

The logo for Funcha, featuring a stylized 'F' icon composed of two teal shapes (a square and a triangle) followed by the word 'ncha' in a dark blue sans-serif font.

**Funcha**

# **Pelham Homes Limited**



**Financial statements**  
for the year ended 31 March 2023

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# Board Members, Professional Advisors and Bankers

## Board Chair

Michael Anthony Khouri Bent MCIH, IPSM, DipIRM, IAM  
(Resigned 31 March 2023)

Paul Adams MSc BSc (Appointed Chair 1 April 2023)

## Members

Paul Moat DMS, MBA, MRICS, BSc (Hons)

Allan Fisher BSc (Hons), PG (DIP), MSc

Gary Reynolds LLB

Donna Edwards BA, CPFA

Paul High (Appointed 17 May 2023)

Mohammed Habib FCIH, MCIIOB

## Company Secretary

Sylvia Hart BA (Hons), CPFA, ACG

## External Auditors

RSM UK Audit LLP

10th Floor,

103 Colmore Row,

Birmingham,

West Midlands,

B3 3AG

## Solicitors

Freeths LLP  
Cumberland Court  
80 Mount Street  
Nottingham  
NG1 6HH

## Bankers

Lloyds Bank plc  
PO Box 72  
Bailey Drive  
Gillingham  
Kent  
ME8 0LS

Registered  
Office

12-14 Pelham Road  
Sherwood Rise  
Nottingham  
NG5 1AP

**Telephone**  
0800 013 8555

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0115 910 4445

**Email**  
info@ncha.org.uk

**Company number**  
05184359

# Report of the Board

The Board presents its report and audited financial statements for the year ended 31 March 2023.

## Legal structure and activities

Pelham Homes Limited ("the Company") was registered with Companies House as Lets Select Limited under the reference 05184359 on 21 July 2004 and changed its name on 23 August 2017. The Company is a wholly owned subsidiary of Nottingham Community Housing Association Limited, which operates within the East Midlands and its head office is in Nottingham.

The Company's principal activities are:

- Development and sales of residential properties; and
- The provision of property related services.

## Performance for the year

The Statement of Comprehensive Income shows an operating profit for the year of

**£32k**  
(2022 - £42k loss).

After interest, gift aid and distributions from jointly controlled entities the Company made a loss before taxation of

**£1,301k**  
(2022 - £1,188k profit).

The Company holds one shared ownership property.

During the year the Company's principal activity was the sale of completed properties at the Harlaxton development scheme, which realised a profit of £144k.

The Company reported a total comprehensive loss for the year due to a gift aid payment of £1,323k which was made in the year and was based on the profits from the previous financial year.

## Board members and directors

The board members of the Company are set out on page four. The board members are drawn from a wide background bringing together professional, commercial and local experience. The Board is responsible for managing the affairs of the Company and meets on a regular basis to review the Company's performance and future development strategies.

## Auditors

A resolution to re-appoint RSM UK Audit LLP as Auditors for the ensuing year will be proposed at the Annual General Meeting to be held on 28 September 2023 in accordance with Section 485 of the Companies Act 2006.

## Events after the end of the accounting period

We consider that there have been no events since the financial year end which have had a material effect on the financial position of Pelham Homes Limited.

## Going concern

After making enquiries, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in the financial statements.

## Statement of directors' responsibilities

The directors are responsible for preparing the Report of the Board 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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

- i. Select suitable accounting policies and then apply them consistently;
- ii. Make judgements and accounting estimates that are reasonable and prudent; and
- iii. Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

## Statement of disclosure to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- i. There is no relevant audit information of which the Company's auditors are unaware
- ii. They have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

## Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the Board of Directors on 6 September 2023 and is signed on their behalf by:

*Paul Moat*

**Paul Moat**  
Board Member

# Report of the Independent Auditor to the Members of Pelham Homes Limited

## Opinion

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

In our opinion, the financial statements:

- Give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its profit for the year then ended.
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

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

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

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

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance 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.

## Opinions 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 report of the Board for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the report of the Board has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the report of the Board.

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report.



## Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

This description forms part of our auditor's report.

## Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit. However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the company operates in and how the company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included, reviewing financial statement disclosures and reviewing legal and professional costs incurred during the period.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to the General Data Protection Regulations as set out in the Data Protection Act 2018 and the Health and Safety at Work Act 1974. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these laws and regulations.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## Use of our report

This report is made solely to the 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Anna Spencer-Gray*

Date 20/09/23

**Anna Spencer-Gray**  
(Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP,  
Statutory Auditor  
Chartered Accountants  
10th Floor  
103 Colmore Row,  
Birmingham,  
B3 3AG

# Statement of Comprehensive Income

## Statement of Comprehensive Income

For the year ended 31 March 2023		2023	2022
	Note	£'000	£'000
<b>Turnover</b>	<b>2</b>	<b>2,374</b>	<b>1,175</b>
Operating costs	2	(547)	(943)
Cost of sales	2	(1,752)	(238)
<b>Gross (loss)/profit</b>		<b>75</b>	<b>(6)</b>
Administration expenses		(43)	(36)
<b>Operating (loss)/profit</b>		<b>32</b>	<b>(42)</b>
Distributions from jointly controlled entities	5	(84)	1,202
Interest receivable	6	74	213
Interest payable and similar charges	7	-	(5)
Gift Aid	8	(1,323)	(180)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(1,301)</b>	<b>1,188</b>
Tax (charge) on profit at 19%	10	(29)	(260)
Tax relief in respect of Gift Aid	10	28	260
<b>Profit on ordinary activities after taxation</b>		<b>(1,302)</b>	<b>1,188</b>
Revaluation / Impairment		-	-
<b>Total comprehensive (loss)/income for the year</b>		<b>(1,302)</b>	<b>1,188</b>

All of the activities of the Company are classed as continuing.

The notes on pages 21 – 38 form part of these financial statements.

# Statement of Financial Position



## Statement of Financial Position

As at 31 March 2023		2023	2022
	Note	£'000	£'000
<b>Fixed assets</b>			
Investment properties	11	31	31
Investment in jointly controlled entities	12	948	1,558
<b>Total fixed assets</b>		<b>979</b>	<b>1,589</b>
<b>Current assets</b>			
Stock of properties for sale	13	1,341	2,854
Debtors	14	5,172	1,324
Cash at bank and in hand		1,465	4,882
		<b>7,978</b>	<b>9,060</b>
<b>Creditors</b>			
Amounts falling due within one year	15	(538)	(420)
<b>Net current assets</b>		<b>7,440</b>	<b>8,640</b>
<b>Total assets less current liabilities</b>		<b>8,419</b>	<b>10,229</b>
<b>Provision for liabilities</b>	17	<b>(27)</b>	<b>(535)</b>
<b>Net assets</b>		<b>8,392</b>	<b>9,694</b>
<b>Capital and reserves</b>			
Called-up equity share capital	16	2,000	2,000
Profit and loss account		6,392	7,694
<b>Total</b>		<b>8,392</b>	<b>9,694</b>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 13 to 38 were approved and authorised for issue by the Board of directors on 6 September 2023 and are signed on behalf of the Board by:

*Paul Moat*

**Paul Moat**  
Board Member

*Sylvia Hart*

**Sylvia Hart**  
Secretary

# Statement of Changes in Equity

## Statement of Changes in Equity

For the year ended 31 March 2023	Called-up share capital	Profit and loss account	Total
	£'000	£'000	£'000
<b>At 1 April 2021</b>	<b>2,000</b>	<b>6,506</b>	<b>8,506</b>
Total comprehensive income for the year	-	1,188	1,188
<b>At 1 April 2022</b>	<b>2,000</b>	<b>7,694</b>	<b>9,694</b>
Total comprehensive loss for the year	-	(1,302)	(1,302)
<b>At 31 March 2023</b>	<b>2,000</b>	<b>6,392</b>	<b>8,392</b>

# Statement of Cash Flows

## Statement of Cash Flows

For the year ended 31 March 2023	2023	2022
	£'000	£'000
<b>Cash flows from operating activities</b>		
(Loss)/profit for the financial year	(1,301)	1,188
<b>Adjustments for:</b>		
Interest receivable	(74)	(213)
Interest payable and similar charges	-	5
Distributions from jointly controlled entities	84	(1,202)
<b>Changes in:</b>		
Stock of properties for sale	1,542	(1,505)
Loan to jointly controlled entities	-	4,100
Provisions	(508)	-
Trade and other debtors	592	132
Trade and other creditors	209	75
<b>Cash generated from operations</b>	<b>544</b>	<b>2,980</b>
Interest paid	-	(5)
Interest received	14	439
Profit share from jointly controlled entities	42	1,243
<b>Net cash from operating activities</b>	<b>600</b>	<b>4,657</b>
<b>Cash flows from investing activities</b>		
Refund of investment in jointly controlled entities	484	406
Proceeds from sale of investment properties	-	31
<b>Net cash from investing activities</b>	<b>484</b>	<b>437</b>
<b>Cash flows from financing activities</b>		
Loan repaid	-	(500)
Payment to parent for Money Market investment	(4,500)	-
Tax paid	(1)	(34)
<b>Net cash from financing activities</b>	<b>(4,501)</b>	<b>(534)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(3,417)</b>	<b>4,560</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>4,882</b>	<b>322</b>
<b>Cash and cash equivalents at end of year</b>	<b>1,465</b>	<b>4,882</b>

# Notes to the Financial Statements

## 1. Principal accounting policies

### (a) Basis of accounting

The Company's financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP).

The accounts are prepared on the historical cost basis of accounting except as modified by the revaluation of investment properties measured at fair value through the Statement of Comprehensive Income and are presented in rounded thousand pounds sterling.

The Company's financial statements have been prepared in compliance with FRS 102.

### (b) Going concern

The Company's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the 12 months from the date of approval. During the year, increasing inflation continued to impact upon the Company's current development programme and future pipeline. The key risks for the Company are in relation to scheme viability and the ongoing economic risk in relation to the housing market. The Company targeted the completion of all sales in relation to its development at Harlaxton and achieved this target. There are no completed unsold homes at year end and the regional housing market remains strong. The Company's budget and business plan have been approved by the Board and demonstrate good headroom within existing loan agreements and resilience against a range of identified risks and stresses.

### (c) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the date of the Statement of Financial Position and the amounts reported for revenue and expenses during the financial year. However, the nature of estimation means that the actual outcomes could differ from those estimates.

The following judgements detailed below have had the most significant effect on amounts recognised in the financial statements.

- Recoverability of investments in jointly controlled entities.
- The Company has assessed the recoverability of its development joint venture investments at Pelham Waterside and Pelham Waterside Two.

The Pelham Waterside development is now complete. The Pelham Waterside joint venture is now inactive and will be wound up as planned during the coming year. The remaining value of the Pelham Waterside investment has been assessed by management as fully recoverable at the year-end, following the recognition of an impairment charge. The Pelham Waterside Two development has not yet started on site. Based on an assessment of the latest scheme appraisal for the development, management have concluded that the investment amount is fully recoverable.

The Company has assessed the recoverability of its training joint venture in Three Together. This assessment has been made with reference to latest actual financial performance and approved forecasts for its operational training subsidiary Access Training. An independent valuation of Access Training was undertaken in 2019 and performance remains consistent with the assumptions on which this was based. Management have concluded that the investment amount is fully recoverable.

## 1. Principal accounting policies (continued)

### (c) Judgements and key sources of estimation uncertainty (continued)

#### Valuation of stock

The Company is holding stock under construction in relation to its active development sites. The valuation of the stock has been reviewed with reference to latest scheme appraisals for the developments. This review has concluded that the valuation of stock is supported.

#### Recognition and valuation of provisions

The Company recognises provisions in accordance with its stated accounting policy. In recognising its current provision, management have judged that a constructive obligation exists at the reporting date due to a past event. In valuing this provision management have relied upon tendered costs for remedial work and associated lease arrangements relating to the apportionment of these works.

#### Recognition of future Gift Aid

The company intends to fully Gift Aid its 2022/23 taxable profit and therefore not recognise a tax liability arising from the current year.

### (d) Turnover and revenue recognition

Turnover represents rental income (less loss of rent due to voids) and other charges receivable, outright sales of properties and other income and is recognised in relation to the period when the goods and services have been supplied.

Rental income is recognised when the property is available for let.

Sales of properties developed for outright sale are included in turnover and cost of sales.

### (e) Service charges

Service charge income and costs are recognised on an accruals basis. The Company operates both fixed and variable service charges annually on a scheme-by-scheme basis in full consultation with the residents. Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to the residents by a reduced charge and a deficit being recovered by future higher charges. Until these are returned they are held as service charge creditors (see note 15). Where they are due to be recovered they are held as service charge debtors in the Statement of Financial Position.

### (f) Loan interest costs

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and amount of maturity of the related loan.

## 1. Principal accounting policies (continued)

### (g) Provision for bad debts

A provision for debts becoming irrecoverable is made against 100% of former customer arrears and 50% of current customer arrears for all customers more than six weeks in arrears.

No provision is made against shared ownership arrears as it is assumed that action will be taken to recover arrears against the owner's equity in the property in the event of significant levels of arrears.

Provisions are made against all other debts, 50% of arrears over three months old and 100% of arrears over six months old

### (h) Corporation Tax

Current Tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

### (i) Value Added Tax (VAT)

The Company is a member of the VAT group 859 7959 34. Although the Company is registered for VAT, most of its activities are exempt. The Company charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. All amounts disclosed in these accounts are inclusive of VAT to the extent that it is suffered by the Company and is irrecoverable.

### (j) Investment properties

Having sold all of its other investment properties in prior years, Pelham Homes has a share in one final shared equity property, that it intends to sell in 2023/24.

Any changes in fair value are recognised in the Statement of Comprehensive Income.

### (k) Shared ownership and shared equity properties

The costs of shared ownership and shared equity properties are split between current and fixed assets on the basis of the first tranche portion (see note 11). The first tranche portion is accounted for as a stock current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as an investment property fixed asset and subsequent sales treated as sales of fixed assets.

## 1. Principal accounting policies (continued)

### (l) Fixed asset investments

Valuation of investments in jointly controlled entities are measured at cost less accumulated impairment.

The Company has investments in three other organisations, namely:

- Three Together is jointly owned with another housing association and owns a training company, Access Training Ltd, which provides training services. The partners provided a loan to Three Together to purchase Access Training Ltd. The loan from Pelham Homes Limited to Three Together to purchase Access Training is their investment therein.
- Pelham Waterside LLP is a joint venture company that developed properties for sale.
- Pelham Waterside Two LLP is also a joint venture company developing properties for sale.

**The Company's profits generated by, and returns on investments from, these organisations is recognised on a received basis and shown in the Statement of Comprehensive Income in other operating income.**

**Any gains and losses on re-measurement are disclosed in the Statement of Comprehensive Income for the period.**

## 1. Principal accounting policies (continued)

### (m) Properties held for sale

Properties developed for outright sale are included in the Statement of Financial Position in current assets as they are intended to be sold, at the lower of cost or estimated selling price after costs to complete and then sell.

Sales of properties developed for outright sale are included in turnover and cost of sales.

At each reporting date properties held for sale are assessed for impairment. If there was evidence of impairment the carrying value would be reduced to the selling price after costs to complete and sell. The impairment would be recognised immediately in the Statement of Comprehensive Income.

The valuation of the other properties held in stock in the 2022/23 accounts is determined by review of market conditions. Any changes in fair value are recognised in the Statement of Comprehensive Income.

### (n) Short-term debtors and creditors

Debtors and creditors without any stated interest terms which are receivable or payable within one year are recorded at the transaction price. Should any losses be incurred as a result of impairment, these would be immediately recognised as other operating expenses in the Statement of Comprehensive Income.

### (o) Provisions

The Company recognises a provision where:

- It has an obligation at the reporting date as a result of a past event;
- It is probable that it will be required to transfer economic benefits in settlement; and
- The amount of the obligation can be estimated reliably.

### (p) Management costs

No staff are employed by the Company. The Company pays a management fee to its parent company, Nottingham Community Housing Association for the:

- Management and maintenance administration of the leasehold properties;
- Provision of accounting services; and
- Provision of other services.

This fee is based on the level of service provided, calculated consistently with other members of the NCHA Group.

## 1. Principal accounting policies (continued)

### (q) Financial instruments

Financial assets and financial liabilities are measured at transaction price initially, plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs the entity may incur on sale or other disposal.

Debt instruments that meet the conditions in paragraph 11.8(b) of FRS 102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.

Commitments to receive or make a loan to another entity which meet the conditions in paragraph 11.8(c) of FRS 102 are measured at cost less impairment.

We have treated the intercompany loan as a basic financial instrument. There are no contractual provisions that could result in the parent company (the lenders) losing the principal amount or any interest attributable to the current period or prior periods.

Financial instruments held by the company are classified as follows:

- i. Financial assets such as current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method.
- ii. Financial liabilities such as bonds and loans are held at amortised cost using the effective interest method.
- iii. Loans to or from the related companies are held at amortised cost using the effective interest method.

### (r) Maintenance funds held for residents

Reserve funds are set aside to cover the costs of both internal and external redecorations every few years and other major works to the communal areas. These sums have been deposited in a trust bank account administered by Nottingham Community Housing Association Limited.



## 2. Turnover, operating costs, cost of sales and gross profit/(loss)

	2023				2022			
	Turnover	Operat- ing costs	Cost of sales	Gross profit/ (loss)	Turnover	Operat- ing costs	Cost of sales	Gross profit/ (loss)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Lettings	-	-	-	-	-	2	-	2
Shared ownership and leasehold: rents and service charges	119	(199)	-	(80)	431	(456)	-	(25)
Property sales	1,896	-	(1,752)	144	247	-	(238)	9
Pelham Architects	207	(194)	-	13	354	(338)	-	16
Camberley Builders	152	(154)	-	(2)	112	(118)	-	(6)
Disposal of fixed assets (note 4)	-	-	-	-	31	(33)	-	(2)
<b>Total</b>	<b>2,374</b>	<b>(547)</b>	<b>(1,752)</b>	<b>75</b>	<b>1,175</b>	<b>(943)</b>	<b>(238)</b>	<b>(6)</b>

## 3. Operating profit

This is arrived at after charging:	2023	2022
	£'000	£'000
Auditors remuneration (including VAT):		
- for audit services	23	11
- for non-audit services	-	-
Maintenance fee paid to the parent company (including maintenance management)	138	48
Management fee paid to the parent company	174	132
Design fee paid to the parent company	183	314

## 4. Asset disposals

	2023	2022
	£'000	£'000
Proceeds from asset sales	-	31
Cost of sales	-	(33)
<b>Total</b>	<b>-</b>	<b>(2)</b>

## 5. Distributions from jointly controlled entities

	2023	2022
	£'000	£'000
Distribution of profits from joint venture Pelham Waterside LLP	-	1,174
Distribution of profits from joint venture Three Together	42	28
Adjustment - correction to prior period	(126)	
<b>Total</b>	<b>(84)</b>	<b>1,202</b>

## 6. Interest receivable

	2023	2022
	£'000	£'000
Pelham Waterside loan	-	86
Pelham Waterside Two loan	(13)	13
Interest on Money Market investment	52	-
Bank interest	6	-
Notional interest from developments	29	114
<b>Total</b>	<b>74</b>	<b>213</b>

The terms of the loan with Pelham Waterside Two were amended during the year, and interest will now not be payable until a threshold of £208k is reached. The interest accrued in 2022 was reversed in 2023.

## 7. Interest payable and similar charges

	2023	2022
	£'000	£'000
Intercompany loan	-	5
<b>Total</b>	<b>-</b>	<b>5</b>

## 8. Gift Aid

**In line with Company Strategy, Gift Aid of 100% of taxable profits will be paid to NCHA, amounting to £22k (2022 - £1,323k). This will be paid in 2023/24 and will be accounted for in that period. The tax relief derived from this Gift Aid is included in the estimate of Corporation Tax payable for 2022/23 (see note 10).**

## 9. Ultimate controlling party, staff costs and directors emoluments

The ultimate parent is Nottingham Community Housing Association Limited, incorporated in England, owning all the shares and controlling the composition of the Board of Management. Its accounts are available from the registered office detailed on page four.

Nottingham Community Housing Association Limited (NCHA) is registered as a charitable social landlord under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing. It was first registered on the 22 March 1973 for the benefit of the community. NCHA operates mainly within the East Midlands and has three regional offices and a number of satellite offices across the East Midlands. Its head office is in Nottingham.

NCHA's principal activities are the management, maintenance, improvement and development of social housing together with the provision of care and support services for those people within communities across the East Midlands with additional needs.

## 9. Ultimate controlling party, staff costs and directors emoluments (continued)

The Company employs no staff. Instead, services are secured from the ultimate parent. The key employees of the ultimate parent are its Executive team, detailed below.



**Paul Moat**  
DMS, MBA, MRICS,  
BSc (Hons)  
Chief Executive

- The NCHA Group Leadership
- Corporate Governance
- Risk
- Health and Safety



**Allan Fisher**  
BSc (Hons), PG  
(DIP), MSc  
Director of  
Development  
and Assets

- Development
- Sales
- Property Services
- Environmental Sustainability



**Holly Dagnall**  
BA (Hons), PG  
(DIP), MSc  
Director of  
Homes and  
Wellbeing

- Affordable Social Housing
- Sub Market Rent
- Shared Ownership
- Care and Support
- Almshouse Charities
- Equality, Diversity and Inclusion
- Social Impact



**Naomi Dobraszczyc**  
BA (Hons) ACA  
Director of  
Finance and  
Resources

- Finance
- People
- Technology
- Transformation
- Marketing Communications
- Procurement
- Information and Intelligence
- Value for Money

The directors of NCHA are the key management personnel of the Company. They receive no payment for their role in the Company.

The Company purchases management and financial services from NCHA. These services include the handling and settling of the majority of Pelham Homes Limited invoices on behalf of the Company, and NCHA recharges the Company for the invoiced amount as summarised in note 19.

The Company's Board is outlined on page four. Payments were made to three independent board members totalling £15k (2022 - £15k to four board members) in the year.

## 10. Taxation

Corporation Tax is payable at 19% (2022 - 19%) on profits retained. Pelham Homes makes Gift Aid payments to reduce retained profits. In 2023 a Gift Aid payment of 100% of profit is due to be made, which has resulted in a tax charge of £nil for the year. A small tax payment of £1k was made during the year for adjustments to previous years.

## 11. Investment properties held for letting

	2023	2022
	£'000	£'000
<b>At valuation</b>		
<b>At 1 April</b>	<b>31</b>	<b>62</b>
Disposals	-	(31)
<b>At 31 March</b>	<b>31</b>	<b>31</b>

As at 31 March 2023 and 2022 Shared Equity properties accounted for 100% of the value.

### 11a. Investment properties

	2023	2022
	£'000	£'000
Freeholds	31	31
Leaseholds	-	-
<b>Total</b>	<b>31</b>	<b>31</b>

## 12. Investment in jointly controlled entities

	2023	2022
	£'000	£'000
Three Together Limited	397	397
Pelham Waterside LLP	14	624
Pelham Waterside Two LLP	537	537
<b>Total</b>	<b>948</b>	<b>1,558</b>

During the year Pelham Waterside LLP substantially completed its planned development and sales activity and made reimbursements to the partners towards the cost of their initial investment, of which Pelham Homes received £484k. At the end of the year, the remaining assets in Pelham Waterside LLP were assessed against the carrying value of the investment in Pelham Homes, resulting in an impairment to the valuation of the investment of £126k. See note 5.

## 13. Stock of properties for sale

	2023	2022
	£'000	£'000
Properties under development	1,341	2,854
<b>Total</b>	<b>1,341</b>	<b>2,854</b>

## 14. Debtors

	2023	2022
	£'000	£'000
Amount due from parent undertaking for Money Market investment	4,500	-
Loan due from Pelham Waterside Two LLP	500	500
Other amount due from Pelham Waterside LLP	-	7
Other amount due from Pelham Waterside Two LLP	-	14
Other debtors	172	803
<b>Total</b>	<b>5,172</b>	<b>1,324</b>

Pelham Homes has made available an intercompany loan facility of up to £5.5m to Pelham Waterside Two LLP. An amount of £500k had been drawn by Pelham Waterside Two LLP at the year-end (2022, £500k). The loan is secured against the assets of the LLP and is repayable in full in January 2025. The interest rate is based on Bank of England Base Rate + 4%. A variation was made to the loan during the year to waive an amount of interest, which resulted in the reversal of interest which had previously been accrued.

**15. Creditors: amount falling due within one year**

	2023	2022
	£'000	£'000
Rent in advance	6	15
Amount due to parent undertaking	95	72
Other creditors and accruals	141	73
Maintenance funds held for residents	296	260
Taxation	-	-
<b>Total</b>	<b>538</b>	<b>420</b>

**An intercompany loan facility of up to £18m has been set up from NCHA, to be drawn and repaid as Pelham Homes' requirements fluctuate. It is secured by mortgage debenture fixed and floating charges over all present and future assets of the Company, and is repayable in full on 30 June 2025. The interest rate is based on Bank of England Base Rate + 3.7%.**

**16. Called-up share capital**

	2023	2022
	£'000	£'000
<b>Authorised share capital</b>		
2,000,100 Ordinary shares of £1 each at the end of the year	2,000	2,000
<b>Allotted and fully paid</b>		
2,000,100 Ordinary shares of £1 each at the end of the year	2,000	2,000

The ordinary shares have full voting, distribution and capital rights. The ordinary shares are not redeemable.

**17. Provision for liabilities**

	2023	2022
	£'000	£'000
At beginning of year	535	348
(Release of) / increase in provision for major works	(508)	187
<b>At end of year</b>	<b>27</b>	<b>535</b>

The provision was required in respect of works to replace cladding which represented a constructive obligation. The works were identified due to inspections undertaken in 2022. During the year, the works were substantially completed, resulting in the utilisation of the provision.

## 18. Capital commitments

	2023	2022
	£'000	£'000
Capital expenditure that has been contracted for, but has not been provided for in the financial statements	4,955	-
Capital expenditure that has been authorised by the Board, but has not yet been contracted for	3,928	5,298
Investment in jointly controlled entity (Pelham Waterside LLP and Pelham Waterside Two LLP) that has been contracted for, but has not been provided for in the financial statements		98
Investment in jointly controlled entity that has been authorised by the Board, to fund capital expenditure that has not yet been contracted for	3,033	3,776
<b>Total</b>	<b>11,989</b>	<b>9,172</b>
<b>The Company expects to finance the expenditure above by</b>		
Sales proceeds	8,883	5,298
Pelham Homes' share of sale proceeds from jointly controlled entities (Pelham Waterside LLP and Pelham Waterside Two LLP), which will result in cash distribution	3,106	3,874
<b>Total</b>	<b>11,989</b>	<b>9,172</b>

## 19. Related parties and investments

Pelham Homes Limited is part of NCHA Group and purchases management and financial services from NCHA. These services include the handling and settling of the majority of Pelham Homes Limited invoices on behalf of the Company, and NCHA recharges the Company for the invoiced amount.

The transactions that have occurred between the two organisations are detailed below.

	2023	2022
	£'000	£'000
Loan interest	-	5
Management fee	174	132
Design fee	183	314
Maintenance fee	138	48

## 20. Related parties and investments (continued)

The intercompany loan of up to £18m with NCHA is secured by a security trust deed over all present and future assets of Pelham Homes Limited. The interest rate is based on Bank of England Base Rate + 3.7%. The management fee is determined by an intercompany Agreement for services agreed by both Boards. The design fee and maintenance fee are determined by the works carried out.

The Company has investments in three jointly controlled entities.

Three Together Limited is a company limited by guarantee jointly owned, 50% Pelham Homes and 50% Futures Housing Group. During 2016/17 Pelham Homes increased its stake in the company from 33.3%, acquiring the share formerly held by Acclaim Housing Group, at a cost of £30k. Three Together Limited purchased Access Training (East Midlands) Ltd on 28 February 2014. Pelham Homes issued a loan of £367k to Three Together Limited to fund the purchase, which remains outstanding as at 31 March 2023 and is held as a fixed asset investment. During the year a distribution of £42k was made to Pelham Homes Limited for the year ended 31 March 2023 (up to 2022 - £70k).

Pelham Waterside LLP is a joint venture company which developed and sold properties and is jointly owned by Pelham Homes and Langar Investments Limited. On 30 October 2017 land to the value of £1.87m was transferred to Pelham Waterside in the proportion 55% Pelham Homes and 45% Langar Investments. The investment was split in the same proportions. During the year £983k of the investment was refunded to the partners (2022 £739k) of which Pelham Homes' share was £484k (2022 £406k.). After an impairment of £126k, Pelham Homes' investment in Pelham Waterside is valued at £14k. Most profits have now been distributed with a final settlement to be made in 2023/24.


Pelham Waterside Two LLP is a joint venture company developing properties for sale and is jointly owned by Pelham Homes and Norse Homes (Trent Lane) Limited, formerly called Purecourt Limited when the joint venture was formed. On 28 June 2019 land to the value of £976k was transferred to Pelham Waterside Two in the proportion 55% Pelham Homes and 45% Purecourt. The investment is split in the same proportions. Separately Pelham Homes made a loan to Pelham Waterside Two of £500k during 2022, and will make further loan advances as required. The intercompany loan facility of up to £5.5m with Pelham Waterside Two LLP is secured by a security trust deed over all present and future assets of the LLP.

**21. Financial instruments**

	2023	2022
	£'000	£'000
<b>Assets measured at amortised cost</b>		
Investment in jointly controlled entities	948	1,558
Loan to jointly controlled entity	500	500
Trade debtors	172	803
Cash at bank and in hand	1,465	4,882
<b>Total</b>	<b>3,085</b>	<b>7,743</b>
<b>Liabilities measured at amortised cost</b>		
Loan	-	-
Trade creditors	141	74
<b>Total</b>	<b>141</b>	<b>74</b>






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An electronic version of this report can be found on our website, [www.ncha.org.uk](http://www.ncha.org.uk)

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