

Company Registration  
Number: 09805670

**NOTTINGHAM CITY HOMES ENTERPRISES LIMITED**  
(Company limited by ordinary shares)

**REPORT AND FINANCIAL STATEMENTS**

For the year ended 31<sup>st</sup> March 2023

**Nottingham City Homes Enterprises Limited**  
**(Company limited by shares)**  
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**For the year ended 31<sup>st</sup> March 2023**

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**Nottingham City Homes Enterprises Limited**  
**(Company limited by ordinary shares)**  
**ADMINISTRATIVE INFORMATION**  
**For the year ended 31<sup>st</sup> March 2023**

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**BOARD OF DIRECTORS**

Madeleine Forster – (Appointed 19<sup>th</sup> April 2023)  
Kieran Timmins– (Appointed 19<sup>th</sup> April 2023)  
Stephen Feast (Resigned 28<sup>th</sup> April 2023)  
Alison Brown – (Appointed 19<sup>th</sup> May 2022)  
James Howse – (Appointed 19<sup>th</sup> July 2022 – Resigned 31<sup>st</sup> May 2023)  
Nick Murphy – (Resigned 31<sup>st</sup> July 2022)  
Joanne Clifford – (Resigned 6<sup>th</sup> May 2022)

**REGISTERED OFFICE AND PRINCIPAL OFFICE**

Loxley House  
Nottingham  
NG2 3NJ

**AUDITORS**

Bishop Fleming LLP  
Salt Quay House  
4 North East Quay, Sutton Harbour  
Plymouth, Devon  
PL4 0BN

**SOLICITORS**

Nottingham City Council  
Legal Department  
Loxley House  
Station Street  
Nottingham  
NG2 3NG

**BANKERS**

Lloyds Bank Plc  
Parliament Street  
Nottingham  
NG1 SDA

**Nottingham City Homes Enterprises Limited**  
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**STRATEGIC AND DIRECTORS' REPORTS**  
**For the year ended 31<sup>st</sup> March 2023**

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The directors present their reports and the audited financial statements for the year ended 31 March 2023

## **STRATEGIC REPORT**

### **BUSINESS REVIEW**

Nottingham City Homes Enterprises Limited (NCHEL or the Company) is a housing company working to deliver our vision of creating homes and places where people want to live. The Nottingham City Homes Group (NCH or NCH Group) manages homes and provides a range of services to support people in the communities we serve.

NCHEL forms part of the NCH Group with a primary objective to deliver our core services – managing, maintaining and delivering additional rented homes that Nottingham people can afford to live in.

Under s172 of the Companies Act 2006, NCHEL has a duty to promote the success of the company for the benefit of its members as a whole, having regard to:

- Maintaining a high standard of business conduct
- Acting fairly between the members of the business
- Fostering business relationships with suppliers, customers and others
- The impact of operations on the community and the environment
- The likely consequence of any decision in the long term

The Board also needs to address the following:

- The issues, factors and stakeholders the directors consider relevant in complying with the above and how we have formed that opinion.
- The methods the directors have used to engage with stakeholders and understand the issues to which they must have regard.
- The effect of that regard on the company's decisions and strategies during the year.

### **NCHEL's S172 STATEMENT**

**The Company Supported NCH's 2021 to 2024 Corporate Plan goals through its key objectives:**

- Provide market rented homes for communities in Nottingham.
- Be a well governed and financially stable organisation.
- Ensure NCHEL tenants receive high quality housing management, repairs and maintenance services.

**The Company's core business over the year included:**

- Providing housing to households seeking to rent good quality accommodation on a prolonged basis.
- Identifying and reviewing potential future opportunities for the acquisition of market rented homes.

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**Successes**

During the year to 31 March 2023 NCHEL has successfully provided and let 168 market rented properties (with 167 properties remaining in the portfolio at 31<sup>st</sup> March 2023).

**Future Developments and Prospects**

NCHEL has taken the decision to embark on a managed process of disposal of all investment assets and then expect to cease trading. The asset disposal process and associated risks will continue to be monitored closely.

**Operational Context**

The local housing market remained strong during 2022-23, driving up house prices and rent levels. This has served to prevent many people accessing homes they can afford, which has a significant impact on NCHEL's customers.

Financial constraints and the extremely difficult financial situation in which local authorities are operating, means that access to local authority supported borrowing has become increasingly difficult.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The NCHEL Risk Register sets out the risks deemed to most adversely impact on the Company's ability to achieve its corporate objectives and is monitored by the Board. The principal risks, impacts and mitigation which reflect uncertainties facing the business are highlighted in the table below. We aim to identify, control and manage all risks within a culture of risk management. Each risk is assessed for likelihood and severity of impact. Mitigating actions are agreed to reduce or eliminate these factors, and progress is monitored by both management and the Board.

<b>Risk</b>	<b>Impact</b>	<b>Mitigation</b>
<b>Governance</b>		
The Board has a clear Business Plan which outlines the business priorities and strategic direction	The potential for Board decisions that are not aligned to a corporate plan or to NCC objectives leading to fragmented use of resources	Redrafting the NCHEL business plan in line with the new three-year corporate plan, incorporating option appraisals, Group Board involvement.
There is a highly skilled, diverse and well-trained Board able to lead NCHEL, which is compliant with NHF Code of Practice and industrywide best practice	The potential for poor Board decisions that are not fully understood and the potential impacts on the property portfolio or tenants not properly managed.	Regular review of board structure and composition and overall skillset to comply with best practice. An appraisal, induction and training programme in place. Annual assessment of Board effectiveness.
<b>Finance</b>		

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There is a clear financial plan which demonstrates viability and sustainability	Risks are not identified which may impact financial performance	Three-year corporate plan in place for NCH. Annual budget produced for 23/24 and monitored with regular reforecasting of financial performance and cash control. Regular updates to the budget and business model in light of the asset disposal strategy
There are strong financial controls in place	Income and expenditure are not appropriately accounted for, statutory reporting is inaccurate. Risks are not identified.	Standing Orders (Articles), financial controls and procurement procedures in place. Separate Oracle ledger in place for financial records. Internal audit in place for controls and external audit of statutory accounts.
Board has clear oversight of NCHEL financial performance	Board decisions based on inaccurate financial drivers leading to impact on financial results of delivery of the housing service.	Regular reporting to both Board and Management of financial performance and a cash control reporting system to be developed
<b>Legal and Regulation</b>		
Board is aware of its legal and regulatory obligations and can demonstrate compliance with them	Breaches in Board and Director legal and regulatory requirements leading to possible company and/or director fines or punishment.	Annual report produced outlining compliance with relevant regulations and legislation. All reports carry legal and regulatory requirements. Group solicitor and legal advisory framework is available.
Changes in NCC, Government or Government Policy	Impact on operating environment and business model and potential funding	Changes to Govt Policy and updates on legislative changes are provided across NCH and the NCHEL Board. There is a dedicated policy and planning manager to advise on all current and impending policy changes

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## **FINANCIAL REVIEW**

The Company's Income Statement shows a Profit of £1.484 million for the 2022/23 financial year (2021/22 Profit of £1.109 million). This profit has arisen due to the unrealised gain on the Investment Properties following revaluation net of deferred corporation tax.

## **GOING CONCERN**

On 11 May 2022, the Council formally issued a notification of termination of the partnership agreement with NCH that triggers the transfer of the management of the Council's housing stock back into NCC on 10 May 2023, was agreed to be with effect from 1st April 2023.

NCH Enterprises Limited is a for-profit subsidiary of NCH Limited. Its business interests are primarily concerned with the direct letting, management and maintenance of homes for market rent in Nottingham and delivering an operating surplus back to the NCH Group to assist in the delivery of the aims and objectives of the NCH Corporate Plan

From the start of 2023/24, NCHEL has commenced a process of asset disposal as part of the solution to the repayment of HRA Surplus Funds invested within the NCH group of companies. There is a degree of uncertainty around the extent and timing of the deliverability of this solution and as such, NCC will continue to offer the necessary financial support (including the deferral of loan repayments) to NCHEL and the wider group to ensure they remain cash solvent during this period of asset disposal. As a result of the disposal of all the properties within NCHEL, it is the Director's intention the company will cease to trade and be wound up. The Board of NCH have therefore approved that the accounts are prepared on a basis other than going concern. On the basis that the investment properties are held at a market value, the Directors have determined there to be no change in the valuation of assets associated with this basis of accounting.

## **TAXATION**

The Company is a wholly owned subsidiary of NCH and all of NCHEL's taxable profit is derived from letting property.

## **FINANCIAL INSTRUMENTS**

The Company's business is entirely based in the UK and all activities are conducted with UK based counterparties in Sterling. The Company does not use or trade in any derivative financial instruments. Deficit (surplus) cash balances are held with NCC as bank overdrafts (deposits), in accounts in NCH's name. Credit risk is managed by NCC Treasury in line with its approved policies.

## **POST BALANCE SHEET EVENTS**

All NCH staff delivering services to NCHEL were TUPE Transferred into NCC on 1<sup>st</sup> April 2023. Services are now bought in from NCC under a service level agreement.

## **DIRECTORS' REPORT**

### **CONSTITUTION**

The Company is incorporated as a private company limited by share capital under the Companies Act 2006. The Company's sole shareholder is Nottingham City Homes Limited ('NCH').

### **PRINCIPAL ACTIVITIES**

The principal activities of the Company are to act as a landlord to provide housing to market rent tenants.

### **RISK MANAGEMENT**

Our Risk Management Framework sets out the Group's approach to risk management and how the organisation's key risks are identified, monitored and reported through the Risk Management Group, Executive Management Team and ARC Committee. It is held under review by the NCH Full Board and supported by a Risk Management Group comprising senior officers. A full review of the risk management process was completed last year. New risk registers have been created for both our subsidiaries and the Group Board in line with the Regulator of Social Housing Sector Risk Profile, the Group Corporate Plan 2021-24 and a revised Group Risk Management Framework.

NCH's Corporate Risk Register outlines the existing counter measures in place to mitigate each corporate risk as well as the additional controls identified and developed to manage risk to an acceptable level. The risk register is regularly reviewed as are the NCH Group business continuity and emergency planning plans, policies and procedures.

The NCH Group is certified to BS OHSAS 45001:, the national standard for occupational health and safety management systems, and is independently audited by an external certification body annually in order to ensure compliance with the standard. Maintenance of this certification provides independent assurance that health and safety is effectively managed throughout the Group and can be advantageous when seeking new business, especially within the construction sector. NCH also hold external Safe Contractor certification which is part of the National Safety Schemes in Procurement aimed at the construction and supply chain sectors.

The NCH Group holds monthly building and corporate health and safety meetings, which is attended by Nottinghamshire Fire & Rescue Service and helps promote NCH as a proactive local partner for NFRS.

### **EQUALITY AND DIVERSITY**

NCH EL and the NCH Group have a high level of commitment to equality of opportunity. NCH EL is committed to promoting equality and embracing and celebrating the diversity of our customers and services. NCH EL will ensure that no resident or service user, is



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discriminated against unfairly or receives less favourable treatment on the grounds of a protected characteristic defined by the Equality Act 2010.

NCH EL and the NCH Group are fully compliant with the Public Sector Equality Duty and uses the Equality Framework for Local Government (EFLG) as a tool of self-appraisal, and action planning.

We recognise that an organisation that reflects and values the diversity of its community will deliver better services. We provide inclusive, accessible services, increasingly tailored to individual need. We are committed to continually improving our approach to equality and diversity issues in partnership with our tenants, partners and Board. The NCH Group Equality, Diversity & Inclusion Strategy ensures that we take an inclusive and empathetic approach to managing people and delivering services.

NCH EL and the NCH Group recognises the responsibility that we share with our suppliers, to buy materials and deliver our services in a transparent and ethical manner. As part of this commitment Group Modern Day Slavery Statement is produced each year in line with the Ethical Trading Initiative (ETI) framework and Modern Slavery Act 2015.

## **EMPLOYEES**

The Company has no employees, with services provided by NCH through an Inter Group Agreement.

## **GOVERNANCE**

A full review of the Company's governance arrangements has been undertaken in response to:

- The publication of the White Paper on Social Housing,
- Nottingham City Council's Together Nottingham
- The new NHF Code of Governance published in December 2020 and
- A review of risk management processes.

NCH EL and the NCH Group have previously adopted the National Housing Federation's Excellence in Governance Code launched in 2010 to encourage the highest standards of governance, accountability and probity while responding to change and increased risk. The Governance and Selection Committee assessed its compliance against the Code of Governance during 2020, and was satisfied that overall it meets the standards of the Code.

NCH RP complies with the requirements of the General Data Protection Regulation 2018 and the Data Protection Act 2018.

## **DIRECTORS**

Under the Memorandum and Articles of Association the directors, all of whom are non-executive, represent the local community.

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The non-executive directors who served during the year are shown on page 1. The non-executive directors have no interests in the shares of the Company and no contribution is paid towards their retirement arrangements.

### **THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS**

Insurance cover has been established for all directors to provide cover against their reasonable actions as officers of the Company.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

### **CHARITABLE DONATIONS**

The Company did not make any charitable donations in the year (2021/22: £0).

### **STATEMENT OF DISCLOSURE TO THE AUDITORS**

So far as the directors are aware, there is no relevant audit information of which NCH's Group auditors are not aware. Additionally, the directors have taken all the necessary steps

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they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that NCH Group auditors are aware of that information.

**AUDITORS**

The auditors, Bishop Fleming LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

The Strategic and Directors' reports approved by order of the board.

Madeleine Forster  
Company Director  
Date:

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOTTINGHAM CITY HOMES ENTERPRISES LIMITED**

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## **OPINION**

We have audited the financial statements of Nottingham City Homes Enterprises Limited (the 'company') for the year ended 31 March 2023, which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of the company's profit 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 Companies Act 2006.

## **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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

## **EMPHASIS OF MATTER – FINANCIAL STATEMENTS PREPARED ON A BASIS OTHER THAN GOING CONCERN**

We draw attention to the accounting policies to the financial statements which explains that the directors intend to liquidate the company and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly the financial statements have been prepared on a basis other than going concern as described in accounting policies. Our opinion is not modified in respect of this matter.

## **OTHER INFORMATION**

The other information comprises the information included in the Report and Financial Statements other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information. 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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOTTINGHAM CITY HOMES ENTERPRISES LIMITED**

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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.

### **OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **RESPONSIBILITIES OF DIRECTORS**

As explained more fully in the Statement of Directors' Responsibilities, 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 company'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 company or to cease operations, or have no realistic alternative but to do so.

### **AUDITORS' 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 Auditors' 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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOTTINGHAM CITY HOMES ENTERPRISES LIMITED**

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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:

- We have considered the nature of the sector, control environment, business performance and performance targets;
- We have considered the results of enquiries with management in relation to their own identification and assessment of the risk of irregularities within the entity;
- We have reviewed the company's documentation of their policies and procedures relating to:
  - Identifying, evaluation and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - The internal controls established to mitigate risks of fraud or noncompliance with laws and regulations;
- We have considered the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we have considered the opportunities and incentives that may exist within the organisation for fraud and identified the highest area of risk to be in relation to revenue recognition, with a particular risk in relation to year-end cut off. In common with all audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override.

We have also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, FRS 102 and UK tax legislation. In addition, we considered the provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or avoid a material penalty, including landlord health and safety laws and regulations covering fire risks, gas safety, water hygiene, electrical safety and asbestos.

Our procedures to respond to risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reviewing board meeting minutes;

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOTTINGHAM CITY HOMES ENTERPRISES LIMITED

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- Enquiring of management in relation to actual and potential claims or litigations or areas of non-compliance with laws and regulations;
- Performing detailed testing in relation to the recognition of revenue, with a particular focus around year-end cut off;
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgments made in accounting estimates are indicative of potential bias; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business.

We also communicated identified laws and regulations and potential fraud risks to all members of the engagement team and remained alert to possible indicators of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

### USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' 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 company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Nathan Coughlin FCA (Senior statutory auditor) for and on behalf of

#### **Bishop Fleming LLP**

Chartered Accountants

Statutory Auditors

Salt Quay House

4 North East Quay

Sutton Harbour

Plymouth

PL4 0BN

Date:

**Nottingham City Homes Enterprises Limited**  
**(Company limited by ordinary shares)**  
**INCOME STATEMENT**  
**For the year ended 31<sup>st</sup> March 2023**

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	<i>Notes</i>	Year to 31 March 2023	Year to 31 March 2022
		£'000	£'000
TURNOVER	2	1,459	1,419
Operating expenses	3	(526)	(487)
Other operating income		-	22
Unrealised gain on Investment Properties		1,468	1,613
<b>OPERATING PROFIT</b>		<b>2,401</b>	<b>2,567</b>
Interest payable	5	(917)	(949)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>1,484</b>	<b>1,618</b>
Taxation	6	(367)	(509)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND PROFIT FOR THE FINANCIAL YEAR</b>		<b>1,117</b>	<b>1,109</b>

The accounts are prepared on the historical cost basis and relate to continuing activities.

The accounting policies and notes on pages 16 to 24 form part of the accounts.



**Nottingham City Homes Enterprises Limited**  
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**STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31<sup>st</sup> March 2023**

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	Year to 31 March 2023	Year to 31 March 2022
	£'000	£'000
PROFIT FOR THE FINANCIAL YEAR	1,117	1,109
PENSION SCHEME GAINS AND (LOSSES)		
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,117	1,109

The notes on pages 19 to 24 form part of the accounts.

**Nottingham City Homes Enterprises Limited**  
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**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31<sup>st</sup> March 2023**

	Revaluation reserve £'000	Profit & loss account £'000	Total £'000
BALANCE AT 31 <sup>st</sup> MARCH 2021	1,757	(263)	1,494
Profit / (Loss) for the year	1,613	(504)	1,109
Other comprehensive income	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
BALANCE AT 31 <sup>st</sup> MARCH 2022	3,370	(767)	2,603
	<u>          </u>	<u>          </u>	<u>          </u>
Profit / (Loss) for the year	1,468	(351)	1,117
Other comprehensive income	(38)	38	-
	<u>          </u>	<u>          </u>	<u>          </u>
BALANCE AT 31 <sup>st</sup> MARCH 2023	4,800	(1,080)	3,720
	<u>          </u>	<u>          </u>	<u>          </u>

The purpose of the Profit and loss account is to hold profits (or losses) delivered through the Company's day to day principal activities. The purpose of the Revaluation reserve is to hold separately unrealised gains from the revaluation of Investment properties. During the year a transfer was made from the Revaluation reserve to the Profit and loss account in respect of a sale of one investment property.

The notes on pages 19 to 24 form part of the accounts.

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**STATEMENT OF FINANCIAL POSITION**  
**As at 31<sup>st</sup> March 2023**

	<i>Notes</i>	2023 £'000	2022 £'000
<b>FIXED ASSETS</b>			
Investment properties	8	24,030	22,737
<b>CURRENT ASSETS</b>			
Debtors due within one year	9	62	295
Cash at bank and in hand	10	419	246
		<u>481</u>	<u>541</u>
<b>CREDITORS:</b>			
amounts falling due within one year	11	<u>(19,581)</u>	<u>(1,095)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(19,100)</u>	<u>(554)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		4,930	22,183
Creditors: Amounts falling due after more than one year			
	12	-	(18,737)
Deferred tax liability	8	(1,210)	(843)
		<u>3,720</u>	<u>2,603</u>
<b>NET ASSETS</b>		<u>3,720</u>	<u>2,603</u>
<b>CAPITAL AND RESERVES</b>			
Profit and loss account		(1,080)	(767)
Revaluation reserve		4,800	3,370
<b>TOTAL EQUITY</b>		<u>3,720</u>	<u>2,603</u>

The financial statements on pages 12 to 24 were approved and authorised for issue by the Board on 5<sup>th</sup> October 2023 and signed on its behalf by:

Name Madeleine Forster (Board Chair)

**Nottingham City Homes Enterprises Limited**  
**(Company limited by ordinary shares)**  
**ACCOUNTING POLICIES**  
**For the year ended 31<sup>st</sup> March 2023**

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**GENERAL INFORMATION**

Nottingham City Homes Enterprises Limited (“the Company”) is a limited company domiciled and incorporated in England. The address of the Company’s registered office and principal place of business is disclosed on page 1. The Company’s principal activities and the nature of the Company’s operations are set out in the Director’s report on pages 6 to 9.

**BASIS OF ACCOUNTING**

These financial statements are prepared in accordance with Financial Reporting Standard 102 1A ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’ (FRS 102).

The financial statements have been prepared in accordance with the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

**GOING CONCERN**

On 11 May 2022, the Council formally issued a notification of termination of the partnership agreement with NCH that triggers the transfer of the management of the Council’s housing stock back into NCC on 10 May 2023, was agreed to be with effect from 1st April 2023.

NCH Enterprises Limited is a for-profit subsidiary of NCH Limited. Its business interests are primarily concerned with the direct letting, management and maintenance of homes for market rent in Nottingham and delivering an operating surplus back to the NCH Group to assist in the delivery of the aims and objectives of the NCH Corporate Plan

From the start of 2023/24, NCHEL has commenced a process of asset disposal as part of the solution to the repayment of HRA Surplus Funds invested within the NCH group of companies. There is a degree of uncertainty around the extent and timing of the deliverability of this solution and as such, NCC will continue to offer the necessary financial support (including the deferral of loan repayments) to NCHEL and the wider group to ensure they remain cash solvent during this period of asset disposal. As a result of the disposal of all the properties within NCHEL, it is the Director's intention the company will cease to trade and be wound up. The Board of NCH have therefore approved that the accounts are prepared on a basis other than going concern. On the basis that the investment properties are held at a market value, the Directors have determined there to be no change in the valuation of assets associated with this basis of accounting.

**Nottingham City Homes Enterprises Limited**  
**(Company limited by ordinary shares)**  
**ACCOUNTING POLICIES**  
**For the year ended 31<sup>st</sup> March 2023**

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**TURNOVER**

Turnover includes rental income due to the Company from tenants in relation to the letting of market rented properties to the private sector. Associated income is included in turnover on the basis of housing accommodation provided and work done.

**IMPAIRMENT**

The company will undertake impairment reviews where there is an indication that impairment may have occurred.

**FIXED ASSETS - INVESTMENT PROPERTIES**

Investment properties are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in the profit or loss.

**OPERATING LEASES**

Payments under operating leases shall be charged to the profit and loss account on a straight line basis over the period of the lease.

**TAXATION**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing difficulties that exist at the reporting date. Timing differences between taxable profit and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

**CASH EQUIVALENTS**

Liquid resources are cash balances held by NCC which the Company can draw against on demand through NCH.

**FINANCIAL INSTRUMENTS**

The Company has chosen to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all its financial instruments.

Financial instruments and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and liability simultaneously.

**Nottingham City Homes Enterprises Limited**  
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**ACCOUNTING POLICIES**  
**For the year ended 31<sup>st</sup> March 2023**

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**Financial assets**

Trade debtors

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

**Financial liabilities and equity**

Financial instruments are classified as liabilities and equity instruments 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 Company after deducting all of its liabilities.

Trade creditors

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

**Nottingham City Homes Enterprises Limited**  
**(Company limited by ordinary shares)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31<sup>st</sup> March 2023**

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1. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are limited to those included in the annual revaluation of Investment Properties (note 8).

2. TURNOVER

	2023 £'000	2022 £'000
Property rental income	1,179	1,109
Property lease income	280	310
	<u>1,459</u>	<u>1,419</u>

Turnover represents the value of goods & services provided to third parties.

3. OPERATING EXPENSES

	2023 £'000	2022 £'000
Supplies & Services	475	446
Administration	18	18
Other	33	23
	<u>526</u>	<u>487</u>

4. UNREALISED GAIN ON INVESTMENT PROPERTIES

Income of £1.468 million (2021/22 £1.613 million) is recognised in the Income Statement in relation to the increase of Investment Properties held at the balance sheet date following revaluation.

5. INTEREST RECEIVABLE / (PAYABLE)

	2023 £'000	2022 £'000
Interest on short term lending from Parent undertaking	-	31
Interest on loans from Group parent	917	918
	<u>917</u>	<u>949</u>

**Nottingham City Homes Enterprises Limited**  
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6. TAXATION

	2023 £'000	2022 £'000
<b>Analysis of tax charge for the period</b>		
<i>Current tax</i>		
UK Corporation tax	-	-
	<u>          </u>	<u>          </u>
 <i>Deferred tax</i>		
Origination and reversal of timing differences	367	403
Effect of tax rate change on opening balance	-	106
	<u>          </u>	<u>          </u>
Total deferred tax charge	367	509
	<u>          </u>	<u>          </u>
Tax on profit on ordinary activities	367	509
	<u>          </u>	<u>          </u>
<b>Provision for deferred tax</b>		
Capital gains/(losses)	1,210	843
	<u>          </u>	<u>          </u>
<i>Movement in Provision</i>		
Provision at the end of the period	843	334
Deferred tax charged in the Profit & loss account for the period	367	509
	<u>          </u>	<u>          </u>
Provision at the end of period	1,210	843
	<u>          </u>	<u>          </u>
<b>Reconciliation of tax charge</b>		
Profit (Loss) on ordinary activities before tax	1,484	1,618
Current tax at apportioned standard rate for the year – 19% (2021/22 19%)	281	307
<i>Effects of:</i>		
Income not taxable for tax purposes	(278)	(307)
Chargeable gains	286	307
Group relief surrendered	(10)	(1)
Re-measurement of deferred tax for changes in tax rates	88	202
	<u>          </u>	<u>          </u>
Tax charge for the period	367	509
	<u>          </u>	<u>          </u>



**Nottingham City Homes Enterprises Limited**  
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**For the year ended 31<sup>st</sup> March 2023**

7. DEFERRED TAXATION

	2023
	£'000
At the beginning of the year	843
Charged to the Profit and loss	367
	<u>1,210</u>

The deferred tax liability is made up as follows:

	2023	2022
	£'000	£'000
Origination and reversal of timing differences	1,210	843
	<u>1,210</u>	<u>843</u>

8. INVESTMENT PROPERTIES

	2023	2022
	£'000	£'000
<b>Fair Value</b>		
At 1 <sup>st</sup> April	22,737	21,105
Additions relating to external acquisitions	-	-
Disposal	(175)	
Transfer from parent undertaking	-	-
Capital expenditure	-	19
Revaluation	1,468	1,613
At 31 <sup>st</sup> March	<u>24,030</u>	<u>22,737</u>

Investment property comprises freehold land and buildings. The fair value of the investment property at 31<sup>st</sup> March 2023 and 31<sup>st</sup> March 2022 has been arrived at on the basis of the independent valuation carried out at that date. During the year one investment property was sold at the net book value of £175,000.

9. DEBTORS

	2023	2022
	£'000	£'000
Trade debtors	31	33
Amounts owed by Parent undertaking	-	252
Amounts owed by Parent subsidiaries	31	10
Amounts due to Group parent	<u>-</u>	<u>-</u>
	<u>62</u>	<u>295</u>

**Nottingham City Homes Enterprises Limited**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31<sup>st</sup> March 2023**

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10. CASH AT HAND OR IN BANK

The figures disclosed on the balance sheet represent cash in bank balances of £419k (2021/22 £246k).

11. CREDITORS

	2023 £'000	2022 £'000
Trade creditors	1	41
Amounts due to Parent undertaking (note 19)	369	853
Amounts due to Parent subsidiary	-	-
Amounts due to Group parent (note 19)	428	-
Other taxes and social security	32	39
Intercompany loans due within 1 year	18,606	-
Accruals and deferred income	145	162
	<u>19,581</u>	<u>1,095</u>

12. BORROWING

	2023 £'000	2022 £'000
Creditors: amounts falling due within 1 year	18,606	87
Creditors: amounts due after more than 1 year	-	18,737
	<u>18,606</u>	<u>18,824</u>
Included in creditors are:		
Amounts repayable in instalments falling due after more than five years	<u>-</u>	<u>17,981</u>

Annuity loans from NCC are repayable over 40 years with interest set at fixed rates between 4.58% and 4.94%. Loan principal and accrued interest on the outstanding balances are repaid every 6 months. Borrowings are secured against the Investment Properties of the Company (as detailed in note 8).

NCHEL has requested consent from NCC to defer its 2023/24 loan repayments and creditor payments to NCC until NCHEL has sold assets (44 properties) as part of its plan to fund the repayments of its debts to NCC. This is subject to NCC receiving all necessary information required to support their decision making.

13. FINANCIAL INSTRUMENTS

The Company holds accrued income financial assets and trade creditors, accruals all measured at amortised cost. The balances are disclosed in the respective notes.

**Nottingham City Homes Enterprises Limited**  
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14. SHARE CAPITAL AND RESERVES

The Company is limited by Ordinary share capital. The class of shareholding is two 1p ordinary shares.

15. RECONCILIATION OF PROFIT AFTER TAX TO NET CASH GENERATED FROM OPERATIONS

	2023 £'000	2022 £'000
Profit after tax	1,117	1,109
Deferred tax	-	509
Gain on revaluation of investment properties	(1,468)	(1,613)
Loss on disposal of investment property	3	-
Interest payable	<u>917</u>	<u>949</u>
Operating cashflows before working capital	569	954
Decrease in debtors	(234)	2
Decrease in creditors	<u>590</u>	<u>(588)</u>
CASH GENERATED FROM OPERATIONS	<u>925</u>	<u>368</u>

16. COMMITMENTS UNDER OPERATING LEASE

	2023 £'000	2022 £'000
Land and buildings. Amounts due:		
- within one year	43	22
- between one and five years	-	-
	<u>43</u>	<u>22</u>

Lease commitments relate to the provision of 10 units of accommodation on Forest Road West by NCH.

17. ULTIMATE PARENT UNDERTAKING

The Company is a wholly owned subsidiary of NCH.

**Nottingham City Homes Enterprises Limited**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31<sup>st</sup> March 2023**

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**18. EXECUTIVE OFFICER'S EMOLUMENTS**

None of the Executive Management Team, including the Chief Executive Officer, receive any emoluments from NCHEL or have pension contributions paid by NCHEL on their behalf.

**19. RELATED PARTY TRANSACTIONS**

The Company has related party transactions with NCH. An amount of £356k (2021/22: £348k) was charged by NCH for services provided to the Company or paid on its behalf. The individual balances are presented below.

	NCH 2023 £'000	NCH 2022 £000	NCC 2023 £'000	NCC 2022 £'000
Trade and other debtors	-	252	45	92
Trade and other creditors	(369)	(853)	(473)	(5)
Intercompany loans (due within 1 year)	-	-	(18,606)	(87)
	<u>(369)</u>	<u>(601)</u>	<u>(19,034)</u>	<u>-</u>
Intercompany loans (due after 1 year)	-	-	-	(18,737)
	<u>(369)</u>	<u>(601)</u>	<u>(19,034)</u>	<u>(18,737)</u>

There were no transactions between the Company and key NCH management personnel.