

Company Registration Number: 05292636

NOTTINGHAM CITY HOMES LIMITED
(Company limited by guarantee)

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2023

Nottingham City Homes Limited
(Company limited by guarantee)
CONTENTS OF THE REPORT AND FINANCIAL STATEMENTS
For the year ended 31st March 2023

Company Registration Number: 05292636

CONTENTS	PAGE
Administrative Information	1 - 2
Strategic Report	3 – 13
Directors' Report	13 – 17
Independent Auditor's Report to the Members of Nottingham City Homes Ltd	18 – 22
Consolidated Income Statement	23
Consolidated Statement of Comprehensive Income	24
Statements of Changes in Equity	25
Statements of Financial Position	26
Consolidated Statement of Cash Flows	27
Company Statement of Cash Flows	28
Accounting Policies	29 – 34
Notes to the Financial Statements	35 – 51

Nottingham City Homes Limited
(Company limited by guarantee)
ADMINISTRATIVE INFORMATION
For the year ended 31st March 2023

BOARD OF DIRECTORS

Tenant Board members (1)

Sarita-Marie Rehman-Wall (Resigned 13th May 2022)
Michael Savage (Resigned 14th July 2023)

Council appointed Board members (1)

Rebecca Langton (Resigned 10th October 2022)
Georgia Power

Independent Board members (4)

***Mark Martin (Appointed 24th July 2023)**
***Madeleine Forster (Chair) (Appointed 28th July 2022)**
***Kieran Timmins (Appointed 1st December 2022)**
***Sam Webster (Appointed 15th June 2022)**
Malcolm Sharp MBE (Resigned 1st July 2022)
Michael Khouri-Bent (Appointed 29th September 2022)
Andrew Dickinson (Resigned 31st August 2022)
Sandra Cowley (Resigned 31st August 2022)

Co-opted Board Members (1)

***Vicky Evans**

***Current Board Members registered with Companies House**

EXECUTIVE MANAGEMENT TEAM

Nick Murphy – Chief Executive (Resigned 31st July 2022)
Surjits Balu – Interim Director of Housing (Appointed 3rd October 2022 – Resigned 30th April 2023)
James Howse – Director of Corporate Services (Appointed 18th July 2022 – Resigned 31st May 2023)
Steve Feast – Director of Housing (Resigned 28th April 2023)
Alison Brown – Director of Property Services (Appointed 8th April 2022)
Paul Hackett – Interim Director of Corporate Resources (Appointed 5th May 2022 – Resigned 27th September 2022)
Joanne Clifford – Director of Corporate Services (Resigned 9th May 2022)
Adrian Cheetham – Director of Property Services (Resigned 11th March 2022)

Nottingham City Homes Limited
(Company limited by guarantee)
ADMINISTRATIVE INFORMATION
For the year ended 31st March 2023

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 Limited
(Company limited by guarantee)
STRATEGIC AND DIRECTORS' REPORTS
For the year ended 31st March 2023

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

STRATEGIC REPORT

Nottingham City Homes is a group of housing companies working together to deliver our vision of creating homes and places where people want to live. The Group comprises Nottingham City Homes Ltd (NCH), Nottingham City Homes Registered Provider Ltd (NCHRP) and Nottingham City Homes Enterprises Ltd (NCHEL). The NCH Group ('The Group') managed homes on behalf of Nottingham City Council (the City Council, Council or NCC) until the 31st March 2023, as well as continuing to manage its own homes, and homes owned by other landlords, and provides a range of services to support people in the communities we serve.

During 22/23 there were 27,101 homes under our management and to which services were provided to, including 1,440 leasehold properties. Around a fifth of Nottingham households live in the homes we were responsible for. The main NCH Company is a wholly owned local authority company limited by guarantee

As from 1st April 2023, the Council decided to insource responsibility for Council housing and NCH no longer has responsibility for Council housing but retains responsibility for properties owned by the company, NCHRP and NCHEL.

The year ending 31st March 2023 was the second year of the NCH Group Corporate Plan 2021-2024, which is now superseded by the decision to move HRA housing services back to NCC, hence NCH group has been working to this plan in an operational capacity during 22/23:

The Plan's goals are:

- to deliver the NCH Tenants' Charter:
 - to be safe in your home
 - to have a good quality home and neighbourhood to live in
 - to have a home you can afford
 - to have your voice heard and to be treated with respect
 - to know how we are performing
 - to have your complaints dealt with promptly and fairly
- to diversify and grow
- to pursue organisational excellence.

The Company's core business over the year included:

- Managing the city's housing register
- Re-letting empty homes
- Rent collection and arrears recovery
- Tenant and leaseholder involvement
- Supported housing services, including Nottingham On Call
- Helping to sustain tenancies and reduce homelessness
- Tenancy and estate management
- Caretaking services

Nottingham City Homes Limited
(Company limited by guarantee)
STRATEGIC AND DIRECTORS' REPORTS
For the year ended 31st March 2023

- Repairs and maintenance
- Managing the programme of investment in council housing including new build
- In-house construction of New Build housing
- Actively progressing our market rent ambitions through both the development of new build housing and the acquisition of properties.

We worked in partnership with NCC, via a Partnership Agreement, looking after existing homes and building new ones, as well as managing a whole host of services to create homes and places where people want to live.

Under s172 of the Companies Act 2006, Nottingham City Homes 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
- The interests of employees
- 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.

Our detailed approach to meeting our objectives was set out in our Service Plans. The Chief Executive Officer and the Chair of the Board attended the Partnership Forum quarterly with the senior elected and staff representatives of the City Council to discuss various matters relating to our services including funding, policies and strategies across the whole housing service and where Nottingham City Homes could add value to the Council. Discussion of the long term ability to finance new homes, supporting tackling homelessness and sustain a good level of service and rents for Council tenants featured in these discussions.

Funding levels, NCC staffing resources, support from the Council, opportunities to deliver new Council homes and national policies with respect to Council and other affordable housing all influenced our decisions.

The cost of living crisis has and continues to have a significant impact on our tenants. In addition, there has been a continued increase in general inflation, with it being at its highest level for decades, and an increase in Bank of England Base rates as well as increases in the cost of food, with significant increases in energy costs driven by international events. This will have created financial hardship for low income households such as those served by NCH. The war in Ukraine is likely to continue to have an impact on energy costs and other day to day costs for the foreseeable future.

Nottingham City Homes Limited
(Company limited by guarantee)
STRATEGIC AND DIRECTORS' REPORTS
For the year ended 31st March 2023

The 2020 Social Housing White Paper: 'The Charter for Social Housing Residents' set out central government's direction to social housing providers.

The White Paper focuses on the following areas:

- Resident and building safety
- Landlord performance, and the clear publication of performance information
- Prompt and fair complaints processes
- A strong consumer regulator, supporting tenants to be treated with respect
- Residents' voices being heard by their landlord
- Good quality homes and neighbourhoods, including the prospect of a new Decent Homes Standard
- Helping tenants take their first steps into home ownership.

Emissions and Energy Consumption and Carbon Reporting

NCH is committed to reducing the impact of our activities on the environment. In recent years we have invested over £15m on deep energy retrofit projects to the homes we have managed and have focused this work on our poorest performing properties. NCH's strategy is to support Nottingham City Council in its commitment to become the first carbon neutral city in the country by 2028.

Transport accounts for approximately 78% of our business related carbon emissions and this transport is a key factor in our service delivery.

We have 10 Electric Vehicles (vans or cars) now in the fleet. We have 288 diesel vehicles and no petrol vehicles. Our fleet consumed 274,871 litres of diesel. The information does not include fuel claimed for travel by staff members when using their own vehicles.

Our plans to carry out full vehicle fleet replacement in 2022 have been placed on hold in order to allow the electric vehicle market, supporting infrastructure to progress and for the NCC/NCH transition to be completed. When we do replace the fleet we will include as many electric vehicles as is financially and operationally viable.

Over the last few years, to minimise the impact of staff travelling to and from our offices, we have offered the cycle to work scheme, as well as flexible and home working. As a result we have been able to rationalise our office requirements in recent years, even though from 1st April 2023 there will be no direct employees.

We have installed solar panels on the roof of our main office building. We have also installed EV charging points for both our own fleet, and to encourage visitors and service providers to use EVs to drive to and from work.

Our total Green House Gas generation from our offices in 2022/23 was 201.46 tonnes, which is a decrease from 2021/22. With the closure of the Bestwood Housing Office prior to the year 2021/22, emission figures from that site are no longer included.

Nottingham City Homes Limited
(Company limited by guarantee)
STRATEGIC AND DIRECTORS' REPORTS
For the year ended 31st March 2023

Fuel used by fleet vehicles has reduced, meaning we emitted less CO2. We expect this to fall in future years as the fleet is replaced with lower emission vehicles where possible.

During the year, in the delivery of the service, NCH consumed an estimated 904.46 carbon tonnes and 1,004,793 KWH in gas, electricity and water, a reduction over the previous year. This is detailed in the table below:

Type of resource	Carbon tonnage	KWH	Carbon tonnage	KWH
	2022/23		2021/22	
Diesel used in vehicle fleet	703	-	728	-
Petrol used in vehicle fleet	-	-	13	-
LPG used in vehicle fleet	-	-	0	-
Gas used in offices & common areas	160.17	791,869	199	1,084,273
Electricity used in offices & common areas	41.09	212,487	48	228,097
Water used in offices & common areas	0.2	437	1	2,183
Total	904.46	1,004,793	989	1,314,553

The information does not include fuel claimed for travel by staff members when using their own vehicles.

Housing Regulation

Regulation of social housing is carried out by The Regulator of Social Housing, based on a model of co-regulation, which sees the focus on governance, financial viability and value for money, with organisations held accountable for service delivery through effective tenant scrutiny arrangements.

NCH is committed to embracing co regulation wholeheartedly. We have a Board which will oversee our performance in line with its strategic objectives, We also have Boards for the NCHRP & NCHEL. The regulatory approach is changing as a result of the Social Housing White Paper in which the Regulator has a greater role in scrutinising landlords.

The Regulator will review the Consumer Standards in 2023 following implementation of the Housing Regulation Bill to ensure they are fit for purpose and will be working more closely with the Housing Ombudsman and the Building Safety Regulator to ensure that Landlords are meeting their obligations.

The Housing Regulation Bill will place further regulation on the housing sector going forward and NCH will need to ensure that it meets any additional requirements placed upon it.

Nottingham City Homes Limited
(Company limited by guarantee)
STRATEGIC AND DIRECTORS' REPORTS
For the year ended 31st March 2023

Investing in the housing stock

The total housing stock managed by the Group as at 31st March 2023 is 27,101 homes as detailed here.

Managed on behalf of Nottingham City Council	24,925
Managed on behalf of other social landlords	9
Leasehold properties (NCC Freeholder)	1,440
NCH owned (social rent)	120
NCH owned (housing homeless families)	230
NCH RP owned	71
NCH RP leased (private)	119
NCH EL owned	187
Total	27,101

Our Asset Management Strategy has invested resources in both council owned and Group owned stock.

During 2022/23:-

- We have achieved 96.6% of the housing stock meeting the Decency standard. We have achieved 100% in relation to valid Gas Safety Certificates as at 31st March 2023.
- We have committed to reducing fuel poverty and reducing carbon emissions, through improved energy efficiency measures such as insulation and innovative building retrofit schemes. We have continued to achieve certification to the ISO14001:2015 Standard.
- We have completed the modernisation of Independent Living Schemes through our 'Grander Designs' programme.

KEY PERFORMANCE INDICATORS

Performance has continued to be a priority for the Group. Unfortunately we have seen reductions in customer satisfaction over the past year although our satisfaction remains favourable compared to others. Rent collection has also fallen this year primarily as a result of the challenging economic situation many of our tenants find themselves in. Voids has continued to be a challenge last year in line with similar issues across the sector with increased re-let times and voids

The Boards received quarterly reports of key performance indicators against targets and performance.

More detailed performance statistics are also monitored at directorate and service area level to ensure that targets are being met and where problem areas are identified that remedial action is taken at the earliest opportunity.

Nottingham City Homes Limited
(Company limited by guarantee)
STRATEGIC AND DIRECTORS' REPORTS
For the year ended 31st March 2023

Summarised below are the key performance indicators:

<u>Performance Indicators</u>	<u>2021/22</u>	<u>2022/23</u>
Satisfaction with the service	87.7%	81.7%
Satisfaction with the repairs & maintenance service	79.3%	74.6%
Satisfaction with neighbourhood as a place to live	84.8%	82.8%
Number of lettable voids	291	328
Percentage of rent collected (rent due up to 31 st March)	100.29%	99.7%
Gas & Solid Fuel annual servicing completed	100%	100%
Average re-let time in days	46.37	51.95
FRA's completed	100%	100%

SUCSESSES

In 2022/23 our successes included:

- Recommended work to build 106 new council homes in Top Valley following the collapse of the previous contractor in September 2022.
- 36 new apartments built on the site of the former Southchurch Court garages
- 100% Gas Safety Compliance
- Grander designs project was completed
- Managed a smooth transition of Council Housing Services back into the Council from 1st April 2023
- Celebrated our tenants at the 2023 Housing Heroes Awards
- We launched a new ASB reporting APP called ReMOTE to make reporting of ASB easier for tenants
- Achieving re certification for the International Standard ISO45001(Safety) and Nottingham On Call received accreditation again from the Telecare Services Association.

How we have engaged with our tenants and residents in 2022/23

Nottingham City Homes welcomes and actively promotes customer feedback.

- Feedback is collected in both quantitative and qualitative forms and in a variety of ways such as:
 - Tenant led Operational Board – ALMO Board
 - Tenant membership on Group Board
 - Quarterly STAR Surveys
 - Transactional Customer Surveys

Nottingham City Homes Limited
(Company limited by guarantee)
STRATEGIC AND DIRECTORS' REPORTS
For the year ended 31st March 2023

- Bespoke Consultations
- Complaints, Comments and Compliments
- Focus groups
- Support Plans
- Customer Excellence Panel - Scrutiny
- Tenant representatives in procurement exercises
- Opportunities for residents to get involved by volunteering as Street and Block Champions

We encourage further feedback from our customers by frequently demonstrating that we have listened and acted on their feedback through various media channels. We advertise and promote all feedback mechanisms through publication of our regular newsletter, the website and social media channels. We regularly publish articles in our newsletter inviting residents to come and discuss services and performance as well as listen and respond to feedback through social media platforms in a timely and informative manner.

FUTURE DEVELOPMENT AND PROSPECTS

All NCH staff were transferred via TUPE back into the Council from 31st March 2023. All Council housing functions are now insourced back to the Council. The Council staff, however, continue to provide services to NCH Group through a service agreement to enable NCH Group to continue to carry out its obligations for the small number of properties under its management.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's Corporate 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.

Risk	Impact	Mitigation
Governance		
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	Group Corporate Plan (which included Board consultation) provides overall direction of travel. Annual Business Planning in place. Business development professional support is available. Risk management process complete. Skilled and experienced ARCC able to provide challenge and assurance around risk management. In house transition team created.
There is a highly skilled, diverse and	The potential for poor Board decisions that	Regular review of board structure and composition and overall skillset to

Nottingham City Homes Limited
(Company limited by guarantee)
STRATEGIC AND DIRECTORS' REPORTS
For the year ended 31st March 2023

well-trained Board able to lead NCH, which is compliant with NHF Code of Practice and industrywide best practice	are not fully understood and the potential impacts on the property portfolio or tenants not properly managed.	comply with best practice and to provide a diverse background. An appraisal, induction and training programme in place. Annual assessment of Board effectiveness.
Finance		
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 reviewed annually. Residual 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.
Board has clear oversight of NCH 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
Legal and Regulation		
Board is aware of its legal and regulatory obligations and can demonstrate compliance with them, including GDPR and cyber security	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 group. There is a dedicated policy and planning manager to advise on all current and impending policy changes
Property		
Maintain a high performing, value for money repairs and maintenance service	Increased tenant complaints and poor property condition, excessive costs, reputational damage.	A qualified repairs team in place. Regular reporting of financial performance to the Board. A new complaints policy in place for customers. Defined asset management plan in place, including financial benchmarking
Risks to funding of building new homes	Failure to deliver housing requirements	Dedicated professional staff are in place to identify and assess opportunities and

Nottingham City Homes Limited
(Company limited by guarantee)
STRATEGIC AND DIRECTORS' REPORTS
For the year ended 31st March 2023

or acquiring new stock against the asset disposal plan	in line with business plan projections	apply for funding. Regular reports on potential opportunities are provided to Board.
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FINANCIAL REVIEW

The Group and Company complies with the accounting requirements for defined benefit pension schemes under FRS102 which significantly affects the disclosed performance. In addition, an amount of £18,523m has been charged to the P&L in 22/23 in relation to sums owing to the HRA, which was approved in principle at a Board meeting held on 19th December 2022. This sum relates to prior year surpluses generated from efficiency savings relating to the annual HRA management fee and retained as reserves by NCH Ltd. The Consolidated Income Statement includes these accounting entries and shows a reported deficit of £27,587 million after tax for the 2022/23 financial year compared with a deficit of £6.999 million in the prior year.

Loss for the financial year is stated after profit on disposal of Fleet of £363k, loss on stock write off of £479k and impairment of investments assets of £805k.

NCH recognises the balance of £18.523m as a provision within creditors and fully accepts the obligation as at 31st March 2023 to repay this sum to NCC. The initial amount requested by NCC was £17.277m plus £2.856m of interest, the total of which has been reduced by the net effect of a £2.21m credit note and £0.6m invoice from NCH, leaving a balance of **£18.523m** as the 'sum owing' at 31st March 2023. However, presently there is no clear repayment schedule setting out the timescale and payment plan as the source of the potential repayment funds from an asset disposal plan is not agreed, with options still being considered and appraised.

An amount of £16.5 million was charged to the P&L during the year in relation to employers pension liability.

The pension liability on the Group and Company's Balance Sheet has decreased from £119.3 million at the end of 2021/22 to £0.1 million in the 2022/23 financial year due to the reduction in pension obligations as valued by the actuarial assumptions disclosed in note 22.

The Company has to make annual cash contributions to the pension fund at a rate agreed with the fund's trustees. Budgets and forecasts, including the actual payments to the pension scheme, have been prepared that show that the Company will be able to meet its liabilities as they fall due, notwithstanding that an accounting loss may be reported.

During the year £289k was transferred from the Revaluation reserve to P&L reserve in respect of reclassification of Meadows Police station from investments to tangible fixed assets.

GOING CONCERN

NCH's ongoing business interests will be primarily concerned with the direct letting, management and maintenance of homes for families in Nottingham and leasing of property to NCH Group subsidiaries which includes leasing of property to NCH Registered Provider

Nottingham City Homes Limited
(Company limited by guarantee)
STRATEGIC AND DIRECTORS' REPORTS
For the year ended 31st March 2023

Limited for use as supported temporary accommodation for homeless families and citizens in housing crisis and to NCH Enterprises Limited for letting at market rent.

On 1 April 2023, all of Nottingham City Home's housing service activities and staff were transferred to Nottingham City Council. An NCC service contract (SLA Agreement) is in place to ensure delivery of services to the group, however, the ongoing cost of these services remains uncertain. The NCH Group is ultimately reliant upon Nottingham City Council to ensure continuation of the provision of services at an appropriate charge.

At a board meeting held on 19th December 2022, it was agreed to return HRA sums owing to NCC of £18.523m. NCH recognises the balance of £18.523m and fully accepts the obligation as at 31st March 2023 to repay this sum to NCC and this has subsequently been reflected in the 22/23 accounts as a provision within creditors. Nottingham City Homes does not have sufficient cash reserves to make repayment of the full amount owing, with surpluses tied up in the housing properties owned by NCH Ltd and leased to NCH Registered Provider. NCH Ltd recognises that a disposal plan to **repay the full £18.523m** will result in the disposal of the majority of the property assets leased to NCHRP for temporary accommodation, however, NCC remains reliant upon NCH Registered Provider as a significant provider of temporary accommodation. Discussions are ongoing with NCC to reach an acceptable resolution, including a repayment plan, timescales and assessment of the impact on future temporary accommodation services.

The lack of an approved plan relating to the settlement of the £18.523m to the Council and ongoing uncertainty around the NCC service contract charges, casts significant doubt over the ability of the Company to deliver in accordance with future forecasts and hence creates a material uncertainty over the company's ability to continue as a going concern. Further clarity around this will emerge over the next 12 months.

The company has produced forecasts that predict the company will continue to generate sufficient returns to enable the company to continue to meet all liabilities as they fall due for a period of at least 12 months following the approval of the financial statements. The Board has therefore, concluded that it is appropriate to prepare these financial statements on a going concern basis.

TAXATION

The Company is a wholly owned subsidiary of NCC and the majority of NCH's income is derived from services provided to NCC as an agent and other associated local government organisations. Under the non-trading arrangements, all income and expenditure arising from trading with NCC is outside the scope of Corporation Tax.

CAPITAL EXPENDITURE

The Group owns land (purchased from Nottingham City Council for Development) and provides dwellings that are let to social housing and market rent tenants as well as to Homeless families on behalf of the City Council.

FINANCIAL INSTRUMENTS

**Nottingham City Homes Limited
(Company limited by guarantee)
STRATEGIC AND DIRECTORS' REPORTS
For the year ended 31st March 2023**

The Group's business is entirely based in the UK and all activities are conducted with UK based counterparties in sterling. The Group does not use or trade in any derivative financial instruments. Surplus cash balances are held with NCC as bank deposits. Credit risk is managed by NCC Treasury in line with its approved policies.

POST BALANCE SHEET EVENTS(NOTE 30)

On the 1st April 2023 all direct employees of NCH were TUPE transferred into NCC along with the associated pension liabilities as at 31st March 2023.

From 1st April 2023, any NCC staff deployed on activity in relation to the NCH Group will be recharged from NCC to the relevant NCH Group Company by way of a Service Agreement between NCC and NCH.

DIRECTORS' REPORT

CONSTITUTION

The Company is incorporated as a private company limited by guarantee under the Companies Act 2006. As such it has no share capital. The Company's sole member is Nottingham City Council ('NCC').

PRINCIPAL ACTIVITIES

For the year ended 31st March 2023, the principal activities of the Company were to act as the managing agent of NCC's housing stock and some commercial properties, and to provide a repairs and maintenance service to the landlord in respect of these properties. The Company also managed and maintained its own housing stock for both social housing and market rented housing. In addition to those of the Company, the Group's activities included the provision of housing for homeless families.

From 1st April 2023, the management of the councils housing stock was transferred back under NCC control.

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.

The Company'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.

NCH 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, DIVERSITY & INCLUSION

From 1st April 2023, all NCH employees were transferred into NCC under TUPE regulations.

The Group maintains a high level of commitment to equality of opportunity. NCH is committed to promoting equality and embracing and celebrating the diversity of our customers. NCH will ensure that no resident or service user is discriminated against unfairly or receives less favourable treatment on the grounds of a protected characteristic defined by the Equality Act 2010.

Nottingham City Homes is 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 be a better employer and 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 and Board. Our Equality, Diversity & Inclusion Strategy ensures that we take an inclusive and empathetic approach to delivering services.

Nottingham City Homes recognise 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, we continue to produce our Modern Day Slavery Statement each year in line with the Ethical Trading Initiative (ETI) framework and Modern Slavery Act 2015.

Nottingham City Homes Limited
(Company limited by guarantee)
STRATEGIC AND DIRECTORS' REPORTS
For the year ended 31st March 2023

EMPLOYEES

From 1st April 2023, all NCH employees were transferred into NCC under TUPE regulations. NCH has no employees from 1st April 2023 with services being provided by NCC 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,
- The NCC Recovery Plan which has arisen out of the collapse of Robin Hood Energy
- The NHF Code of Governance published in December 2020 and
- A review of risk management processes.

The Company has 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 complies with the requirements of the General Data Protection Regulation 2018 and the Data Protection Act 2018.

On 11 May 2022 NCC, the sole member of NCH, served notice to terminate the NCC NCH Partnership Agreement. Clause 59.3 of the Agreement permits NCC to terminate the Agreement for any reason on providing 12 months' notice. Clause 61 allows the parties to agree to change any provision of the Agreement provided both parties agree this in writing. NCH and NCC agreed to allow the termination date to be brought forward to 31 March 2023.

DIRECTORS

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

- 2 NCC nominees
- 2 city council tenants and leaseholders
- 4 independent members

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. Under the Articles of Association, there are also 2 co-opted Board Members, who are entitled to attend and speak if permitted to do so by the Chair, but are not entitled to vote or count as part of the quorum.

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 group and the company and of the profit or loss of the group 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 group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and 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 group and 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: £90).

STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are not aware. Additionally the directors have taken all the necessary steps they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditors are aware of that information.

Nottingham City Homes Limited
(Company limited by guarantee)
STRATEGIC AND DIRECTORS' REPORTS
For the year ended 31st March 2023

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 Foster (Chair)
9th November 2023

Nottingham City Homes Limited
(Company limited by guarantee)
CONSOLIDATED INCOME STATEMENT
For the year ended 31st March 2023

OPINION

We have audited the financial statements of Nottingham City Homes Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023, which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Cash Flows 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 group's and of the parent company's affairs as at 31 March 2023 and of the group's loss 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 group and parent 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.

MATERIAL UNCERTAINTY IN RELATION TO GOING CONCERN

We draw attention to the going concern accounting policy in the financial statements, which indicates that housing services and staff within Nottingham City Homes Limited were transferred back into Nottingham City Council on 1 April 2023. There is no plan in place that sets out which assets and services will remain in the parent company and its subsidiaries following the transfer of the core ALMO activities and staff. In addition, there is no agreement on how and over what period the balance of £18.523m owed to Nottingham City Council in relation to the historic surpluses will be repaid. The company does not have sufficient current assets to settle the debt in the short term.

As stated in the going concern accounting policy, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the group and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Nottingham City Homes Limited
(Company limited by guarantee)
CONSOLIDATED INCOME STATEMENT
For the year ended 31st March 2023

OTHER INFORMATION

The other information comprises the information included in the Report and Consolidated 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 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 group and parent 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.

Nottingham City Homes Limited
(Company limited by guarantee)
CONSOLIDATED INCOME STATEMENT
For the year ended 31st March 2023

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or 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 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 key drivers for directors' remuneration 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 group'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 group auditors, our assessment of matters relating to non-compliance with laws and regulations and fraud encompassed all entities within the group.

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 and significant estimates such as the pension assumptions used in valuing the year end pension deficit and the valuation gain of the investment properties transferred in year. In common with all audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override.

Nottingham City Homes Limited
(Company limited by guarantee)
CONSOLIDATED INCOME STATEMENT
For the year ended 31st March 2023

We have also obtained an understanding of the legal and regulatory frameworks that the group 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 Group'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;
- 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, including the agreement of year end balances with Nottingham City Council;
- Performing a benchmarking summary of the assumptions used by the actuary and comparing to local government pension schemes across various counties and across different actuaries;
- Reviewed the latest valuation report and the uplift in the property valuation, ensuring the gains have been recognised appropriately;
- 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. This description forms part of our Auditors' Report.

Nottingham City Homes Limited
(Company limited by guarantee)
CONSOLIDATED INCOME STATEMENT
For the year ended 31st March 2023

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 Limited
(Company limited by guarantee)
CONSOLIDATED INCOME STATEMENT
For the year ended 31st March 2023

	<i>Notes</i>	Year to 31 March 2023	Year to 31 March 2022
		£'000	£'000
TURNOVER	2	76,463	71,302
Operating expenses	3	(102,496)	(77,388)
Other operating income		3,214	1,801
Unrealised gain on investment properties	5	1,534	2,002
OPERATING (LOSS) / PROFIT		(21,285)	(2,283)
Interest payable	6	(4,931)	(4,637)
Interest receivable	6	-	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(26,216)	(6,920)
Taxation	8	(1,371)	(79)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND LOSS FOR THE FINANCIAL YEAR		(27,587)	(6,999)

The accounts are prepared on the historical cost basis and relate to activities covering the provision of social and affordable housing, private rental and the activities undertaken for Nottingham City Council in relation to the management and maintenance of the council's stock of properties. From the start of 2023/24 the activities undertaken for Nottingham City Council in relation to the management and maintenance of the council's stock of properties have been taken back under the direct control of Nottingham City Council. The revenue and operating costs associated with the discontinued activity in 2022/23 were revenue of £65m and allocated costs of £99m inclusive of the pension liability.

The accounting policies and notes on pages 29 to 51 form part of the accounts.

Nottingham City Homes Limited
(Company limited by guarantee)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31st March 2023

		Year to 31 March 2023	Year to 31 March 2022
	<i>Notes</i>	£'000	£'000
LOSS FOR THE FINANCIAL YEAR		<u>(27,587)</u>	<u>(6,999)</u>
PENSION SCHEME GAINS AND (LOSSES)			
Return on Fund assets in excess of interest	22	(9,920)	11,496
Actuarial gains / (losses)	22	<u>140,348</u>	<u>19,938</u>
		<u>130,428</u>	<u>31,434</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>102,841</u></u>	<u><u>24,435</u></u>

The notes on pages 29 to 51 form part of the accounts.

Nottingham City Homes Limited
(Company limited by guarantee)
CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31st March 2023

	<i>Notes</i>	Group Profit & loss account £'000	Company Profit & loss account £'000
BALANCE AT 1 st APRIL 2021		(120,045)	(121,887)
Loss for the year		(6,999)	(8,881)
Other comprehensive income			
- Return on fund assets below interest		11,496	11,496
- Actuarial gains		19,938	19,938
		<u> </u>	<u> </u>
BALANCE AT 31 st MARCH 2022	24	(95,610)	(99,334)
Loss for the year		(27,587)	(28,494)
Other comprehensive income			
- Return on fund assets below interest		(9,920)	(9,920)
- Actuarial gains		140,348	140,348
		<u> </u>	<u> </u>
BALANCE AT 31 st MARCH 2023	24	<u>7,231</u>	<u>2,600</u>

The notes on pages 29 to 51 form part of the accounts.

Nottingham City Homes Limited
(Company limited by guarantee)
STATEMENTS OF FINANCIAL POSITION
As at 31st March 2023

Company Registration
Number: 05292636

	Notes	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
FIXED ASSETS					
Tangible Assets	10	39,575	36,823	34,845	32,051
Investment Properties	11	29,519	31,476	5,489	8,739
CURRENT ASSETS					
Stocks and work in progress	13	555	1,536	555	1,536
Debtors due within one year	14	830	1,998	1,382	3,506
Cash at bank and in hand	16	17,429	13,690	15,542	12,226
		18,814	17,224	17,479	17,268
CREDITORS:					
amounts falling due within one year	17	(29,234)	(11,371)	(9,708)	(11,144)
NET CURRENT ASSETS		<u>(10,420)</u>	<u>5,853</u>	<u>7,771</u>	<u>6,124</u>
TOTAL ASSETS LESS					
CURRENT LIABILITIES		58,674	74,152	48,105	46,914
Creditors: Amounts falling due after more than one year	18	(31,381)	(50,154)	(26,650)	(26,640)
Provisions for liabilities	21	(19,935)	(305)	(18,728)	(305)
NET ASSETS EXCLUDING					
PENSION ASSET LIABILITY		7,358	23,693	2,727	19,969
Defined benefit pension scheme Liability	22	(127)	(119,303)	(127)	(119,303)
NET LIABILITIES INCLUDING					
PENSION LIABILITY		<u>7,231</u>	<u>(95,610)</u>	<u>2,600</u>	<u>(99,334)</u>
CAPITAL AND RESERVES					
Revaluation reserve	24	5,263	3,759	455	389
Profit and loss account	24	1,968	(99,369)	2,145	(99,723)
TOTAL EQUITY		<u>7,231</u>	<u>(95,610)</u>	<u>2,600</u>	<u>(99,334)</u>

The Company's loss for the year and total comprehensive income for the year were £28.494m (2021/22: £8.881m) & £102.841m (2021/22: £22.553m), respectively. As disclosed in note 23, members derive no financial interest from their shareholding and accordingly all capital and reserves are classed as non-equity. The financial statements on pages 23 to 51 were approved and authorised for issue by the Board on 9th November 2023 and signed on its behalf by:

Madeleine Forster (Board Chair)

Nottingham City Homes Limited
(Company limited by guarantee)
CONSOLIDATED STATEMENT OF CASHFLOWS
As at 31st March 2023

		2023	2022
	<i>Notes</i>	£'000	£'000
OPERATING ACTIVITIES			
Cash inflow generated from operations	25	4,803	2,491
		<hr/>	<hr/>
NET CASH FROM OPERATING ACTIVITIES		4,803	2,491
INVESTING ACTIVITIES			
Sale of tangible fixed assets		1,120	6
Sale of investment properties	11	175	-
Purchase of tangible fixed assets	10	(535)	(232)
Purchase of investment properties	11	(1,150)	(4,335)
		<hr/>	<hr/>
NET CASH USED IN INVESTING ACTIVITIES		(390)	(4,561)
FINANCING ACTIVITIES			
Proceeds of new borrowing	19	-	734
Repayment of borrowing	19	(674)	(648)
		<hr/>	<hr/>
NET CASH IN FROM FINANCING ACTIVITIES		(674)	86
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		3,739	(1,984)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		13,690	15,674
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF YEAR	16	17,429	13,690
		<hr/> <hr/>	<hr/> <hr/>
Relating to:-			
Bank balances, overdrafts and short term deposits included in cash at bank and in hand	16	17,429	13,690
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 29 to 51 form part of the accounts.

Nottingham City Homes Limited
(Company limited by guarantee)
COMPANY STATEMENT OF CASH FLOWS
For the year ended 31st March 2023

		2023	2022
	<i>Notes</i>	£'000	£'000
OPERATING ACTIVITIES			
Cash inflow generated from operations	25	4,090	1,918
		<hr/>	<hr/>
NET CASH FROM OPERATING ACTIVITIES		4,087	1,918
INVESTING ACTIVITIES			
Sale of fixed assets & investment properties		1,120	6
Purchase of tangible fixed assets	10	(507)	(211)
Purchase of investment properties	11	(1,150)	(4,317)
		<hr/>	<hr/>
NET CASH USED IN INVESTING ACTIVITIES		(537)	(4,522)
FINANCING ACTIVITIES			
Proceeds of new borrowing	19	-	-
Repayment of borrowing	19	(209)	(444)
		<hr/>	<hr/>
NET CASH IN FROM FINANCING ACTIVITIES		(209)	(444)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		3,316	(3,048)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		12,225	15,273
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF YEAR		15,541	12,225
		<hr/> <hr/>	<hr/> <hr/>
Relating to:-			
Bank balances and short term deposits included in cash at bank and in hand		15,541	12,225
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 29 to 51 form part of the accounts.

Nottingham City Homes Limited
(Company limited by guarantee)
GROUP ACCOUNTING POLICIES
For the year ended 31st March 2023

GENERAL INFORMATION

Nottingham City Homes 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 2. The Company’s principal activities and the nature of the Company’s operations are set out in the Director’s report on pages 16 to 21.

BASIS OF ACCOUNTING

These financial statements are prepared in accordance with Financial Reporting Standard 102 ‘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.

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

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of the Group and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). All financial statements are made up to 31 March 2023. As permitted by s408 Companies Act 2006, the Company has not presented its own statement of comprehensive income as it prepares group accounts and the Company’s individual statement of financial position shows the Company’s profit or loss for the financial year”.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

Included in the Group structure are NCHRP which is limited by guarantee and NCHL which is limited by ordinary share capital and both are controlled by NCH Ltd.

TURNOVER

Turnover includes property management fees and associated income and is stated net of value added tax. Management fees are included within turnover on a time apportioned basis. Associated income is included in turnover on the basis of work done.

Turnover includes rental income due to the Company from tenants in relation to the letting of its social housing, market rented and homes for homeless families’ properties.

Other operating income consists of funding and income for assisted technology services, grant income and income for received for services outside the Company’s core business. Operating income and turnover from construction contracts (set out in note 15) are recognised on the basis of work done.

Nottingham City Homes Limited
(Company limited by guarantee)
GROUP ACCOUNTING POLICIES
For the year ended 31st March 2023

INTANGIBLE FIXED ASSETS

Intangible assets purchased other than in a business combination are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit and loss on a straight line basis over their useful lives, as follows:-

<u>Asset Type</u>	<u>Years</u>
Purchased IT systems and software	3

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are included in the balance sheet at historical cost less depreciation, where appropriate. Depreciation is calculated to write off the cost of tangible fixed assets' less the estimated residual value, on a straight line basis over their estimated useful lives. Cost for housing properties includes the cost of acquiring land and building, construction costs including internal equipment and fittings, directly attributable development administration costs, cost of capital employed during the development period and expenditure incurred in respect of improvements and extension of existing properties to the extent that it enhances the economic benefit derived from the assets.

The following depreciation rates have been used in 2022/23.

<u>Asset Type</u>	<u>Years</u>
Vehicles	9
Boilers	15
Heating Systems	30
Kitchens	20
Bathrooms	20
Doors	30
Windows	30
Re-wiring	40
Roofs	70
Structure	80

Land and assets in the course of construction are not depreciated and going forward the useful life of components will be reassessed annually. The accounting policy for depreciation is that charges are applied in the year construction was completed or the year properties were purchased. IT and equipment assets less than £5k are not capitalised.

Nottingham City Homes Limited
(Company limited by guarantee)
GROUP ACCOUNTING POLICIES
For the year ended 31st March 2023

IMPAIRMENT

The company will undertake impairment reviews where there is an indication that impairment may have occurred. Fixed Assets that are considered to be permanently impaired shall be written down to their recoverable amounts.

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.

CAPITAL GRANTS

Grants due from Government organisations or received in advance are included as current assets or liabilities. Grants are amortised to the Consolidated Income Statement over 80 years and the remaining grant is split between Creditors less than and more than, one year. We adopt the accruals method of accounting for capital grants.

OPERATING LEASES

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

STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost of finished goods and work in progress includes overheads appropriate to the stage of manufacture. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items where required.

CONSTRUCTION CONTRACTS

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, turnover and costs are recognised over the period of the contracts. When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately. When the outcome of construction contract cannot be estimated reliably, contract turnover is recognised only to the extent of contract costs that are recoverable and the contract costs are expensed as incurred.

BORROWING

All borrowing costs, including costs directly attributable to the acquisition and construction of freehold properties, where asset costs cannot be funded by the Company's cash reserves, are expensed as incurred.

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.

Nottingham City Homes Limited
(Company limited by guarantee)
GROUP ACCOUNTING POLICIES
For the year ended 31st March 2023

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.

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 are capitalised as an intangible fixed asset or a tangible fixed asset.

RETIREMENT BENEFITS

For defined benefit schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost and expected return on assets are included within other finance costs. Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the Statement of Comprehensive Income.

Defined benefit schemes are funded, with the assets held separately from the Company in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme liability is recognised to the extent that the Company has a legal or constructive obligation to settle the liability.

CASH EQUIVALENTS

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

CASH AT BANK AND IN HAND

NCC holds funds on behalf of the Group. The Company maintains petty cash balances as required.

GOING CONCERN

NCH's ongoing business interests will be primarily concerned with the direct letting, management and maintenance of homes for families in Nottingham and leasing of property to NCH Group subsidiaries which includes leasing of property to NCH Registered Provider Limited for use as supported temporary accommodation for homeless families and citizens in housing crisis and to NCH Enterprises Limited for letting at market rent.

On 1 April 2023, all of Nottingham City Home's housing service activities and staff were transferred to Nottingham City Council. An NCC service contract (SLA Agreement) is in place to ensure delivery of services to the group, however, the ongoing cost of these services remains uncertain. The NCH Group is ultimately reliant upon Nottingham City Council to ensure continuation of the provision of services at an appropriate charge.

Nottingham City Homes Limited
(Company limited by guarantee)
GROUP ACCOUNTING POLICIES
For the year ended 31st March 2023

At a board meeting held on 19th December 2022, it was agreed to return HRA sums owing to NCC of £18.523m. NCH recognises the balance of £18.523m and fully accepts the obligation as at 31st March 2023 to repay this sum to NCC and this has subsequently been reflected in the 22/23 accounts as a provision within creditors. Nottingham City Homes does not have sufficient cash reserves to make repayment of the full amount owing, with surpluses tied up in the housing properties owned by NCH Ltd and leased to NCH Registered Provider. NCH Ltd recognises that a disposal plan to **repay the full £18.523m** will result in the disposal of the majority of the property assets leased to NCHRP for temporary accommodation, however, NCC remains reliant upon NCH Registered Provider as a significant provider of temporary accommodation. Discussions are ongoing with NCC to reach an acceptable resolution, including a repayment plan, timescales and assessment of the impact on future temporary accommodation services.

The lack of an approved plan relating to the settlement of the £18.523m to the Council and ongoing uncertainty around the NCC service contract charges, casts significant doubt over the ability of the Company to deliver in accordance with future forecasts and hence creates a material uncertainty over the company's ability to continue as a going concern. Further clarity around this will emerge over the next 12 months.

The company has produced forecasts that predict the company will continue to generate sufficient returns to enable the company to continue to meet all liabilities as they fall due for a period of at least 12 months following the approval of the financial statements. The Board has therefore, concluded that it is appropriate to prepare these financial statements on a going concern basis.

FINANCIAL INSTRUMENTS

The Group 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 Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group 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.

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 Group after deducting all of its liabilities.

Nottingham City Homes Limited
(Company limited by guarantee)
GROUP ACCOUNTING POLICIES
For the year ended 31st March 2023

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.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

PROVISIONS

Provisions are recognised when the Group has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation.

FIXED ASSET INVESTMENTS

Company

In the separate accounts of the company, interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries, associates and jointly controlled entities are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

Nottingham City Homes Limited
(Company limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31st March 2023

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 Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. 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 made by the pension fund actuaries (note 22), the annual revaluation of Investment Properties (note 11) and the Useful Economic Lives used in determining the annual depreciation charge (note 10).

2. TURNOVER	2023	2022
	£'000	£'000
Management fees	22,160	22,852
Repairs, Maintenance and Capital Fees	43,080	39,717
Fee adjustment for return to Parent undertaking	(400)	(1,210)
Property rental income	9,667	7,861
Other income	1,956	2,081
	<u>76,463</u>	<u>71,302</u>

Turnover represents the value, net of Value Added Tax of goods services provided to third parties. Other operating income comprises grant from NCC for Independent Living and charges to tenants and NCC departments for rechargeable works and services.

3. OPERATING EXPENSES	2023	2022
	£'000	£'000
Staff costs	46,817	45,205
Other employee costs	3,057	2,906
Supplies and services	21,617	19,405
Premises	6,273	4,002
Administration	3,443	2,549
Other	2,766	3,321
HRA Surplus Repayment	18,523	-
	<u>102,496</u>	<u>77,388</u>

HRA Surplus Repayment: NCH Ltd has included a provision of £18.523m in the 22/23 statutory accounts, which is owed to NCC in relation to prior year surpluses generated through HRA management fee savings and retained as company reserves.

Nottingham City Homes Limited
(Company limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31st March 2023

4. EMPLOYEES	2023	2022
	£'000	£'000
Wages and salaries	30,344	28,937
Redundancy	-	-
Social security costs	3,122	2,833
Pension costs – past service costs (see note 22)	-	-
Pension costs – current service cost (see note 22)	13,351	13,435
	<u>46,817</u>	<u>45,205</u>

The average monthly number of employees (including non-executive Directors) employed by the Company during the year was:	2023	2022
Housing and Customer Services	373	348
Property Services	497	515
Corporate services	69	82
Total	<u>939</u>	<u>945</u>

During the year redundancy and termination payments amounted to £139,040 (2021/22: £nil)

5. UNREALISED GAIN ON INVESTMENT PROPERTIES

Income of £1.534m(2021/22: £2.002m) is recognised in the income statement in relation to the increase of Investment Properties held at the balance sheet date following revaluation.

6. INTEREST RECEIVABLE / (PAYABLE)	2023	2022
	£'000	£'000
Interest on defined benefit pension scheme liabilities	(8,792)	(6,838)
Interest on defined benefit pensions scheme assets	5,754	4,099
Interest receivable	-	-
Short term investment overdraft interest	-	-
Interest arising on intercompany loans	(1,893)	(1,898)
	<u>(4,931)</u>	<u>(4,637)</u>

Nottingham City Homes Limited
(Company limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31st March 2023

7. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2023 £'000	2022 £'000
Loss on ordinary activities before taxation is stated after charging:		
Amortisation of intangible assets (note 9)	-	-
Depreciation of tangible fixed assets		
- owned (note 10)	655	677
Profit on disposal of tangible fixed asset (note 10)	363	-
Stock (note 13)		
- amounts expensed to cost of sales	1,805	1,747
Operating lease rentals		
- land and buildings	2,584	1,860
- plant and machinery	19	19
 Fees payable to Bishop Fleming and its associates in respect of both audit and non-audit services are as follows:		
- Statutory audit of the company	38	21
- Statutory audit of NCH RP	5	5
- Statutory audit of NCH EL	3	4
- Taxation compliance services	5	4
- Other audit services	-	1
Other services		
- Internal audit services (Council)	75	76
	<u> </u>	<u> </u>
 8. TAXATION	2023	2022
Analysis of charge in the year:	£'000	£'000
<i>UK corporation tax</i>		
Current tax on income for the year	162	-
Adjustments in respect of prior years	1,210	-
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	1,371	-
	<u> </u>	<u> </u>
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(26,216)	(6,920)
Current tax at apportioned standard rate for the year – 19% (2021/22: 19%)	(4,981)	(1,315)
Affected by:		
- Corporation tax exemption	6,352	1,394
	<u> </u>	<u> </u>
Total current tax charge	1,371	79
	<u> </u>	<u> </u>

Nottingham City Homes Limited
(Company limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31st March 2023

9. INTANGIBLE FIXED ASSETS GROUP AND COMPANY	IT Systems and software £'000	Total £'000
Cost		
At 1 st April 2022	489	489
At 31 st March 2023	<u>489</u>	<u>489</u>
Depreciation		
At 1 st April 2022	(489)	(489)
Charge for the period	-	-
At 31 st March 2023	<u>(489)</u>	<u>(489)</u>
Net book value		
At 31 st March 2022	-	-
At 31 st March 2023	<u>-</u>	<u>-</u>

The IT system intangibles relate to the Customer Relations Management system.

Nottingham City Homes Limited
(Company limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31st March 2023

10. TANGIBLE FIXED ASSETS GROUP	Assets Under Construction £'000	Freehold Land and Buildings £'000	Motor Vehicles £'000	Total £'000
Cost				
At 1 st April 2022	-	38,221	4,876	43,097
Additions	-	535	-	535
Disposals	-	-	(4,876)	(4,876)
Reclassification	-	3,661	-	3,661
At 31 st March 2023	-	42,417	-	42,417
Depreciation				
At 1 st April 2022	-	(2,272)	(4,002)	(6,274)
Charge for the period	-	(570)	(85)	(655)
Disposals	-	-	4,087	(4,087)
At 31 st March 2023	-	(2,842)	-	(2,842)
Net book value				
At 31 st March 2022	-	35,949	874	36,823
At 31 st March 2023	-	39,575	-	39,575
TANGIBLE FIXED ASSETS COMPANY				
Cost				
At 1 st April 2022	-	33,278	4,876	38,154
Additions	-	507	-	507
Disposals	-	-	(4,876)	(4,876)
Reclassification	-	3,661	-	3,661
At 31 st March 2023	-	37,446	-	37,446
Depreciation				
At 1 st April 2022	-	(2,101)	(4,002)	(6,103)
Charge for the period	-	(500)	(85)	(585)
Disposals	-	-	4,087	4,087
At 31 st March 2023	-	(2,601)	-	(2,601)
Net book value				
At 31 st March 2022	-	31,177	874	32,051
At 31 st March 2023	-	34,845	-	34,845

Nottingham City Homes Limited
(Company limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31st March 2023

The Company has pledged land, buildings having a net book value of £35.088m (2021/22: £31.840m), to secure its loans (note 19) by way of a fixed charge.

11. INVESTMENT PROPERTIES
GROUP AND COMPANY

Fair value	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
At 1 st April 2022	31,476	25,104	8,739	3,999
Additions relating to completed properties	-	19	-	-
Additions relating to Assets under construction	1,150	4,351	1,150	4,351
Impairment of Assets under construction	(805)	-	(805)	-
Disposal	(175)	-	-	-
Transfer to Tangible assets	(3,661)	-	(3,661)	-
Revaluation	1,534	2,002	66	389
At 31st March 2023	29,519	31,476	5,489	8,739

Investment properties are initially measured at cost and revalued to fair value at each reporting date as appropriate. At 31st March 2023 and 31st March 2022, the fair value of investment properties reflects the independent valuation carried out at that date. The Company holds in its investment properties, four 999 years leases with the City Council on five buildings acquired at a capital cost of £1.734m (2021/22: Four 999 years leases – £1.734m). During the year 324 Gordon Road was sold at market value and Meadows Police Station was transferred to Tangible Fixed Assets at fair value following change of use to provide a social benefit. The 27 properties comprising the Arboretum were valued by Rupert David & Co in December 2022 at £4.2m 'as is' present valuation, with no further investment or renovation work undertaken. The 'as is' valuation has been assessed internally through an internal surveyor as of 31st March 2023 to include any further spend that was either to complete a property or increase its valuation. This has increased the 'as is' valuation to £4.4m. The balance sheet expenditure for this asset under construction stands at £5.2m so a year-end impairment of £805k has been included within the 2022/23 accounts.

12. SUBSIDIARY UNDERTAKINGS

Nottingham City Homes Limited
(Company limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31st March 2023

The Company's subsidiary undertakings are:

<u>Name of undertaking</u>	<u>Class of shareholding</u>	<u>Nature of Business</u>	<u>Address</u>
Nottingham City Homes Enterprises Limited	Ordinary Two 1p shares	Property lettings (market rent)	Loxley House, Station Street, Nottingham, NG2 3NJ
Nottingham City Homes Registered Provider Limited	N/A – Limited by guarantee	Property lettings (social housing)	As above

The financial statements of Nottingham City Homes Registered Provider Limited and Nottingham City Homes Enterprises Limited are prepared to 31st March 2023.

13. STOCKS	2023	2022
GROUP AND COMPANY	£'000	£'000
Raw materials and consumables	-	543
Work in progress	555	993
	555	1,536
	555	1,536

Raw Materials and consumables have been written down to nil value prior to transfer into NCC at the start of 2023/24. The write off will be a component of the HRA Surplus calculation for 2022/23 and ensure the stock items transferred reduce the HRA surplus calculated for 2022/23.

The work in progress in 2023 is fully recoverable from NCC in 2023/24 following completion of the works.

14. DEBTORS: amounts falling due within one year	Group	Group	Company	Company
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade debtors	590	1,515	459	1,419
Amounts owed by parent undertaking (note 29)	-	-	-	-
Amounts owed by subsidiaries (note 29)	-	-	695	1,618
Other taxes and social security	-	-	-	-
Prepayments and accrued income	240	483	228	469
	830	1,998	1,382	3,506
	830	1,998	1,382	3,506

Nottingham City Homes Limited
(Company limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31st March 2023

15. CONSTRUCTION CONTRACTS	2023	2022
GROUP AND COMPANY	£'000	£'000
Contracts in progress at the reporting date:		
Gross amounts due from contract customers	-	148
Accrued income under long term contract accounting	(135)	(350)
	<u>(135)</u>	<u>(202)</u>
Contract turnover recognised during the year	-	260

16. CASH AT BANK AND IN HAND

The figures disclosed on the balance sheet represent petty cash balances of £nil (2021/22: £1k) and cash held in bank accounts of £17.429m. Cash held in bank accounts for the Company total £15.542m.

17. CREDITORS: amounts falling due within 1 year

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Trade creditors	2,100	1,127	2,099	1,086
Amounts owed to Parent undertaking (note 29)	3,298	2,050	2,870	2,048
Amounts owed to subsidiaries (note 29)	-	-	31	252
Loan amounts owed to Group parent undertaking	18,606	-	-	-
Other taxes and social security	977	2,576	921	2,447
Corporation tax	162	-	-	-
Other creditors	613	673	606	657
Accruals and deferred income	3,463	4,930	3,166	4,639
Grants	15	15	15	15
	<u>29,234</u>	<u>11,371</u>	<u>9,708</u>	<u>11,144</u>

18. CREDITORS: amounts falling due after more than one year

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Intercompany loans (note 19)	30,551	49,304	26,602	26,581
Grants	830	850	48	58
	<u>31,381</u>	<u>50,154</u>	<u>26,650</u>	<u>26,639</u>
Included in creditors are :				
Amounts repayable in instalments falling due after more than five years	27,134	46,606	24,309	24,792

Nottingham City Homes Limited
(Company limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31st March 2023

19. BORROWING	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Creditors: amounts falling due within one year				
- Intercompany Parent loans	233	312	215	208
Creditors: amounts due after more than 1 year				
- Intercompany Parent loans	30,104	49,304	26,154	26,581
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>30,337</u>	<u>49,617</u>	<u>26,369</u>	<u>26,789</u>
	<u>=</u>	<u>=</u>	<u>=</u>	<u>=</u>

Included in creditors are:

Annuity loans from NCC are repayable over 30, 40 & 50 years with interest set at fixed rates between 2.87% and 4.94%. Loan principal and accrued interest on the outstanding balances are repaid every 6 months. Borrowings are secured against the land and buildings of the Company (as detailed in notes 10 and 11).

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. NCHEL accounts for 22/23 are being prepared on the basis of other than going concern with intercompany loans stated due within 12 months.

20. FINANCIAL INSTRUMENTS

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

Nottingham City Homes Limited
(Company limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31st March 2023

21. PROVISIONS GROUP AND COMPANY	Opening Balance	Utilised in the Year	Charge for the Year	Released as Unused	Closing Balance
	£'000	£'000	£'000	£'000	£'000
Employment Tribunals	41	-	-	(41)	-
Disrepair Cases	194	(51)	-	(34)	110
Liquidated Damages	70	-	23	-	93
Deferred Tax	-	-	1,210	-	1,210
HRA Surplus Repayment	-	-	18,523	-	18,523
	<u>305</u>	<u>(51)</u>	<u>19,756</u>	<u>(75)</u>	<u>19,935</u>

Disrepair Cases – Potential obligations & costs from claims by tenants.

Liquidated Damages – Anticipated claim from NCC for loss of rent on the Tunstall new build scheme due to handover by NCH post contracted completion date.

HRA Surplus Repayment – NCH Ltd has included a provision of £18.523m in the 22/23 statutory accounts, which is owed to NCC in relation to prior year surpluses generated through HRA management fee savings and retained as company reserves. This balance has been recognised as a provision at this stage whilst proposals are being created for negotiation with NCC over the final amounts to be settled and how they will be settled, which may be through transfer of assets or provision of services in addition to cash repayments

Nottingham City Homes Limited
(Company limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31st March 2023

22. RETIREMENT BENEFITS - GROUP AND COMPANY

As from 1st April 2005, the Company became an admitted member of the Local Government Superannuation Scheme, a funded defined benefit scheme. A full actuarial valuation was undertaken as at 31st March 2004 and a triennial actuarial valuation as at 31st March 2022 by a qualified independent actuary. The principal actuarial assumptions used by the actuaries for the purposes of the FRS 102 calculations are as follows:

ASSETS	2023 % p.a	2022 % p.a	2021 % p.a
Salary increases	3.9	4.2	3.9
Pension increases (CPI)	2.9	3.2	2.9
Discount rate	4.8	2.6	2.0

The set of demographic assumptions adopted are consistent with those used for the most recent Fund valuation, which was carried out as at 31st March 2022. The post retirement mortality tables adopted are the S3PA tables with a multiplier of 115% for males and 110% for females. These base tables are then projected using the CMI 2021 Model, allowing for a long term rate of improvement of 1.25% p.a., smoothing parameter of 7.0 and an initial addition to improvement of 0.0% p.a. and a 2021 weighting of 5%.

The assumed life expectancy of a male member retiring on 31st March 2023 and reaching age 65 in 2043 is 20.7 and 22.0 years respectively (2021/22: 21.6 years for someone retiring on 31st March 2022 and 23.0 years for someone reaching 65 in 2042). The life expectancy of female members retiring on 31st March 2023 and reaching age 65 in 2043 is 23.5 and 25.0 years respectively (2021/22: 24.3 years for someone retiring on 31st March 2022 and 25.8 years for someone reaching 65 in 2042). It has been assumed that:

- Members will exchange pension to get 50% of the maximum available cash on retirement;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and
- The proportion of membership that had taken up the 50:50 option at the previous valuation date will remain the same.

The amounts charged or (credited) to profit, or loss, are as follows:

	2023 £'000	2022 £'000
Current service cost	13,351	13,435
Net interest on defined liability	3,038	2,739
Administration expenses	108	100
Total	16,497	16,274

Nottingham City Homes Limited
(Company limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31st March 2023

22. RETIREMENT BENEFITS – continued

The amounts charged or credited in profit or loss were included in operating expenses – staff costs i.e. within operating profit, with the exception of interest on obligation and the expected return on Scheme assets which were netted off and charged to interest payable. The expected return on assets is based on the discount rate.

	2023	2022
	£'000	£'000
Actual return on Scheme assets	(4,166)	15,595

In 2023/24 it is anticipated that the expected pension scheme employer contributions will be £5.485m. The major categories of Scheme asset, as a percentage of the total Scheme assets, are as follows:

	2023	2022
	%	%
Equities	58	62
Gilts	2	3
Other Bonds	6	7
Property	12	11
Cash	5	6
Other	17	11
Total	<u>100</u>	<u>100</u>

Changes in the present value of the defined benefit obligation are as follows:

	2023	2022
	£'000	£'000
Opening defined benefit obligation	340,234	343,852
Service cost	13,120	13,435
Interest cost	8,792	6,838
Change in financial assumptions	(146,441)	(20,597)
Change in demographic assumptions	(18,730)	-
Experience loss on defined benefit obligation	28,677	659
Estimated benefits paid (net of transfers in)	(6,380)	(5,764)
Past Service Costs	231	-
Contributions by Scheme participants	1,898	1,814
Unfunded pension payments	(3)	(3)
Closing defined benefit obligation	<u><u>221,398</u></u>	<u><u>340,234</u></u>

Nottingham City Homes Limited
(Company limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31st March 2023

22. RETIREMENT BENEFITS – continued

	2023	2022
	£'000	£'000
Changes in the fair value of Fund assets:		
Opening fair value of Fund assets	220,931	204,498
Interest on assets	5,754	4,099
Return on assets less interest	(9,920)	11,496
Other actuarial gains/(losses)	3,885	-
Contributions by employers including unfunded benefits	5,214	4,891
Administration expenses	(108)	(100)
Contributions by Fund participants	1,898	1,814
Estimated benefits paid plus unfunded net of transfers in	(6,383)	(5,767)
	<u>221,271</u>	<u>220,931</u>

The overall change in the pension scheme deficit is therefore as follows:

	2023	2022
	£'000	£'000
Deficit brought forward	(119,303)	(139,354)
Current service cost	(13,351)	(13,435)
Employer contributions	5,211	4,888
Unfunded pension payments	3	3
Net interest on the defined liability	(3,038)	(2,739)
Administration Expenses	(108)	(100)
Re-measurement of the net assets (defined liability)	130,459	31,434
Deficit at end of period	(127)	(119,303)

Amounts for the current and previous four periods are as follows:

	2023	2022	2021	2020	2019
	£'000	£'000	£'000	£'000	£'000
Fair value of Scheme assets	221,271	220,931	204,498	167,156	185,831
Present value of the defined benefit obligation	(221,398)	(340,234)	(343,852)	(254,344)	(276,784)
Net defined benefit liability	(127)	(119,303)	(139,354)	(87,188)	(90,053)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Return on Fund assets less interest	(9,920)	32,560	32,560	(21,325)	12,594

The cumulative actuarial gains recognised in the statement of changes in equity at 31 March 2023 are £63.614m (2021/22: actuarial losses of £66.845m).

Nottingham City Homes Limited
(Company limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31st March 2023

23. SHARE CAPITAL AND RESERVES

The Company is limited by guarantee and the liability of members to contribute to any deficiency of assets is £1 per member. The members have no rights to the income or assets of the Company.

24. RESERVES

	Group Profit and loss reserve £'000	Group Total £'000	Company Profit and loss reserve £'000	Company Total £'000
At 1 st April 2022	(95,610)	(95,610)	(99,334)	(99,334)
Total comprehensive income	102,841	102,841	101,934	101,934
At 31 st March 2023	<u>7,231</u>	<u>7,231</u>	<u>2,600</u>	<u>2,600</u>

**25. RECONCILIATION OF LOSS AFTER TAX TO
NET CASH GENERATED FROM OPERATIONS**

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Loss after tax	(27,587)	(6,999)	(28,494)	(8,881)
Adjustments for:				
Depreciation of tangible fixed assets	655	677	585	607
Impairment charges	805	-	805	-
Increase / (Decrease) in provisions	19,630	(23)	19,630	(23)
Profit on disposal of fixed assets	(365)	-	(365)	-
Gain on revaluation of investment properties	(1,534)	(2,002)	(66)	(389)
Interest payable	4,931	4,637	3,879	3,557
Operating cash flows before movements in working capital	<u>(3,463)</u>	<u>(3,710)</u>	<u>(4,018)</u>	<u>(5,129)</u>
Decrease / (Increase) in stock & work in progress	981	(483)	981	(483)
Decrease / (Increase) in debtors	1,168	(806)	2,124	(549)
Increase / (Decrease) in creditors	<u>6,117</u>	<u>2,508</u>	<u>5,003</u>	<u>8,079</u>
CASH INFLOW / (OUTFLOW) FROM OPERATIONS	<u><u>4,803</u></u>	<u><u>2,491</u></u>	<u><u>4,090</u></u>	<u><u>1,918</u></u>

Nottingham City Homes Limited
(Company limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31st March 2023

26. COMMITMENTS UNDER OPERATING LEASES GROUP

The Group as a lessee is committed to total future minimum lease payments as follows:

	Land and buildings		Plant and machinery	
	2023	2022	2023	2022
Amounts due:	£'000	£'000	£'000	£'000
- Within one year	1,351	271	6	6
- between one & five years	225	104	-	-
	<u>1,576</u>	<u>375</u>	<u>6</u>	<u>6</u>

The Company has no Land & Building lease commitments. The Company's commitments for Plant and machinery are as stated for the Group above.

27. CAPITAL COMMITMENTS AND OTHER CONTRACTUAL OBLIGATIONS

	2023	2022
	£'000	£'000

Capital expenditure contracted for but not provided for in the financial statements	-	334
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The contract for the construction of 21 homes on the Meadows Police Station site was completed in July 2022. There are no further capital commitments for the Group or the Company.

28. ULTIMATE PARENT UNDERTAKING

The Company is a subsidiary limited by guarantee and controlled by NCC, a local government organisation. Under the Memorandum and Articles of Association, NCC appoints one quarter of the board (2 of the 8 Members), with the balance of directors being drawn from Council tenants, or leaseholders, and members of the wider community. NCC's Group accounts can be obtained from the NCC Information Governance department at the Council's address on page 2.

29. RELATED PARTY TRANSACTIONS

The Group has related party transactions with NCC. The majority of the turnover and other income is invoiced to NCC (or its agents) and NCC provides a range of services to the Company. During the year, £68.435m, (2021/22: £63.464m) was invoiced to NCC for housing stock management, the repair of homes and recharges for services. An amount of £8.311m(2021/22: £12.513m) was charged by NCC for services provided to the Company and repayment of loans.

The balance of the turnover in the main represents amounts invoiced to tenants for rechargeable works and services. The net amount owed by NCC as at the year-end is shown in the analysis of creditors and is further analysed below. All

Nottingham City Homes Limited
(Company limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31st March 2023

operational building assets used by the Company are owned by NCC and a rent is charged by NCC to the Company in respect of these.

The amount due to the parent undertaking, as shown in the analysis of debtors is a net figure. The Company has related party transactions with its subsidiaries, NCH RP Ltd and NCH EL. The individual balances are presented below.

	Group (NCC) Balances with NCH		NCH balances with subsidiaries	
	2023 £'000	2022 £000	2023 £000	2022 £000
HRA surplus repayment	18,523	-	-	-
Trade and other debtors	5,747	7,471	695	1,620
Intercompany loans (due within 1 year)	(18,606)	-	-	-
Trade and other creditors	(27,064)	(9,208)	(31)	(252)
Intercompany loans (due within 1 year)	(233)	(312)	-	-
Grant (due within 1 year)	(1)	(1)	-	-
	<u>(21,634)</u>	<u>(2,050)</u>	<u>664</u>	<u>1,368</u>
Intercompany loans (due after 1 year)	(30,104)	(49,304)	-	-
Grant (due after 1 year)	(116)	(116)	-	-
	<u>(51,854)</u>	<u>(51,470)</u>	<u>664</u>	<u>1,368</u>

The directors have elected not to disclose any further details of transactions and balances with its subsidiary companies under the exemptions for local government controlled groups of companies set out in paragraph 33.11 of FRS 102.

30. POST BALANCE SHEET EVENTS

On the 1st April 2023 all direct employees of NCH were TUPE transferred into NCC along with the associated pension liabilities as at 31st March 2023.

From 1st April 2023, any NCC staff deployed on activity in relation to the NCH Group will be recharged from NCC to the relevant NCH Group Company by way of a Service Agreement between NCC and NCH.

31. REMUNERATION OF KEY MANAGEMENT PERSONNEL

The total remuneration of the Executive Directors of the Group and Company, who are considered to be the key management personnel, was £706k (2021/22: £649k). These costs reflect only those of the Directors and Company Secretary of the Executive Management Team, a set out on page 1.

During the year the non-executive directors received salary payments of £24k (2021/22: £nil) for their services to the Group and two were members of the NCH pension scheme.

The only transactions between the Company and key management personnel were salaries and the reimbursement of employee expenses, as disclosed in this note. No amounts were owed at the balance sheet date.