

Financial Conduct Authority registration number 30604R
Registered Provider number 4638

WESTMINSTER COMMUNITY HOMES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

WESTMINSTER COMMUNITY HOMES LIMITED

INFORMATION

Directors James Green - Chair WCC nominee
Olivia Harris - WCC nominee
Thomas Harding - WCC Nominee

Secretary Neil Tryner

FCA registration number 30604R

Registered Provider number 4638

Registered office 12th Floor Westminster City Hall
64 Victoria Street
London
SW1E 6QP

Auditors Jones Avens Limited
Piper House
4 Dukes Court
Bognor Road
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West Sussex
PO19 8FX

Bankers Lloyds TSB
Public and Community Sector
3rd Floor
25 Gresham Street
London
EC2V 7HN

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WESTMINSTER COMMUNITY HOMES LIMITED

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WESTMINSTER COMMUNITY HOMES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present the strategic report and financial statements for the year ended 31 March 2023.

Objectives and activities

WCH was formed for the benefit of the community. It aims to create high quality sustainable homes which complement the local community and encourage thriving neighbourhoods.

Its objectives are to carry out for the benefit of the community:

- the provision of affordable housing for people who have housing need and appropriate associated facilities and amenities
- any other charitable object that can be carried out from time to time by a Co-operative and Community Benefit Society.

In order to achieve its objectives WCH works with Westminster City Council (WCC) to increase the provision of affordable housing and other related activities which assist in the delivery of the City Council's strategic housing objectives.

Governance

WCH, like all Co-operative and Community Benefit Societies, is a 'not for profit' body, where the shareholders' derive no financial benefit and their rights are significantly less than in ordinary companies.

The three shareholders of WCH are:

- Westminster City Council (WCC)
- James Green
- Dermot Moloney (Resigned 20th August 2022)

The key influence and future direction of the company is provided through the Board. The full Board numbers and composition comprises of 5 Westminster City Council nominees.

WCH is currently awaiting the City Council's nominations for the shareholder and the two vacant Board posts.

Recruitment to the Board

Under the rules each Board member is elected for a fixed term of three years. No Board member can have a continuous period of office which exceeds 9 years. At the end of the fixed term Board members retire from office. The recent adoption of NHA Code of Governance provides for Board Members to normally serve only 6 years although this can be extended at WCH discretion. The Board currently comprise of two members who are now in their sixth year of service. At the February Board meeting it was agreed to extend the period of service for these two Board Members by a further year to provide WCH with stability. A Skills Audit was undertaken in 2022 and the results will inform the make-up of the Board once recruitment proceeds.

Services

The Role of the City Council

- The City Council provides accountancy services and property management and maintenance services through the Housing Team to WCH on a contractual basis.
- There is an Intra Group agreement between WCH and WCC as the Parent. This sets out the decisions taken by the Parent and those taken by the Board.
- All services required by WCH are provided through a cost share agreement with the City Council and some external provision. WCH has individual loan agreements with the City Council who also retain the beneficial use of all units, through a nomination's agreement with WCH.

WESTMINSTER COMMUNITY HOMES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Achievements 2022/23

WCH performance in the key areas of activity undertaken in 2022/23 are as follows:

- Regeneration Acquisitions

WCH has continued to support the City Council as its agents for the acquisition of leasehold interests in the Ebury and Church Street Regeneration Areas.

WCH gave evidence at the CPO Public Inquiry for Ebury in August 2022 and supported the City Council through this process. Of the original 140 leasehold interests, to date 130 have been acquired, 8 have had terms agreed and we are working through the legal processes for acquisition. The terms on 2 leasehold interests have not been agreed to date but both are in the final phase of the scheme, so there is still adequate time to reach agreement and finalise these acquisitions without impact on the delivery of the scheme.

On Church Street to date we have been advised to focus our acquisition activities on Site A, although we have acquired units in other phases as they have become available. So far we have acquired 40 of 47 leasehold interests in Site A and have a further 3 cases under offer. WCH are now working on obtaining agreements with the remaining 4 lessees to provide full vacant possession of these blocks.

Following the successful resident's ballot WCH are now looking to expand the acquisition programme to further Sites within the Regeneration Area.

Across the entire Church Street Regeneration scheme there were 188 leasehold interests to acquire and to date a total of 77 units have been acquired and 3 further cases are under offer.

- Completion of Victoria Wharf (Phase 2) inc. overcrowding cases

This scheme is nearing completion with handover expected in September. This comprises of 20 x 1 bed units for Intermediate Rent.

To produce the best outcome for the City Council from this scheme WCH has provided priority to the sons and daughters of existing overcrowded City Council households to help to alleviate their overcrowding. These households were written to with details of the scheme and 12 individuals responded. Viewings were then held and so far, 4 are proceeding through the lettings process.

- Revision and provision of new planning application for 581-587 Harrow Road

WCH obtained planning permission in 2022 for 25 x 1 bed Intermediate Rented units on this site. In July 2022 WCH decided to review the tenure on this scheme. A planning application for a new scheme comprising of 15 Social Rented units (11 x 2 beds, 3 x 3 beds and 1 x 4 beds) has been submitted and is due to be considered on 13th June. WCH are moving forward with the detailed design work required to enable a successful tender of these works with a view to be able to start on site in the late Autumn.

- Completion and sale of 2a Bravington Road W9 (Shared Ownership)

This scheme comprises of 3 x 1 bed units for low-cost shared ownership and was completed in late Autumn 2022. All three units were valued at £395,000 each with the option of buying a minimum of 25% share and rents set at 2%. This produced a total housing cost for the lessees in line with the local London Living Rent for the area. All three units have now been sold to WCH Intermediate Renters.

WESTMINSTER COMMUNITY HOMES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

- Tender and appointment of contractor for the Refresh scheme

WCH has carried out surveys of its housing stock to identify the works that are required to meet new and emerging statutory requirements, provide additional ventilation, and refresh the units in order to ensure they meet our standards. These surveys have now enabled this work to be tendered and the Board has approved the successful contractor to enable these works to be carried out.

- Social Value

WCH has for many years had a small but important Social Value programme. This delivers such things as football training, farm trips, support for a girl's club, various homework and breakfast clubs and more recently support for the Westminster Wheels project. The budget for this area has been increased for 2023/24 and we are looking to support the delivery of additional breakfast clubs.

Stock position

By the end of 2021/2022 WCH stock had increased to 512 units.

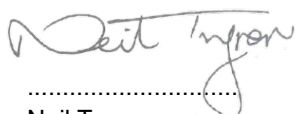
Tenancy types

WCH owned stock as at the end of 2022/23 can be broken down across the following types of tenure:

- Assured Tenancies 291
- Assured Shorthold Tenancies 125
- Temporary Accommodation (in borough) 23
- Temporary Accommodation (out of borough) 29
- Shared Ownership 9
- Private Tenancies 3
- Regeneration 32

In addition, WCH also manage 59 properties owned by WCC (44 units) and RBKC (15 units).

By order of the Board



.....
Neil Tryner

Secretary

Date: 22/9/2023.....

WESTMINSTER COMMUNITY HOMES LIMITED

BOARD REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

Principal activities

The association is a Co-operative and Community Benefit Society with charitable objectives and is registered with the Financial Conduct Authority (FCA). The principal activity of the association continued to be that of the development, rental and management of social housing accommodation.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

James Green - Chair WCC nominee

Olivia Harris - WCC nominee

Thomas Harding - WCC Nominee

Dermot Moloney - WCC Nominee (Resigned 20 August 2022)

Cllr Susie Burbidge - WCC Nominee (Resigned 4 May 2022)

Results

Westminster Community Homes' financial position is set out on pages 10 to 28 of this report and consists of an income and expenditure account for the year, a balance sheet and a cash flow statement. WCH prepared the accounts for 2022/23 under the Statement of Recommended Practice (SORP) for registered social housing providers.

Directors' insurance

The association maintains insurance policies on behalf of all the directors against liability arising from negligence, breach of duty and breach of trust in relation to the association.

Auditor

The appointment of the Auditors for 2022/23 was made following the tendering of this service and Jones Avens were reappointed for 2022/23 and 2023/24.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the association's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the association's auditor is aware of that information.

Governance and Financial viability Standard

Prior to 2021/22 WCH had applied the Code of Governance based upon the City Council's which is in line with CIPFA/ SOLACE Framework for Corporate Governance in Local Government. During 2021/22 the Board felt that this should be changed to NHF Code of Governance 2020 as being more appropriate for WCH and to ensure compliance a comprehensive review was undertaken and the outcomes have now been fully implemented.

WESTMINSTER COMMUNITY HOMES LIMITED

BOARD REPORT

FOR THE YEAR ENDED 31 MARCH 2023

Value for money

Achieving value for money is a fundamental business strategy for WCH and like many smaller RP's whose resources are limited we aim to provide our services in the most cost-efficient way and ensuring that our residents receive the highest possible standard of services.

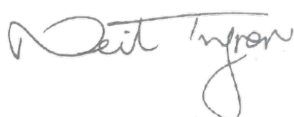
Our residents are a mixture of Social Rented Tenants and Intermediate Renters for whom we adopt the same standard for their homes in line with a 'shared ownership' standard. Although, this is at a higher initial cost we have found that we have experienced lower rates of repairs and turnover.

WCH carried out a Residents Survey in 2023 following an absence due to Covid. This Residents Survey showed that 86% of residents believed that WCH provides an effective and efficient service, that 87% were satisfied with the quality of their home and 93% felt the rent represented value for money.

The VFM indicators are set out in the table below.

| Regulator for Social Housing Indicator | 2023 | 2022 |
|---|-----------|-----------|
| Operating margin (overall) | 1.89% | 1.93% |
| Operating margin (social housing lettings) | 8.82% | 4.15% |
| EBITDA MRI (as % interest) | 428.92% | 301.40% |
| Gearing | 1.94% | 1.98% |
| New supply delivered (social housing units) [% of existing stock] | 1.56% | 0.83% |
| New supply delivered (Non-social housing units) | 0% | 0% |
| Reinvestment % | 2.35% | 4.43% |
| Return on Capital Employed (ROCE) % | 0.37% | 0.32% |
| Headline housing cost per unit | £6,195.83 | £6,637.04 |

By order of the Board



Neil Tryner

Secretary

22/9/2023

WESTMINSTER COMMUNITY HOMES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

The Board 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 association and of its income and expenditure for that period.

In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

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

WESTMINSTER COMMUNITY HOMES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WESTMINSTER COMMUNITY HOMES LIMITED

Opinion

We have audited the financial statements of Westminster Community Homes Limited (the 'association') for the year ended 31 March 2023 set out on pages 10 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 surplus 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 Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2022.

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 directors' 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 company'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 directors with respect to going concern are described in the relevant sections of this report.

Other information

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

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

WESTMINSTER COMMUNITY HOMES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF WESTMINSTER COMMUNITY HOMES LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the association and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Board Report.

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:

- a satisfactory system of control over transactions has not been maintained; or
- the association has not kept proper accounting records;
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 directors either intend 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.

Identification and assessment of irregularities including fraud

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.

- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the association, including the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2022.;
- we obtained an understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework by making appropriate enquiries of management as well as considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations;
- we made enquiries of those charged with governance and management concerning:
 - the risks of fraud;
 - instances of non-compliance with laws and regulations or knowledge of actual, suspected, or alleged fraud is documented during the period;
- we allocated an engagement team that we considered collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

WESTMINSTER COMMUNITY HOMES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF WESTMINSTER COMMUNITY HOMES LIMITED

Audit response to the risk of irregularities including fraud

Based on the results of our risk assessment, our procedures included, but were not limited to:

- performing analytical procedures to identify any unusual or unexpected relationships.
- evaluating whether the selection and application of accounting policies by the entity that may be indicative of fraudulent financial reporting resulting from management's effort to manage earnings.
- assessing whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias.
- agreeing financial statement disclosures to underlying supporting documentation.
- reading the minutes of meetings of those charged with governance.
- testing of journal entries to address the risk of fraud through management override.
- incorporating an element of unpredictability in the selection of the nature, timing, and extent of our audit procedures.
- corroborating the business rationale for transactions outside the normal course of business.

Conclusions regarding the risks of irregularities including fraud

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

We considered our audit was capable of detecting irregularities due to:

- the effectiveness of the entity's internal controls;
- the nature, timing and extent of audit procedures performed; and
- the absence of contradictory evidence.

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 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.



Jones Avens Limited

22/09/2023
.....

**Chartered Accountants
Statutory Auditor**

Piper House
4 Dukes Court
Bognor Road
Chichester
West Sussex
PO19 8FX

WESTMINSTER COMMUNITY HOMES LIMITED

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2023

| | Notes | 2023 £ | 2022 £ |
|--|----------|------------------|------------------|
| Turnover | | 12,599,858 | 14,012,268 |
| Cost of sales | | (6,913,597) | (8,500,271) |
| Gross surplus | | 5,686,261 | 5,511,997 |
| Administrative expenses | | (5,589,231) | (5,512,527) |
| Surplus on disposal of tangible fixed assets | 4 | 332,571 | 805,714 |
| Operating surplus | 6 | 429,601 | 805,184 |
| Interest receivable and similar income | 9 | 4,768 | - |
| Interest payable and similar expenses | 10 | (359,679) | (410,587) |
| Surplus before taxation | | 74,690 | 394,597 |
| Taxation | 11 | - | - |
| Surplus for the financial year | | 74,690 | 394,597 |
| Total comprehensive income for the year | | 74,690 | 394,597 |

The Income and Expenditure Account has been prepared on the basis that all operations are continuing operations.

Signed on behalf of the Board



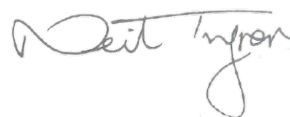
.....
Olivia Harris - WCC nominee

Director



.....
James Green -
Chair WCC
nominee

Director



.....
Neil Tryner

Secretary

WESTMINSTER COMMUNITY HOMES LIMITED

BALANCE SHEET

AS AT 31 MARCH 2023

| | Notes | 2023 | | 2022 | |
|--|-------|--------------|---------------|--------------|---------------|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 12 | | 125,406,929 | | 125,677,426 |
| Current assets | | | | | |
| Stocks | 13 | 16,999,943 | | 10,505,970 | |
| Debtors | 14 | 1,536,457 | | 687,601 | |
| Investments | 15 | 85,500 | | 85,500 | |
| Cash at bank and in hand | | 3,895,296 | | 4,800,446 | |
| | | | 22,517,196 | | 16,079,517 |
| Creditors: amounts falling due within one year | 16 | (24,151,740) | | (17,612,332) | |
| Net current liabilities | | | (1,634,544) | | (1,532,815) |
| Total assets less current liabilities | | | 123,772,385 | | 124,144,611 |
| Creditors: amounts falling due after more than one year | 17 | | (113,282,036) | | (113,728,952) |
| Net assets | | | 10,490,349 | | 10,415,659 |
| Capital and reserves | | | | | |
| Share capital | 21 | | 3 | | 3 |
| Income and expenditure reserve | | | 10,490,346 | | 10,415,656 |
| Total equity | | | 10,490,349 | | 10,415,659 |

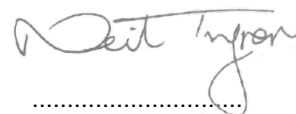
The financial statements were approved by the board of directors and authorised for issue on 22/09/2023 and are signed on its behalf by:



.....
Olivia Harris - WCC nominee
Director



.....
James Green - Chair WCC nominee
Director



.....
Neil Tryner
Secretary

WESTMINSTER COMMUNITY HOMES LIMITED

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

| | Notes | Share capital £ | Income and expenditure account reserve £ | Total £ |
|---|-------|--------------------|--|------------|
| Balance at 1 April 2021 | | 3 | 10,021,059 | 10,021,062 |
| Year ended 31 March 2022: | | | | |
| Surplus and total comprehensive income for the year | | - | 394,597 | 394,597 |
| Balance at 31 March 2022 | | 3 | 10,415,656 | 10,415,659 |
| Year ended 31 March 2023: | | | | |
| Surplus and total comprehensive income for the year | | - | 74,690 | 74,690 |
| Balance at 31 March 2023 | | 3 | 10,490,346 | 10,490,349 |

WESTMINSTER COMMUNITY HOMES LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

| | Notes | 2023 £ | £ | 2022 £ | £ |
|--|-------|------------------|---|--------------------|---|
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 23 | 774,901 | | 2,765,956 | |
| Interest paid | | (359,679) | | (410,587) | |
| | | | | | |
| Net cash inflow from operating activities | | 415,222 | | 2,355,369 | |
| Investing activities | | | | | |
| Purchase of tangible fixed assets | | (2,950,267) | | (5,505,838) | |
| Proceeds on disposal of tangible fixed assets | | 1,073,362 | | 1,800,788 | |
| Social housing grant received | | 1,506,000 | | 42,000 | |
| Proceeds on disposal of fixed asset investments | | - | | 60,000 | |
| Interest received | | 4,768 | | - | |
| | | | | | |
| Net cash used in investing activities | | (366,137) | | (3,603,050) | |
| Financing activities | | | | | |
| Repayment of borrowings | | (954,235) | | (939,094) | |
| | | | | | |
| Net cash used in financing activities | | (954,235) | | (939,094) | |
| | | | | | |
| Net decrease in cash and cash equivalents | | (905,150) | | (2,186,775) | |
| Cash and cash equivalents at beginning of year | | 4,800,446 | | 6,987,221 | |
| | | | | | |
| Cash and cash equivalents at end of year | | 3,895,296 | | 4,800,446 | |

WESTMINSTER COMMUNITY HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

Westminster Community Homes Limited is a Co-operative and Community Benefit Society and a private registered provider of social housing in the United Kingdom. The registered office is 12th Floor Westminster City Hall, 64 Victoria Street, London, SW1E 6QP. The nature of the association's operations and principal activities are the development, rental and management of social housing accommodation.

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

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 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 Update (SORP), 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 are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

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

Turnover represents rental and service charges income receivable in the year net of rent and service charge losses from voids, revenue grants and the amortisation of government grants.

The disposal proceeds from the first tranche of shared ownership properties are included in turnover at the point of legal completion. The second and subsequent tranches are accounted for in administrative expenditure / operating income in the period in which the disposal occurs being the difference between the net sale proceeds and the net carrying value.

Turnover also includes the proceeds received on the sale of properties acquired for resale.

Interest income is recognised using the effective interest method and dividend income is recognised as the association's right to receive payment is established.

WESTMINSTER COMMUNITY HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.4 Tangible fixed assets

Tangible fixed assets (including social housing properties) are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended such as the cost of acquiring land and buildings, developments costs 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.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Leashold & freehold properties - main fabric The life of the lease or 100 years as applicable

Leasehold and freehold properties in the course of construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in income and expenditure.

Major components of housing properties, such as lifts (20 years), double glazing (30 years), bathrooms (30 years) and kitchens (20 years), have been accounted for and depreciated separately from the connected housing property, over their expected useful economic lives and are included in housing properties.

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

1.5 Impairment of fixed assets

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 considered at scheme level. The key indicators considered are:

- A change in demand for a property.
- Obsolescence of a property.
- A change in government policy.

If such indication exists, the recoverable amount is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in expenditure through the statement of comprehensive income. No such indications were noted and therefore no review was considered necessary.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell and are comprised of properties purchased for resale.

1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

WESTMINSTER COMMUNITY HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.8 Financial instruments

The association has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets are recognised in the association's balance sheet when the association becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets

Basic financial assets, which include rent arrears and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through income and expenditure are measured at fair value.

Investments are comprised of equity loans made with purchasers of the association's property and are treated as concessionary loans and are measured at the amount due from the borrower, no interest is charged and security is provided by a charge over the property purchased.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in income and expenditure, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in income and expenditure.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the association after deducting all of its liabilities.

WESTMINSTER COMMUNITY HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the association after deducting all of its liabilities.

Derecognition of financial liabilities

Financial liabilities are derecognised when the association's obligations are discharged, cancelled, or they expire.

1.9 Taxation

The association has charitable status with HM Revenue and Customs and no charge to Corporation Tax tax arises on these results. Deferred tax is therefore also not applicable.

The association is registered for VAT. The association makes some charges for services which are subject to VAT and therefore these are shown exclusive of VAT. All other income and expenditure is not subject to VAT and is therefore shown inclusive of VAT.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the association is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

WESTMINSTER COMMUNITY HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.12 Government grants

Social housing or other government grants are received to finance social 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.

Under certain circumstances, primarily following the sale of a property, the grant is repayable or recyclable but this is often restricted to the net proceeds of sale. Where government grants are required to be recycled, a liability is included to recognise this obligation.

Government grants received as a contribution to revenue expenditure are recognised in the statement of comprehensive income on a systematic basis over the period in which the landlord recognises the related costs for which the grant is intended to compensate. The related expenditure is included under administrative expenses. Grants are recognised in the same period as the related expenditure provided the conditions for receipt have been satisfied and there is reasonable assurance that the grant will be received.

Recycled Capital Grants Fund

Capital grants can be recycled under certain condition, if a property is sold, or if another relevant event takes place. Recycled grants can be used for projects approved by the Greater London Authority (GLA) and they are credited to the Recycled Capital Grant Fund within liabilities.

In certain circumstances, such as the sale of housing properties, capital grants may be repayable, and, in that event, is subordinated to the repayment of other loans by agreement with the Greater London Authority (GLA). It is accounted for as soon as the liability arises within creditors: amounts falling due within one year. When any grant to be recycled or repaid is less than the grant relating to the disposal, the difference is treated as abated grant. Abated capital grants are treated as a component of the surplus or deficit on disposal.

2 Judgements and key sources of estimation uncertainty

In the application of the association's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Estimated useful lives

The useful life of housing properties and their components has been estimated using the National Housing Federation matrix of property components as a basis.

WESTMINSTER COMMUNITY HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

3 Social housing turnover and costs

| | 2023 £ | 2022 £ |
|--|------------------|------------------|
| Rents receivable excluding service charges | 3,991,071 | 3,730,295 |
| Service charges receivable | 230,785 | 200,723 |
| Other sundry income | 263,399 | 541,157 |
| Amortisation of capital grants | 1,000,942 | 996,384 |
| First tranche shared ownership sales | 392,014 | - |
| | <u>5,878,211</u> | <u>5,468,559</u> |
| Social housing activity expenditure | (5,589,231) | (5,512,527) |
| Surplus on disposal of housing accommodation | 332,571 | 805,714 |
| | <u>621,551</u> | <u>761,746</u> |
| Operating surplus/(deficit) from social housing activities | <u>621,551</u> | <u>761,746</u> |
| Net surplus/(deficit) from social housing activities | <u>266,640</u> | <u>351,159</u> |
| Void losses | <u>(85,284)</u> | <u>(145,551)</u> |

4 Exceptional item

| | 2023 £ | 2022 £ |
|--|------------------|------------------|
| Expenditure | | |
| Surplus on disposal of housing accommodation | (332,571) | (805,714) |
| | <u>(332,571)</u> | <u>(805,714)</u> |

5 Accommodation owned and in management

| | Number of units at 31 March 2023 | Number of units at 31 March 2022 |
|--|---|---|
| Completed units: | | |
| Assured tenancies | 291 | 289 |
| Intermediate homes | 125 | 125 |
| Temporary accommodation (in borough) | 23 | 31 |
| Temporary accommodation (out of borough) | 29 | 29 |
| Shared ownership | 9 | 9 |
| Private tenancies | 3 | 1 |
| Regeneration | 32 | 20 |
| Managed on behalf of other authorities | 59 | 59 |
| | <u>571</u> | <u>563</u> |

WESTMINSTER COMMUNITY HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

6 Operating surplus

| | 2023 | 2022 |
|--|-----------------------------|-----------------------------|
| | £ | £ |
| Operating surplus for the year is stated after charging/(crediting): | | |
| Remuneration, exclusive of VAT, payable to the external auditors: | | |
| Auditing of the accounts | 9,008 | 12,307 |
| Accountancy services | 1,913 | 1,986 |
| Depreciation of owned tangible fixed assets | 2,357,636 | 2,410,494 |
| Deficit on disposal of fixed asset components | (210,234) | (534,883) |
| | <u> </u> | <u> </u> |

7 Employees

The average monthly number of persons (including directors) employed by the association during the year was:

| | 2023 | 2022 |
|---|-----------------------------|-----------------------------|
| | Number | Number |
| Directors | 1 | 1 |
| Administration | 4 | 4 |
| | <u> </u> | <u> </u> |
| | 5 | 5 |
| | <u> </u> | <u> </u> |
| Average full time equivalent, excluding non-executive directors (based on a 35 hour week) | 4 | 4 |
| | <u> </u> | <u> </u> |

Their aggregate remuneration comprised:

| | 2023 | 2022 |
|-----------------------|-----------------------------|-----------------------------|
| | £ | £ |
| Wages and salaries | 279,097 | 233,958 |
| Social security costs | 41,133 | 26,085 |
| Pension costs | 3,778 | 3,419 |
| | <u> </u> | <u> </u> |
| | 324,008 | 263,462 |
| | <u> </u> | <u> </u> |

There are no employees who received more than £60,000 as their employee package with the association, other than key management personnel, see note 8.

WESTMINSTER COMMUNITY HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

8 Board and key management remuneration

| | 2023 £ | 2022 £ |
|---|----------------|---------------|
| Remuneration for qualifying services | 112,080 | 74,909 |
| Company pension contributions to defined contribution schemes | 1,541 | 1,321 |
| | <u>113,621</u> | <u>76,230</u> |

None of the non-executive board members were received remuneration during the year (2021 - £nil).

The Chief Executive, who is the highest paid director, received £112,080 (2022 - £74,909) remuneration (excluding pension contributions). The Chief Executive received pension contributions from the association of £1,541 (2022 - £1,321) under the normal terms of their employee pension scheme.

For the purposes of the above disclosures, "Director" also includes the Chief Executive and any other person who is a member of the executive management team, or its equivalent, of the association.

9 Interest receivable and similar income

| | 2023 £ | 2022 £ |
|---------------------------|--------------|-----------|
| Interest income | | |
| Interest on bank deposits | 4,768 | - |
| | <u>4,768</u> | <u>-</u> |

Investment income includes the following:

| | | |
|--|--------------|----------|
| Interest on financial assets not measured at fair value through income and expenditure | 4,768 | - |
| | <u>4,768</u> | <u>-</u> |

10 Interest payable and similar expenses

| | 2023 £ | 2022 £ |
|--|----------------|----------------|
| Interest on financial liabilities measured at amortised cost: | | |
| Other interest on financial liabilities | 359,679 | 410,587 |
| | <u>359,679</u> | <u>410,587</u> |

The association does not capitalise borrowing costs on developments in progress, instead it is recognised in the income and expenditure account in the year incurred. At an average cost of borrowing of 5.08% (2022 - 5.08%) potential capitalised interest is estimated at £nil (2022 £nil).

11 Taxation

The association has charitable status with HM Revenue & Customs and on the basis of these financial statements no provision has been made for corporation tax.

WESTMINSTER COMMUNITY HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

12 Tangible fixed assets

Housing properties

| | Housing properties for letting | Housing properties under construction | Shared ownership properties | Total |
|--|--------------------------------|---------------------------------------|-----------------------------|-------------|
| | £ | £ | £ | £ |
| Cost | | | | |
| At 1 April 2022 | 130,501,766 | 12,886,109 | 1,443,086 | 144,830,961 |
| Additions: completed properties acquired | 595,692 | - | - | 595,692 |
| Additions: works to existing properties | 66,092 | - | - | 66,092 |
| Additions: other | - | 2,288,483 | - | 2,288,483 |
| Transfers: schemes completed | 9,561,279 | (9,962,777) | 401,498 | - |
| Disposals: property sold | (707,292) | - | (134,133) | (841,425) |
| Disposals: replacement of components | (173,219) | - | - | (173,219) |
| At 31 March 2023 | 139,844,318 | 5,211,815 | 1,710,451 | 146,766,584 |
| Depreciation and impairment | | | | |
| At 1 April 2022 | 19,037,759 | - | 115,776 | 19,153,535 |
| Depreciation charged in the year | 2,339,417 | - | 18,219 | 2,357,636 |
| Eliminated in respect of disposals | (100,634) | - | - | (100,634) |
| Eliminated in respect of component disposals | (50,882) | - | - | (50,882) |
| At 31 March 2023 | 21,225,660 | - | 133,995 | 21,359,655 |
| Carrying amount | | | | |
| At 31 March 2023 | 118,618,658 | 5,211,815 | 1,576,456 | 125,406,929 |
| At 31 March 2022 | 111,464,007 | 12,886,109 | 1,327,310 | 125,677,426 |

13 Stocks

| | 2023 | 2022 |
|-------------------------------------|------------|------------|
| | £ | £ |
| Property purchased for regeneration | 16,999,943 | 10,505,970 |
| | 16,999,943 | 10,505,970 |

14 Debtors

| | 2023 | 2022 |
|---|-----------|---------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Social housing rent arrears | 140,464 | 112,827 |
| Rental income due from parent undertaking | 484,417 | 513,631 |
| Other amounts due from parent undertaking | 751,370 | - |
| Other debtors | 160,206 | 61,143 |
| | 1,536,457 | 687,601 |

WESTMINSTER COMMUNITY HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

15 Current asset investments

| | 2023 £ | 2022 £ |
|-------|-----------|-----------|
| Loans | 85,500 | 85,500 |

The above loans are concessionary loans at 0% interest, repayable on the eventual sale of the property, over which a charge is held.

16 Creditors: amounts falling due within one year

| | Notes | 2023 £ | 2022 £ |
|------------------------------------|-------|-------------------|-------------------|
| Loans and overdrafts | 18 | 970,298 | 954,235 |
| Trade creditors | | 610,203 | 635,918 |
| Rents paid in advance | | 148,762 | 164,795 |
| Amount due to parent undertaking | | 17,831,802 | 11,325,154 |
| Other taxation and social security | | 37,109 | 21,140 |
| Government grants | 19 | 1,000,943 | 996,384 |
| Other creditors | | 216,182 | 178,265 |
| Unallocated grants | | 3,336,441 | 3,336,441 |
| | | <u>24,151,740</u> | <u>17,612,332</u> |

17 Creditors: amounts falling due after more than one year

| | Notes | 2023 £ | 2022 £ |
|------------------------------|-------|--------------------|--------------------|
| Loans and overdrafts | 18 | 5,358,261 | 6,328,559 |
| Government grants | 19 | 99,619,088 | 99,063,706 |
| Recycled capital grants fund | | 8,304,687 | 8,336,687 |
| | | <u>113,282,036</u> | <u>113,728,952</u> |

Recycled capital grants fund

| | 2023 £ | 2022 £ |
|-----------------------|------------------|------------------|
| At 1 April 2022 | 8,336,687 | 8,304,687 |
| Inputs to be recycled | (32,000) | 32,000 |
| At 31 March 2023 | <u>8,304,687</u> | <u>8,336,687</u> |

WESTMINSTER COMMUNITY HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

18 Loans and overdrafts

| | 2023 £ | 2022 £ |
|---------------------------------------|-----------|-----------|
| Housing loans from parent undertaking | 6,328,559 | 7,282,794 |
| Payable within one year | 970,298 | 954,235 |
| Payable after one year | 5,358,261 | 6,328,559 |

The above loans are from WCC and are secured on the association's housing properties.

The 25 year loan of £4m has interest charged at 4.2% loan, the loan was drawn down per property acquisition was between 2009/10 to 2010/11.

A 10 year loan of £6m, with an interest charge of 5.67%, has been drawn down in 2014/15. The 1st principal loan repayment date was 2019/20.

19 Government grants

| | 2023 £ | 2022 £ |
|---|--------------------|--------------------|
| Deferred income is included in the financial statements as follows: | | |
| Current liabilities | 1,000,943 | 996,384 |
| Non-current liabilities | 99,619,088 | 99,063,706 |
| | <u>100,620,031</u> | <u>100,060,090</u> |
| Social housing government grants | | |
| At 1 April 2022 | 108,720,317 | 108,780,317 |
| Receivable in the year | 1,506,000 | 42,000 |
| Transferred from recycled capital grants fund | 358,900 | 641,093 |
| Transfer to recycled capital grants fund on sale or property | (326,900) | (673,093) |
| Returned to funder | - | (70,000) |
| | <u>110,258,317</u> | <u>108,720,317</u> |
| Amortisation | | |
| At 1 April 2022 | 8,660,227 | 7,740,513 |
| Amortised during the year | 1,000,942 | 996,384 |
| Adjustment on sale or disposal | (22,883) | (76,670) |
| | <u>9,638,286</u> | <u>8,660,227</u> |
| Carrying amount | | |
| At 31 March 2023 | <u>100,620,031</u> | <u>100,060,090</u> |

Deferred income is comprised of social housing government grants which are amortised over the useful economic of the assets which they finance. Included above are amounts which fall due to be amortised after five years totalling £94,077,227 (2022: £95,078,170).

WESTMINSTER COMMUNITY HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

20 Retirement benefit schemes

| | 2023 | 2022 |
|---|-------------------|-------------------|
| | £ | £ |
| Charge to profit or loss in respect of defined contribution schemes | 3,778 | 3,419 |
| | <u> </u> | <u> </u> |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

21 Share capital

| | 2023 | 2022 | 2023 | 2022 |
|---|-------------------|-------------------|-------------------|-------------------|
| | Number | Number | £ | £ |
| Ordinary share capital Issued and fully paid | | | | |
| Ordinary shares of £1 each | 3 | 3 | 3 | 3 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

These shares do not carry any right to a dividend, cannot be redeemed and do not give any provision for a distribution on a winding up. All members are entitled to vote at General Meetings.

22 Capital commitments

There were no amounts committed to at year end, contractually or otherwise. While there is a development ongoing only groundworks have been completed and the board have not yet committed to going ahead with the remainder of the development as final estimated costs are currently uncertain.

WESTMINSTER COMMUNITY HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

| 23 Cash generated from operations | 2023 £ | 2022 £ |
|--|----------------|------------------|
| Surplus for the year | 74,690 | 394,597 |
| Adjustments for: | | |
| Finance costs | 359,679 | 410,587 |
| Investment income | (4,768) | - |
| Gain on disposal of tangible fixed assets | (210,234) | (534,883) |
| Depreciation and impairment of tangible fixed assets | 2,357,636 | 2,410,494 |
| Movements in working capital: | | |
| (Increase) in stocks | (6,493,973) | (1,907,414) |
| (Increase) in debtors | (848,856) | (183,548) |
| Increase in creditors | 6,486,786 | 3,197,837 |
| (Decrease) in deferred income | (946,059) | (1,021,714) |
| Cash generated from operations | <u>774,901</u> | <u>2,765,956</u> |

WESTMINSTER COMMUNITY HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

24 Related party transactions

Westminster City Council (WCC) is the ultimate parent of Westminster Community Homes (WCH) and currently the only lender to WCH. WCC also provides grants from its AHF and holds nominations rights to the properties. Details of the loans are disclosed in note 18. WCC prepares consolidated group accounts.

WCC provides the following services to WCH: Major works, revenue repairs, finance, property management service and service charge payments to WCC for its freehold interest in most of WCH properties. WCH also pays Council tax to WCC where applicable.

WCH fully owns the subsidiary of WCH Developments Ltd (WCHD). The subsidiary is currently dormant and once WCHD commences trading the inter-company movements will be recorded in the statutory accounts.

The intercompany transactions between WCH and WCC are set out in the table below:

| | 2023 | 2022 |
|----------------------------|-------------|-------------|
| | £000 | £000 |
| Payables | | |
| WCC - revenue transactions | 1,707 | 1,802 |
| WCC - capital transactions | 12,962 | 10,444 |
| | | |
| Receivables | | |
| WCC - revenue transactions | 4,455 | 3,916 |
| WCC - capital transactions | 12,962 | 10,444 |

The association sold 2 properties, with an original cost of £707k, to WCC for £971k.

WESTMINSTER COMMUNITY HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

25 Analysis of changes in net debt

| | 1 April 2022 | Cash flows 31 March 2023 | |
|---------------------------------|--------------------|--------------------------|--------------------|
| | £ | £ | £ |
| Cash at bank and in hand | 4,800,446 | (905,150) | 3,895,296 |
| Borrowings excluding overdrafts | (7,282,794) | 954,235 | (6,328,559) |
| | <u>(2,482,348)</u> | <u>49,085</u> | <u>(2,433,263)</u> |