest costs were higher than 2022 as interest rates rose in the year. All loans are now on fixed rates so the movement in Metric 4 should be less significant in 2024.

The Headline social housing cost per unit has increased due to the general rise in inflation in the year, which has particularly impacted utility and repairs costs. There have continued to be high levels of expenditure on fire safety, although these costs should reduce in the year to March 2024, and several empty properties needed full refurbishments before they could be re-let.

## Compliance with Governance and Financial Viability Standard

The Board confirms that Sandbourne complies with the requirements of the revised Governance and Financial Viability Standard applicable for the year from 1 April 2020.

### NHF Code of Governance 2020

The Board adopted the NHF Code of Governance 2020 in 2021 and will seek to follow its guidance in all areas of the management of the business with the exception of the following clauses:

| Clause number | Principle  | Reason for non-compliance   |
|---------------|--|---|
| 3.1(2)        | The chair of the Board does not chair and is not a member of the committee responsible for audit, nor does the chair of the Board chair the committee responsible for remuneration.  | The Chair of the Board is allowed to be on the audit and remuneration committees, but not to chair them. This is so that the best use can be made of the skills of the individual Board members.  |
| 3.3(4)        | There is a dedicated senior Board member (normally a vice-chair or senior independent director) with duties that include appraisal of the chair and assisting the chair to ensure the effectiveness of the Board.  | Sandbourne has a vice Chair who assists the Chair to ensure the effectiveness of the Board. The Board are appraised as a whole and not as individuals, so the vice Chair does not appraise the Chair directly.  |
| 3.7(3)        | Maximum tenure will normally be up to six consecutive years (typically comprising two terms of office), but where a member has served six years, and the Board agrees that it is in the organisation's best interests, their tenure may be extended up to a maximum of nine years. | Sandbourne does not currently comply with this requirement. Recommendation that Sandbourne retains the 9-year rule as standard for the present. Reasons for this include: <ul style="list-style-type: none"> <li>• To maintain a good skill level on the Board.</li> <li>• Greater role for Board members in a small organisation, so need to ensure a good range of skills at all times.</li> <li>• May be harder to recruit Board members to smaller organisations, particularly as Sandbourne does not currently pay Board members.</li> <li>• Recruitment and training of Board members is also time consuming for executive management.</li> </ul> |

|        |  |   |
|--------|--|---|
|        |  | <ul style="list-style-type: none"> <li>• Smaller local area to draw potential Board members from.</li> </ul>  |
| 3.7(4) | A member who has left the Board is not re-appointed for at least three years.  | <p>Currently members leaving the Board can re-apply for membership after one year. Mostly this does not happen, but Sandbourne would want to keep the one-year time scale for the following reasons:</p> <ul style="list-style-type: none"> <li>• In case a new member with a relevant skill cannot be found.</li> <li>• Recruiting from a small area, so limited availability of a good range of skills and volunteers.</li> </ul> |
| 3.10   | Member appraisal: a full, rigorous and documented appraisal process for the individual members of the Board and its committees, including the chairs, is carried out at least every two years. | This would be difficult to achieve due to the constraints of time and cost. An appraisal of the Board as a whole is more workable. Board members are all currently volunteers.  |

### Principal Risks of the Business

The Board of Sandbourne recognises that all business activities carry risk and that these risks need to be managed, mitigated or avoided to safeguard the business and the assets owned by it. Sandbourne has a register of business risks which is reviewed at least twice a year in detail by the Audit, Finance and Risk Committee and at least annually by the full Board.

The latest review in March 2023 identified the following four principal risks of the business:

| Risk  | Comments and mitigation  |
|---|--|
| Changes in building, health and safety and environmental regulations resulting in unexpected expenditure. | <ul style="list-style-type: none"> <li>• Ongoing planned maintenance to ensure that properties meet current standards.</li> <li>• New standards can only be considered when and if they are brought into effect. However, the Housing White Paper 2020 includes the likelihood of new minimum standards for social housing lets, which could mean increasing planned maintenance expenditure.</li> <li>• The Association will take advantage of any relevant funding initiatives.</li> <li>• Reviewing and monitoring of fire inspections and regulations following Grenfell. Current indications are that further expenditure will be required, but impossible</li> </ul> |

|  |  |
|--|--|
|  | <p>to quantify that at this stage. There has been a high level of expenditure in the last two years but more recent FRAs indicated that this has reduced the risk and the level of expenditure in 2023/24 will therefore be lower.</p> <ul style="list-style-type: none"> <li>• New developments will aim to meet the highest level of government environmental standards that is practical and affordable.</li> <li>• Current stock will be upgraded to include more environmentally friendly fitments where appropriate, affordable and practical.</li> <li>• Sandbourne is currently updating its EPC records for all stock. This should be completed by December 2023 and will indicate those properties which need more urgent expenditure to ensure that they have an EPC of at least C by 2030.</li> </ul>  |
| <p>Significant rises in arrears</p>                          | <ul style="list-style-type: none"> <li>• Use of knowledge of current tenants to chase arrears in a tenant specific way.</li> <li>• Small staff structure enables early identification to keep a close watch on problematic accounts.</li> <li>• The Association offers a wide range of payment options.</li> <li>• The pandemic has not had a major impact on the level of arrears at Sandbourne, but the situation continues to be closely monitored.</li> <li>• The rollout of Universal Credit continues but has not proved to be a significant problem yet.</li> <li>• The Association continues to engage with residents to inform them of the changes and to look at ways of helping them to manage their finances.</li> <li>• Significant leaseholder arrears are addressed with solicitor involvement and the threat of forfeiture of the lease.</li> <li>• Better recording of arrears actions and the production of a trend analysis has been implemented as a result of recommendations from the internal audit in January 2021.</li> </ul> |
| <p>Significant movements in inflation rate - expenditure</p> | <ul style="list-style-type: none"> <li>• The impact of the pandemic and the war in Ukraine has caused inflation rates to rise significantly in 2022/23 and that is likely to continue for at least the next year.</li> <li>• No contractual obligations to offer salary rises or performance related pay, only to review salaries on an annual basis.</li> </ul>   |

|  |  |
|--|--|
|  | <ul style="list-style-type: none"> <li>• Limited ability to delay (or bring forward) planned and major repairs expenditure.</li> <li>• Rent rises of CPI plus 1% for five years from 2020 will help to mitigate rising expenditure. However, the rent rise for 2023 has been capped at 7%, while CPI was at 10.5% in December 2022.</li> <li>• Rent rise for 2023/24 has been capped at 7%, which means a shortfall of £93k over the expected rise of CPI plus 1%.</li> <li>• The UK has now left the EU and some disruption is being experienced in the supply chain, particularly with repairs and maintenance supplies, which is driving up repairs and maintenance expenditure. The combined impact of more complicated import rules and fluctuations in the value of Sterling could be significant.</li> <li>• Energy costs have risen considerably in 2021/22 and 2022/23 and look to be going even higher. While Sandbourne’s direct energy usage is fairly low, there is a lag between the energy provided to tenants and the recovery of that expenditure through service charges. This lag has to be covered by Sandbourne at least in the short term. Electricity prices have been fixed until July 2024. Gas prices have been fixed until April 2025. They have both risen significantly from 2022 levels but there is now some certainty of expenditure for two years.</li> <li>• No further development planned at present.</li> </ul> |
| <p>Failure of IT systems or loss of IT support, including malicious intrusion.</p> | <ul style="list-style-type: none"> <li>• Annual review of IT support contracts in place.</li> <li>• Robust back-up procedures (in the cloud).</li> <li>• IT system is backed-up automatically and remotely by external contractor on a daily basis.</li> <li>• Business systems can be remotely accessed by IT providers and have response times built into contracts. All staff have the ability to work remotely as required.</li> <li>• Separate IT systems for business management, housing management and finance. Thus, less likely to lose all of the working systems at the same time.</li> <li>• IT contractor monitors hardware and recommends upgrades when required.</li> <li>• Updated all IT equipment in 2017 to later and better supported versions of software. All firewalls and cyber protection are updated regularly and automatically applied.</li> </ul>  |

|  |  |
|--|--|
|  | <ul style="list-style-type: none"><li>• The CEO is responsible for the internal IT needs of the business and will work with a relevantly skilled Board member to assess and implement these.</li><li>• Sandbourne has good, outsourced IT support for both hardware and software matters.</li><li>• Loss of IT systems would have big impact on Sandbourne's capacity to work from home.</li><li>• Full review of IT needs scheduled for 2023.</li></ul> |
|--|--|

### **Risks associated with Covid-19 Pandemic**

The impact of Covid-19 was significantly reduced in the year. Sandbourne continued to encourage staff members to test for Covid-19 infections if they were displaying relevant symptoms. Those testing positive were encouraged to remain away from the office and Sandbourne sites for five days.

All other restrictions relating to the pandemic were lifted in the year enabling the business to function normally.

The Board will continue to monitor the ongoing impact of the pandemic on the business but, up to the date of the approval of these Financial Statements, the Board considers that the risk has been well managed and does not pose a significant threat to Sandbourne.

### **Internal Controls' Assurance**

The Board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal controls is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of Sandbourne's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which Sandbourne is exposed and is consistent with Turnbull principles as incorporated in the Tenant Services Authority circular 07/07 Internal Controls Assurance.

The process adopted by the Board in reviewing the effectiveness of the system of internal controls, together with some of the key elements of the control framework, includes:

- Identification and evaluation of key risks;
- Regular monitoring by the Board and taking corrective action;

- Maintaining a control environment and written procedures; and
- Financial and other information reported to and reviewed by the Board.

The internal control framework and the risk management process are subject to regular review by Internal Auditors who are responsible for providing independent assurance to the Board via its Audit, Finance and Risk Committee. The Audit, Finance and Risk Committee considers internal control and risk at each of its meetings during the year.

The Board has received the Director of Finance's annual report, has conducted its annual review of the effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of the risk management and control process.

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Association. This process has been in place throughout the year under review, up to the date of the annual report, and is regularly reviewed by the Board.

### **Statement of the Board's Responsibilities**

The Co-operative and Community Benefit Society Act 2014 and other registered provider legislation require that the Board prepare financial statements for each financial year which give a true and fair view of the state of affairs of Sandbourne and of its income and expenditure for that period. In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable 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 Sandbourne will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time Sandbourne's financial position and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2022. It also has general responsibility for taking reasonable steps to safeguard Sandbourne's assets and to prevent and detect fraud and other irregularities. The Board is also responsible for ensuring that this report is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2018.



**Auditors**

The members of the Board confirm that:

- So far as each one is aware, there is no relevant information of which the auditors are unaware; and
- They have taken all the steps that they ought to have taken to make themselves aware of any relevant information which could be required by Sandbourne's auditors and to establish that the auditors are made aware of that information.

By order of the Board

**Signed by M Byrne**

Maria Byrne  
Chair

Date: **26 July 2023**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANDBOURNE  
HOUSING ASSOCIATION

**Opinion**

We have audited the financial statements of Sandbourne Housing Association (the Association) for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and Reserves, the Statement of Cash Flows 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 Association's affairs as at 31 March 2023, and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2022.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### **Other information**

The other information comprises the information included in the Board report, other than the financial statements and our auditor's report thereon. The Board are responsible for the other information contained within the Board 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 conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Matters on which we are required to report by exception**

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

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

### **Responsibilities of the Board**

As explained more fully in the Board's responsibilities statement set out on page 15, 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 has 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:

As part of our audit planning, we obtained an understanding of the legal and regulatory framework that is applicable to the Association, which was gained through appropriate audit engagement team selection (ensuring competence and capability to recognise non-compliance) and discussions with management. This covered any knowledge or evidence of actual and potential fraud, litigation and claims, which was followed up with corroborative audit review work. As part of our planning procedures, we assessed the risk of any non-compliance with laws and regulations on the Association's ability to continue trading and the risk of material misstatement to the accounts. Based on our understanding of the Association and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches around social housing regulations. We considered the extent to which non-compliance with these laws and regulations may have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as The Companies Act 2006, the Co-operative and Community Benefit Societies Act 2014 and the Housing and Regeneration Act 2008.

We also discussed with management to what extent the Association is exposed to fraud – either inherently because of the nature of operations, assets or because of weaknesses in internal controls. From these discussions we have evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements.

Based on this understanding we designed our audit procedures to identify non-compliance with relevant laws and regulations. Our procedures involved the following:

- Enquiries of management regarding their knowledge of any non-compliance with laws and regulations that could affect the financial statements. As part of these enquiries, we also discussed with management whether there have been any known instances of fraud.
- Reviewed legal and professional costs to identify any possible non-compliance or legal costs in respect of non-compliance.
- We completed a proof in total of rental income for the year and inspected correspondence with tenants, such as rental increase letters.
- Audited the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

- Reviewed estimates and judgements made in the accounts for any indication of bias and challenged assumptions used by management in making the estimates.

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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of the 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.

### **Signed by PKF Francis Clark**

PKF Francis Clark  
Towngate House  
2-8 Parkstone Road  
Poole  
BH15 2PW

**Date: 22 August 2023**

SANDBOURNE HOUSING ASSOCIATION  
31 MARCH 2023

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED  
31 MARCH 2023

|  | Notes | 2023<br>£      | 2022<br>£      |
|--|-------|----------------|----------------|
| Turnover                                     | 2     | 2,832,774      | 2,704,017      |
| Operating costs                              | 2     | (2,306,632)    | (2,087,554)    |
| Gain on disposal of tangible<br>fixed assets | 3     | 102,082        | -              |
| Operating surplus                            | 2     | <u>628,224</u> | <u>616,463</u> |
| Interest receivable and similar<br>income    |       | 33,190         | 34,387         |
| Interest payable and similar<br>charges      |       | (445,598)      | (390,061)      |
| Surplus for the period                       |       | <u>215,816</u> | <u>260,789</u> |

On behalf of the Board

**Signed by M Byrne**

Maria Byrne (Chair)

**Signed by W J Law**

Bill Law (Chair of Audit, Finance and Risk Committee)

**Signed by Fiona Ferenczy**

Fiona Ferenczy (Company Secretary)

SANDBOURNE HOUSING ASSOCIATION  
31 MARCH 2023

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

|   | Notes | 2023<br>£         | 2022<br>£         |
|---|-------|-------------------|-------------------|
| Fixed Assets  |       |                   |                   |
| Housing properties                                      | 8     | 28,998,801        | 28,141,217        |
| Other tangible fixed assets                             | 9     | 40,786            | 44,984            |
|   |       | <u>29,039,587</u> | <u>28,186,201</u> |
| Current assets  |       |                   |                   |
| Debtors   | 10    | 148,097           | 134,562           |
| Cash at bank and in hand                                |       | 1,025,141         | 2,066,042         |
|   |       | <u>1,173,238</u>  | <u>2,200,604</u>  |
| Creditors: amounts falling due within one year          | 11    | (626,381)         | (536,980)         |
| Net current assets                                      |       | <u>546,857</u>    | <u>1,663,624</u>  |
| Total assets less current liabilities                   |       | 29,586,444        | 29,849,825        |
| Creditors: amounts falling due after more than one year | 12    | (14,455,642)      | (14,934,830)      |
|   |       | <u>15,130,802</u> | <u>14,914,995</u> |
| Total net assets  |       |                   |                   |
| Reserves  |       |                   |                   |
| Called up share capital                                 | 14    | 20                | 29                |
| Income and expenditure reserve                          |       | 14,478,816        | 14,263,000        |
| Designated reserves                                     |       | 651,966           | 651,966           |
|   |       | <u>15,130,802</u> | <u>14,914,995</u> |
| Total reserves  |       |                   |                   |

The financial statements were approved and authorised for issue by the Board on **26 July 2023**

Signed on behalf of the Board

**Signed by M Byrne**

Maria Byrne (Chair)

**Signed by W J Law**

Bill Law (Chair of Audit, Finance and Risk Committee)

**Signed by Fiona Ferenczy**

Fiona Ferenczy (Company Secretary)

The notes on pages 25 to 35 form part of these accounts.

SANDBOURNE HOUSING ASSOCIATION  
31 MARCH 2023

STATEMENT OF CHANGES IN EQUITY AND RESERVES FOR THE YEAR ENDED  
31 MARCH 2023

|                                     | Called up<br>share capital | Income and<br>expenditure<br>reserve | Designated<br>reserves | Total      |
|-------------------------------------|----------------------------|--------------------------------------|------------------------|------------|
|                                     | £                          | £                                    | £                      | £          |
| At 1 April 2022                     | 29                         | 14,263,000                           | 651,966                | 14,914,995 |
| Surplus for the year                | -                          | 215,816                              | -                      | 215,816    |
| Transfers in the year               | -                          | -                                    | -                      | -          |
| Share capital<br>issued/(cancelled) | (9)                        | -                                    | -                      | (9)        |
| At 31 March 2023                    | 20                         | 14,478,816                           | 651,966                | 15,130,802 |



SANDBOURNE HOUSING ASSOCIATION  
31 MARCH 2023

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

|  | Notes | 2023<br>£        | 2022<br>£        |
|--|-------|------------------|------------------|
| Cash flow from operating activities                  | 15    | 929,450          | 1,002,388        |
| <u>Cash flow from investing activities</u>           |       |                  |                  |
| Payments to acquire tangible fixed assets            |       | (1,333,452)      | (919,304)        |
| Proceeds from sale of fixed asset                    |       | 113,447          | -                |
| Interest received                                    |       | 33,190           | 34,387           |
| Net cash flow from investing activities              |       | (1,186,815)      | (884,917)        |
| <u>Cash flow from financing activities</u>           |       |                  |                  |
| Repayment of long term loans                         |       | (336,869)        | (330,769)        |
| Repayment of finance lease liabilities               |       | (1,069)          | (1,260)          |
| Interest paid  |       | (445,598)        | (390,061)        |
| Net cash flow from financing activities              |       | (783,536)        | (722,090)        |
| Net (decrease)/increase in cash and cash equivalents |       | (1,040,901)      | (604,619)        |
| Cash and cash equivalents at 1 April 2022            |       | 2,066,042        | 2,670,661        |
| Cash and cash equivalents at 31 March 2023           |       | <u>1,025,141</u> | <u>2,066,042</u> |
| <u>Cash and cash equivalents consist of:</u>         |       |                  |                  |
| Cash at bank and in hand                             |       | 117,497          | 467,303          |
| Short term deposits                                  |       | 907,644          | 1,598,739        |
| Cash and cash equivalents at 31 March 2023           |       | <u>1,025,141</u> | <u>2,066,042</u> |

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Summary of significant accounting policies

#### (a) General information and basis of preparation

Sandbourne Housing Association (the Association) is a not-for-profit organisation governed by a voluntary Board. The Association is a Community Benefit Society, an Exempt Charity and is registered with the Regulator of Social Housing and Homes England.

The principal activity of the Association is the provision of affordable housing in the Poole/Bournemouth conurbation, the town of Ringwood and the surrounding area.

The Association 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: Accounting by registered social housing providers 2018 and with the Accounting Direction for private registered providers of social housing in England 2022. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling, which is the functional currency of the Association.

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) Tangible fixed assets

Tangible fixed assets (including social housing properties) are stated at cost to the Association less accumulated depreciation. Cost includes costs directly attributable to making the asset capable of operating as intended, such as expenditure on improvements. Such expenditure 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 life of the property.

Depreciation is provided on all tangible fixed assets (except land) at rates calculated to write off the cost, less any residual value, of each asset on a straight-line basis over its expected useful life as follows:

|   |                  |
|---|------------------|
| Land                                    | Not depreciated  |
| Housing properties – structure          | 100 to 125 years |
| Housing properties – lifts              | 25 years         |
| Housing properties – kitchens           | 20 years         |
| Housing properties – bathrooms          | 30 years         |
| Housing properties – roofs              | 50 to 60 years   |
| Housing properties – boilers            | 10 years         |
| Housing properties – other heating      | 20 to 30 years   |
| Housing properties – windows and doors  | 30 years         |
| Fixtures and fittings in communal areas | 10 years         |
| Office furniture and equipment          | 5 years          |
| Solar panels                            | 25 years         |

Housing properties under construction are not depreciated until they are in use.

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

(c) Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in other administrative expenses.

(d) Investments

Cash investments are recognised at fair value.

(e) Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a financing transaction it is measured at present value.

(f) Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. The level at which an impairment is assessed is either on a block basis (for those properties owned

in blocks) or on an individual basis (for those properties owned individually). The key indicators considered for impairment are frequency of tenancy change and length of void periods for each cash generating unit.

If an indication of impairment is identified the carrying value of the property or group of properties will be reduced to the estimated recoverable amount. The associated impairment write down amount will be recognised in expenditure through the Statement of Comprehensive Income.

(g) Leases

Assets acquired under finance leases are capitalised and depreciated over the shorter of the lease term and the expected useful life of the asset. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability using the effective interest rate method. The related obligations, net of future finance charges, are included in creditors.

Rentals payable and receivable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

(h) VAT

The Association is not VAT-registered, so all expenditure is shown inclusive of VAT.

(i) Turnover and other income

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

- Turnover represents rental and service charge income receivable in the year (net of rental and service charge losses from void properties) and any revenue grants received or receivable.
- Other income is made up predominantly of interest received or receivable on cash investments.

(j) Sale of fixed assets

The disposal of any assets held as fixed assets will be accounted for through the Statement of Comprehensive Income in the period in which the disposal takes place. Where the surplus or loss on disposal of such assets is material to the accounts, the net amount will be shown on the face of the Statement of Comprehensive Income, with further details set out in the notes to the financial statements. Otherwise, any surplus or loss will be included in Operating Costs.

Proceeds from the first tranche disposals of shared ownership properties are included in Turnover in the period in which the disposal occurred and the costs of sale are included in Operating Costs. Proceeds from the sale of subsequent tranches are treated as disposals of fixed assets.

(k) Government grants

Government grants have been received from Homes England and from local authorities in respect of many of the Association's housing properties. These grants are recognised at the fair value of the asset received. The assets are accounted for using the cost model and the 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.

(l) Employee benefits - Pensions

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

(m) Reserves

The Association has three reserves – an Income and Expenditure Reserve, a Major Repairs Reserve and a Cyclical Repairs Reserve. The Cyclical Repairs Reserve is restricted to funding cyclical repairs for the leasehold properties which contribute to it. Neither of the other two reserves is restricted.

(n) Merger and Acquisitions

Where Sandbourne joins with another entity of similar size and nature on a voluntary basis, the amalgamation will be accounted for as a merger. The financial statements will be presented as if the two entities had always been one.

Where Sandbourne joins with another entity that is significantly smaller or different in nature, the amalgamation will be accounted for as an acquisition. The assets, liabilities and reserves of the acquired entity will be brought into the Sandbourne financial statements at their fair value on the date of the acquisition. If the amount paid to acquire the entity is greater than the fair value of the net assets and liabilities, the excess will be treated as goodwill and written off over its expected useful life. If the amount paid to acquire the entity is less than the fair value of the net assets and liabilities, the difference will be treated as income in the year of acquisition and accounted for through the Statement of Comprehensive Income.

(o) Judgements and key sources of estimation uncertainty

The following judgements have been made in the process of applying the above accounting policies that have had a significant effect on the amounts recognised in the financial statements:

- The carrying value of all Sandbourne's housing properties is reviewed for potential impairment on an annual basis. The Board have taken the view that each individual property is a cash generating unit in its own right and that any adjustment for impairment of valuation should be made accordingly. The value of each property to Sandbourne is primarily based on its ability to generate rental income. Thus, the impairment review focuses on void times and void losses for each property over the previous

year. In the judgement of the Board, there has been no impairment of the value of Sandbourne's housing properties in the year to 31 March 2023 or in the period up to the signing of these accounts.

- Each of the material leases entered into by Sandbourne were assessed and categorised as either finance or operating leases. In the judgement of the Board, the terms of one lease had transferred most of the risks and rewards of ownership to Sandbourne, making it a finance lease. In this case the asset leased has been included in the balance sheet as a fixed asset and a corresponding loan has been included in creditors. In all other cases the Board considered that most of the risks and rewards of ownership had not been transferred to Sandbourne and only the annual cost of leasing those assets has been included in these accounts.
- The Board has reviewed the impact of the Covid-19 pandemic on the Association and its business up to the date of the signing of these accounts and does not consider it to have been material. Thus, there has been no adjustment to these accounts relating to the impact of the pandemic.

The following key sources of estimation have been applied to these financial statements:

- The carrying value of all fixed assets except for land (net of their estimated residual values) are depreciated over their estimated useful lives. These estimated useful lives and the estimated residual values of assets are reviewed regularly based on internal information and sector averages.
- The financial statements contain reserves for major and cyclical repairs. These are regularly reviewed for their completeness based on known levels of replacements and renewals of such assets.
- The carrying value of rental debts is reviewed on an annual basis to ensure that all debts are collectable. These accounts include an estimated provision against those rental debts which are deemed to be doubtful.

## 2. Social housing turnover and costs

|  | 2023<br>£        | 2022<br>£        |
|--|------------------|------------------|
| Rent receivable                                  | 2,290,959        | 2,193,334        |
| Service charges receivable                       | 480,832          | 451,998          |
| Support income                                   | 36,269           | 34,036           |
| Less: Void losses                                | (30,579)         | (34,174)         |
|  | <u>2,777,481</u> | <u>2,645,194</u> |
| Add: Amortised government grants                 | 55,293           | 58,823           |
| Net income from social housing activity          | 2,832,774        | 2,704,017        |
| Less: Social housing activity expenditure        | (2,306,632)      | (2,087,554)      |
| Add: Gain on disposal of tangible fixed assets   | 102,082          | -                |
| Operating surplus from social housing activities | <u>628,224</u>   | <u>616,463</u>   |

**3. Gain on disposal of tangible fixed assets**

|  | 2023<br>£      | 2022<br>£ |
|--|----------------|-----------|
| Proceeds from the disposal of housing properties | 115,000        | -         |
| Less: Carrying value of the housing properties   | (11,365)       | -         |
|  | <u>103,635</u> | -         |
| Less: Other disposal costs                       | (1,553)        | -         |
| Surplus on disposal                              | <u>102,082</u> | -         |

**4. Accommodation owned and managed**

|                          | Number of units at<br>31 March 2023 | Number of units at<br>1 April 2022 |
|--------------------------|-------------------------------------|------------------------------------|
| Completed units:         |                                     |                                    |
| General needs housing    | 163                                 | 156                                |
| Housing for older people | 266                                 | 266                                |
| Low-cost home ownership  | 19                                  | 21                                 |
| Leasehold property       | 37                                  | 37                                 |
|                          | <u>485</u>                          | <u>480</u>                         |
| Units in development     | -                                   | 6                                  |
|                          | <u>485</u>                          | <u>486</u>                         |

**5. Surplus on ordinary activities is stated after charging:**

|   | 2023<br>£     | 2022<br>£     |
|---|---------------|---------------|
| Auditor's remuneration (including expenses) for audit | 12,276        | 11,000        |
| Operating lease rentals                               | <u>50,060</u> | <u>50,060</u> |

**6. Board and key management personnel remuneration**

No Board member received any remuneration in the year (2022: £nil).  
Expenses totalling £103 (2022: £223) were paid to Board members in the year.

The total remuneration for key management personnel in the year amounted to £150,780 (2022: £139,467).

The highest paid member of the management team received remuneration of £89,807 (2022: £83,185).

The Association makes pension contributions on behalf of the Chief Executive into a defined contribution personal pension scheme. The Chief Executive is an ordinary member of this scheme, and no special or enhanced terms apply. During the year to 31 March 2023 Sandbourne made contributions of £5,795 (2022: £5,220) into the scheme.

## 7. Staff costs

The average number of employees, including members of the executive team, calculated on a full time equivalent of 35 hours per week, was 9 employees (2022: 9 employees).

The number of employees who received more than £60,000 as their employee package are as follows:

|                    | 2023<br>Number | 2022<br>Number |
|--------------------|----------------|----------------|
| £60,001 to £70,000 | 1              | -              |
| £70,001 to £80,000 | -              | -              |
| £80,001 to £90,000 | 1              | 1              |

## 8. Tangible fixed assets – housing properties

|                       | 60+<br>Properties<br>£ | 18+<br>Properties<br>£ | Shared<br>Ownership<br>Properties<br>£ | Under<br>Construction<br>£ | Total<br>£        |
|-----------------------|------------------------|------------------------|--|----------------------------|-------------------|
| <b>COST</b>           |                        |                        |  |                            |                   |
| At 1 Apr 2022         | 20,198,068             | 12,930,937             | 646,601                                | 527,337                    | 34,302,943        |
| Additions             | 286,863                | 356,620                | 3,000                                  | 680,734                    | 1,327,217         |
| Disposals             | (23,918)               | (46,070)               | (18,675)                               | -                          | (88,663)          |
| Transfers             | -                      | 1,225,666              | (18,675)                               | (1,206,991)                | -                 |
| At 31 Mar 2023        | <u>20,461,013</u>      | <u>14,467,153</u>      | <u>612,251</u>                         | <u>1,080</u>               | <u>35,541,497</u> |
| <b>DEPRECIATION</b>   |                        |                        |  |                            |                   |
| At 1 Apr 2022         | 4,033,926              | 2,013,474              | 114,326                                | -                          | 6,161,726         |
| Charge for year       | 300,113                | 146,920                | 3,870                                  | -                          | 450,903           |
| Disposals             | (22,964)               | (39,659)               | (7,310)                                | -                          | (69,933)          |
| Transfers             | -                      | 7,310                  | (7,310)                                | -                          | -                 |
| At 31 Mar 2023        | <u>4,311,075</u>       | <u>2,128,045</u>       | <u>103,576</u>                         | <u>-</u>                   | <u>6,542,696</u>  |
| <b>NET BOOK VALUE</b> |                        |                        |  |                            |                   |
| At 31 Mar 2023        | <u>16,149,938</u>      | <u>12,339,108</u>      | <u>508,675</u>                         | <u>1,080</u>               | <u>28,998,801</u> |
| At 31 Mar 2022        | <u>16,164,142</u>      | <u>10,917,463</u>      | <u>532,275</u>                         | <u>527,337</u>             | <u>28,141,217</u> |

The income, costs and surplus relating to the shared ownership and leasehold properties amount to £127,998 (2022: £145,445), £84,703 (2022: £125,840) and £43,295 (2022: £19,605) respectively.

Total accumulated impairments of £0 are recognised in the opening position.

Social housing properties with a net book value of £19,625,772 (2022: £19,686,522) have been pledged as security for liabilities of the Association. These assets have restricted title.



SANDBOURNE HOUSING ASSOCIATION  
31 MARCH 2023

**9. Tangible fixed assets – other**

|                            | Office furniture and<br>equipment<br>£ | Equipment in<br>communal lounges<br>£ | Total<br>£     |
|----------------------------|--|---------------------------------------|----------------|
| <b>COST</b>                |  |                                       |                |
| At 1 Apr 2022              | 142,990                                | 135,874                               | 278,864        |
| Additions                  | 6,068                                  | 167                                   | 6,235          |
| Disposals                  | (9,560)                                | -                                     | (9,560)        |
| At 31 Mar 2023             | <u>139,498</u>                         | <u>136,041</u>                        | <u>275,539</u> |
| <b>DEPRECIATION</b>        |  |                                       |                |
| At 1 Apr 2022              | 115,586                                | 118,294                               | 233,880        |
| Charge for year            | 6,792                                  | 3,621                                 | 10,413         |
| Eliminated on<br>disposals | (9,540)                                | -                                     | (9,540)        |
| At 31 Mar 2023             | <u>112,838</u>                         | <u>121,915</u>                        | <u>234,753</u> |
| <b>NET BOOK VALUE</b>      |  |                                       |                |
| At 31 Mar 2023             | <u>26,660</u>                          | <u>14,126</u>                         | <u>40,786</u>  |
| At 31 Mar 2022             | <u>27,404</u>                          | <u>17,580</u>                         | <u>44,984</u>  |

Included in the above assets is one hire purchase asset. The net book value of this asset is as follows:

|  |              |
|--|--------------|
| Cost   | £<br>5,087   |
| Accumulated depreciation                               | (1,017)      |
| Net book value of hire purchase asset at 31 March 2023 | <u>4,070</u> |
| Net book value of hire purchase asset at 31 March 2022 | <u>5,087</u> |

**10. Debtors**

|   | 2023<br>£      | 2022<br>£      |
|---|----------------|----------------|
| Trade debtors (gross social housing rent arrears) | 51,130         | 52,282         |
| Less: Provision for doubtful debts                | (7,920)        | (9,332)        |
|   | <u>43,210</u>  | <u>42,950</u>  |
| Other debtors                                     | 33,144         | 36,159         |
| Prepayments and accrued income                    | 71,743         | 55,453         |
|   | <u>148,097</u> | <u>134,562</u> |

Gross social housing rent arrears includes £0 (2022: £0) to reflect the net present value element adjustment where a repayment schedule is in place.

**11. Creditors: amounts falling due within one year**

|                               | 2023           | 2022           |
|-------------------------------|----------------|----------------|
|                               | £              | £              |
| Trade creditors               | 1,999          | 27,145         |
| Rents paid in advance         | 35,324         | 33,047         |
| Housing loans                 | 420,463        | 334,523        |
| Social Housing Grant          | 58,746         | 58,823         |
| Other tax and social security | 9,556          | 9,456          |
| Finance leases                | 1,162          | 1,068          |
| Other creditors               | 1,334          | 1,334          |
| Accruals and deferred income  | 97,797         | 71,584         |
|                               | <u>626,381</u> | <u>536,980</u> |

Details of leasing arrangements are provided in note 13.

**12. Creditors: amounts falling due after more than one year**

|                             | 2023              | 2022              |
|-----------------------------|-------------------|-------------------|
|                             | £                 | £                 |
| Bank loans                  | 9,054,476         | 9,477,285         |
| Social Housing Grant        | 5,384,316         | 5,452,705         |
| Recycled Capital Grant Fund | 13,173            | -                 |
| Finance leases              | 3,677             | 4,840             |
|                             | <u>14,455,642</u> | <u>14,934,830</u> |

Bank loans from lending institutions are secured by specific charges on the Association's housing properties and are repayable at rates of interest between 2.65% and 6.05% over terms of between 25 and 30 years.

Details of leasing arrangements are provided in note 13.

**13. Leases (Lessee)**

The Association has taken out one finance lease for the acquisition of a photocopier. Total future minimum finance lease payments are as follows:

|   | 2023         | 2022         |
|---|--------------|--------------|
|   | £            | £            |
| Not later than one year                           | 1,478        | 1,479        |
| Later than one year and not later than five years | 4,066        | 5,545        |
|   | <u>5,544</u> | <u>7,024</u> |
| Less finance charges                              | (705)        | (1,116)      |
|   | <u>4,839</u> | <u>5,908</u> |
| Less: Included in current liabilities             | (1,162)      | (1,068)      |
|   | <u>3,677</u> | <u>4,840</u> |

In 2014 the Association took out a 10-year lease on its offices in Poole. The lease expires in September 2024. The amount payable up to the end of the lease is £33,678. In 2020 the Association took out a lease to provide laundry

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equipment in some of its development. The lease expires in November 2027. The amount payable up to the end of the lease is £124,364.

**14. Share capital**

|                           | 2023<br>£ | 2022<br>£ |
|---------------------------|-----------|-----------|
| At 1 April 2022           | 29        | 29        |
| Issued during the year    | -         | -         |
| Cancelled during the year | (9)       | -         |
| At 31 March 2023          | <u>20</u> | <u>29</u> |

The shares have no rights to any interest or share of surpluses. If the Association is dissolved, then the assets can be distributed as decided by a Special General Meeting, but the shareholders are not entitled to anything other than the return of the £1 face value of the share.

**15. Reconciliation of operating surplus to cash flow from operating activities**

|   | 2023<br>£      | 2022<br>£        |
|---|----------------|------------------|
| Surplus for the year                    | 215,816        | 260,789          |
| Interest payable                        | 445,598        | 390,061          |
| Interest received                       | (33,190)       | (34,387)         |
| Depreciation of tangible fixed assets   | 461,316        | 451,932          |
| Loss on disposal of fixed assets        | 7,385          | 10,482           |
| Release of Social Housing Grant         | (55,293)       | (58,823)         |
| Gain on disposal of fixed asset         | (102,082)      | -                |
| (Increase)/decrease in debtors          | (12,123)       | 10,476           |
| (Decrease) in bad debt provision        | (1,412)        | (2,994)          |
| New Finance Lease                       | -              | 5,087            |
| Increase/(decrease) in creditors        | 3,444          | (30,235)         |
| Share capital written off               | (9)            | -                |
| Net cash flow from operating activities | <u>929,450</u> | <u>1,002,388</u> |

**16. Pensions**

The Association operates a defined contribution pension plan for its employees. The amount recognised as an expense in the period was £23,939 (2022: £22,335).

**17. Related Party Transactions**

Ann Schofield is a tenant of Sandbourne and served as a Board member throughout the year. Her tenancy is on normal commercial terms similar to all other tenants, and she cannot use her position to her advantage.

Wendy Wells is a tenant of Sandbourne and was co-opted to the Board in May 2022, but resigned due to ill health in November 2022. Her tenancy is on normal commercial terms similar to all other tenants, and she could not use her position to her advantage.

David Joicey was a Sandbourne Board member until September 2022 and is employed by BCP Council (BCP). Sandbourne has a contractual agreement with BCP in relation to the provision of office space. Sandbourne paid £22,452 in the year to BCP (2022: £22,452) as rent for those offices. All services were provided on an arms-length basis.

Michael Owen is a Sandbourne Board member and is a Partner with Capsticks Solicitors LLP. Sandbourne use Capsticks for legal advice in relation to housing management issues and paid them £3,161 in the year (2022: £3,519) for those services. All services were provided on an arms-length basis and Michael Owen played no part in them.

**18. Capital Commitments**

As at 31 March 2023 Sandbourne had no capital commitments (2022: £697,903).