

Rykneld Homes Limited
Company Limited by Guarantee
FINANCIAL STATEMENTS
for the year ended
31 March 2023

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Rykneld Homes Limited
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Officers and professional advisors

DIRECTORS

Wayne Hodgkiss
Jason Spencer
John Tatham
Martin Thacker
Kevin Gillott
Gerry Morley
Kathy Clegg

SECRETARY

Marcus Bishop

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ACTUARY

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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 shareholder is North East Derbyshire District Council (NEDDC).

Report of the Board

The Directors submit their report and financial statements of Rykneld Homes Limited ("RHL") for the year from 1 April 2022 to 31 March 2023. A list of the current Directors is included on page 1. Details of changes within the year are shown below:

K Clegg – Appointed 01/06/2023
S Clough – Resigned 01/06/2023
K Gillott – Appointed 01/06/2023
G Morley – Appointed 01/06/2023
D Ruff – Resigned 01/06/2023
R Welton – Resigned 01/06/2023

Principal Activities

Rykneld Homes Limited's principal activity during the period has been providing housing services for NEDDC's housing stock. Rykneld Homes Limited is also a Registered Provider (RP) and has 140 of its own properties (8 of which are shared ownership properties).

The housing services provided to the Council in 2022/23 are listed below:

Adaptations Service

- Housing Needs Assessment
- DCC Liaison
- Installation management.

Asset Management

- Acquisition and Disposal recommendation and delivery
- Stock Condition system
- Surveying
- Analysis, reporting and recommendation for stock investment.
- Damp and Mould resolution

Business Planning and Development:

- Strategy and Policy Development
- Risk Management
- Performance Management
- Governance
- Customer Satisfaction
- Data Protection and Freedom of Information and Records Management
- Statutory and Regulator Compliance.

Capital Investment Programme

- External Wall Insulation
- Component replacement – windows, doors, roofs, heating, kitchens and bathrooms.

Choice Move

- Allocations and Lettings Service

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- Housing Register Management and administration
- Discretionary Housing Panel.

Community Alarm Service (under review)

- Equipment provision
- Annual circumstances review
- Charge/income management.

Community Liaison Service

- Decant management.
- Regeneration/Capital works consultation
- Vulnerable customer support.

Communications

- Website
- Social media
- Publications
- Press enquiries.

Customer Services:

- Customer Advice and Support Team provides initial service response and resolution for all service areas.
- Complaints
- Responsive Repairs Diagnostics and Planning.

Health and Safety Management

- Facilities Management
- Fire Safety Risk Assessment and Management
- Corporate Health and Safety.

Home Ownership Management Service

- Shared ownership
- Right to Buy
- Right to Acquire
- Leasehold Management (including charge invoice and collection).

Income Collection Management

- Housing Rent
- Garage Rent
- Garage Plot Rent
- Household Insurance
- Water Rates (historic)
- Rechargeable arrears
- Former Tenant Arrears.

Neighbourhood Services

- Tenancy Management
- Community Involvement
- Anti-social behaviour enforcement
- Financial Inclusion
- Communal Area Cleaning
- Communal Area Fire Safety Checks.

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Repairs , Maintenance and Compliance Services

- Responsive Repairs
- Gas servicing
- Electrical testing.
- Asbestos, Water, Lift testing/maintenance

Voids Management:

- Relet repairs (Lettable Standard)
- Capital component replacement.
- Estate Caretakers.

Regulation

RHL is regulated by the Regulator of Social Housing (RSH). The regulatory standards cover both economic standards and consumer standards. These are scheduled for review as part of the introduction of the Social Housing Regulation Bill in 2023. RHL has adopted the changes that have been incorporated in Housing Ombudsman best practice and regulation such as the Tenant Satisfaction Measures management information.

RHL has fully complied with these standards during 2022/23. Actions taken during the year include the following:

- The production and approval of the Financial Statements as at 31 March 2023 that comply with International Financial Reporting Standards (IFRS) Statement of Recommended Practice by Registered Social Housing Providers 2018 (SORP2018) and with the Accounting Direction for private registered providers of Social Housing in England 2022.
- Reviewed and Updated the Asset and Liability Register.
- Developed and adopted a revised format Corporate Risk Register for RHL Service Delivery with RHL Board and NEDDC. (Part of Performance Management Framework).
- Review and updated the Legislation/Regulation Register to ensure the Company adheres to all relevant laws and regulations.
- Undertaken a self-assessment demonstrating compliance with the Housing Ombudsman's Complaint Handling Code.
- Responded to the Regulators request to all social housing providers to provide an updated Damp and Mould policy.
- Continued to work with NEDDC to review the proposals in the Social Housing Regulation Bill including the introduction of Tenant Satisfaction Measures – Management information.
- Secured increased investment for NEDDC stock through Council's Medium Term Financial Plan.

Our financial performance is summarised in the strategic report on page 8. Our service delivery performance is published quarterly and annually on the Company Website.

Governance

Strong and effective governance is an essential element of our success, and our Board brings valuable knowledge and skills to ensure that we have a clear strategic direction and vision for the future.

RHL has adopted the National Housing Federation's Excellence in Governance Code, (2020 edition) which encourages the highest standards of governance, accountability and probity while responding to change and increased risk. The Board has adopted the NHF revised Code

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of Conduct in 2022 .A self-assessment against the Code of Governance is scheduled to go to the June 2023 Board Meeting to ensure compliance.

Going Concern

RHL has been early adopters of the proposals in the Social Housing Regulation Bill including adoption of the TSM definitions to Management Information. RHL has confirmed and published its continued compliance with Housing Ombudsman's Complaint Handling Code.

RHL has been making significant strides to secure a future for NEDDC's non-traditional construction housing stock. It has successfully delivered an external wall insulation programme that includes new windows roofs and doors. This improves properties thermal efficiency and increasing the EPC rating and reducing fuel bills for customers. RHL was recognised at the Community Building Awards 2023 winning the Carbon Reduction Project of the year and Refurbishment Project of the Year.

The Council as sole shareholder has provided continued support to enable the financial statements of RHL to be prepared on a going concern basis. This is expressed through a letter of support received from the Council each year. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

Human Resources

Rykneld Homes made significant investment into its Information Technology (IT) in 2021/2022 which has enabled the move from onsite servers to a cloud-based infrastructure. This has enabled agile working with remote access systems for staff to be able to work effectively from any location. The new Agile Working Policy provides RHL employees the opportunity for a better work life balance, travel cost reductions, reduced carbon omissions and meets rise in the expectations in the current applicant lead jobs market so RHL remains competitive.

Mental Health

We continue to support the workforce, with 10% of our workforce trained as Mental Health first aiders, having access to telephone and face to face counselling and providing Occupational Health services. We have a culture that supports open and honest discussion about mental health, and this has been critical in identifying team members struggling with the impact of the pandemic. We have a Health and Wellbeing Policy providing direction and support to managers and employees and a Working Well group comprised of employees who plan initiatives for employees throughout the year.

Having positive, proactive, employee communication through 1:1s, team meetings and annual reviews has played a vital role in maintaining working relationships with distanced teams.

Professional and Personal Development

We recognise the value of investing in our employees to ensure they can provide our customers with professional and effective services. In 2022/23 we have provided training to employees through professional qualifications, skills-based training, e-learning, mentoring, coaching and job shadowing. We currently have 7 apprentices within the Repairs and Maintenance Trades Team, Electrical, Finance and Allocations Team.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report, the Strategic Report, and the financial statements in accordance with applicable law and regulations.

Company law and registered social housing legislation requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements of the Company in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under this

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legislation the financial statements are required to present fairly the financial position and performance of the Company and within the Companies Act 2006 they are required to be prepared to give a true and fair view in their presentation.

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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and accounting estimates that are reasonable and prudent.
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing. They 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.

The Board of Directors is responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in another jurisdiction.

Statement on internal controls

The Board acknowledge its ultimate responsibility for ensuring that the Company has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

- The reliability of financial information used within the Company or for publication;
- The maintenance of proper accounting records; and
- The safeguarding of assets against unauthorised use or disposal.

The systems of internal control can only provide reasonable and not absolute assurance against material misstatement or loss. The system of internal control includes the following key elements:

- Corporate governance arrangements are operated through the Board;
- A comprehensive set of Financial Regulations and Contract Procedure Rules are in place and all officers who have the authority to incur expenditure have received training;
- Other formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls, maintaining proper Financial Statements and restrict the unauthorised use of the Company's assets;
- Robust performance monitoring complements the systems of internal control;
- Experienced and suitably qualified staff are employed to take responsibility for important business functions;
- Annual business planning and performance development appraisal with employees are

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in place to maintain standards of performance;

- Internal Audit undertakes regular reviews on the effectiveness of internal controls. Based on the work undertaken during the year and the implementation by management of the recommendations made, Internal Audit has provided reasonable assurance that the Company has adequate internal control processes;
- A risk management framework in which priority risks are managed and reviewed by the Senior Management Team and monitored by the Board;
- Forecasts and budgets are prepared which monitor the key business risks and financial objectives and progress towards financial plans set for the year and the medium term;
- Regular management account reports are prepared promptly, providing relevant, reliable, and up-to-date financial and other information. Significant variances from budgets are detailed and investigated as appropriate;
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board and the Senior Management Team of the Company;
- The Board receives the external auditor's report. Among other things this provides reasonable assurance that control procedures are in place and being followed. The internal audit programme is in place to review, appraise and report upon the adequacy of internal controls. Any actions necessary to correct any weaknesses identified by internal or external audits are incorporated within the service plan that is agreed by the Board. This is monitored by the of the Board; and
- A full range of insurance is in place to safeguard assets.

During the period management has received regular reports from the Internal Audit Service provided by NEDDC covering the effectiveness of the systems of operational and financial controls. On behalf of the Board, the Senior Management Team has reviewed the effectiveness of systems of internal control in existence for the period ended 31 March 2023. No weaknesses were found in the internal controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements. The Board is satisfied that this remains the case up to the signing of these documents.

Strategic Report

Information as required by schedule 7 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the Strategic Report.

Statement as to disclosure of information to the auditor

The Directors who were in office on the date of approval of these statements have confirmed, as far as they are aware, there is no relevant audit information of which the auditor is unaware.

Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the Board

Marcus Bishop
Company Secretary
14 September 2023

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Strategic Report

North East Derbyshire District Council agreed a budget allocation of £10.398m for RHL to deliver housing services in the district.

As the Council's Housing Company, RHL has successfully delivered a £18m capital programme.

Registered Provider

The overall net position for the RP is a surplus of £51,653 (2021/22 surplus of £36,697).
£

| | |
|--|----------------------|
| RP Operating Surplus/(Deficit) | 342,963 |
| Finance Costs | <u>(243,151)</u> |
| RP Surplus/(Deficit) before Tax | 99,812 |
| Taxation | <u>(48,159)</u> |
| RP Total Surplus for 2022/23 | <u>51,653</u> |

The table below summarises the position as at 31 March 2023, for the number of managed and owned properties.

| | Number of Properties |
|----------------------------------|-----------------------------|
| NEDDC Managed Properties | |
| Social Rental Properties | 7516 |
| Shared Ownership | 11 |
| Registered Provider Owned | |
| Rental Properties | 132 |
| Shared Ownership | 8 |

Pension Accounting

The pension transactions show a significant impact on the financial position for 2022/23 a total movement of £19.952m (£7.030m in 2021/22). There is an actuarial gain of £22.095m (£9.373m in 2021/22) which is due to pension scheme remeasurements for changes in financial assumptions. However, this asset has been derecognised in accordance with IAS19 to show a nil benefit, therefore, the actuarial gain has been reduced to £13,810m for 2022/23 within the financial statements.

The financial assumptions for pension accounting are significantly influenced by the discount rate used to place a value on the liabilities, the expected rate of salary increase, and the future pensions increase. The discount rate for 2022/23 has been set at 4.75% which is an increase from the previous year figure (2.7%). The expected salary increase rate for 2022/23 has been set at 3.95% which is an increase from the previous year figure (3.90%). The future pensions increase rate (CPI) for 2022/23 has been set at 2.95% which is a decrease from the previous year figure (3.20%).

The net effect of the pension transactions in the year changed from a pension scheme liability of £11.667m in 2022/23 to a pension scheme asset of £8.285m which has been adjusted to show neither an asset nor a liability. These changes have been undertaken in consultation with Crowe, our external auditors.

Major Risks and Uncertainties

RHL manages risk as an integral part of its governance and management arrangements. The Board receives regular risk management reports. RHL's Performance Management Framework sets out how risks are scored. The Corporate Risk Register sets out the mitigation actions and assurances in place to reduce and manage risk.

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The main risks included in the Company's Risk Register 2022/23 (Q4):

- Rise in disrepair claims following promotion of complaints process and companies advertising to make claims for customers leads to an increase in legal fees and resource to defend. Potential for reputational damage.
- National/regional incident e.g., pandemic restricts service delivery.
- Registered Provider Risk – Reduced rental income leads to RP failure to meet loans repayment covenants.
- RHL Contractual Risk – Difficulty recruiting to senior and specialist posts leaves lack of resource to deliver Business Plan leads to regulator downgrade and/or contractual failure.
- RHL Contractual Risk and RP compliance risk – Failure to meet legislative compliance requirements for: Gas Servicing, Electric testing, Asbestos Management, Lift Maintenance, Water Safety, Fire Safety.
- RHL Regulatory compliance risk. RP Compliance risk – Failure to meet requirements of Housing Regulations leads to regulator downgrade and reputational damage.
- RHL Regulatory compliance risk. RP Compliance risk – Health and Safety Strategy/controls fail to keep customers and staff safe.
- RHL Contractual Risk – Failure to deliver contracted service and performance requirements leads to NEDDC action under the Management Agreement.
- RP Development Risk – Delays to key development projects affects business model affordability for specific projects and RHL agreed loan to asset ratio – There are no current green lighted RP development projects.
- RHL and RP Compliance Risk – Failing to meet the needs of vulnerable customers including safeguarding leads to regulator downgrade and reputational damage.
- RHL Service Delivery/Reputational Risk – Service delivery interruption caused by Cyber Attack/data protection breach.

Business Plan

A copy of our Business Plan can be found at:

www.rykneldhomes.org.uk/about-us/key-documents

Value for Money Statement (VFM) – Rykneld Homes Limited

The Regulator of Social Housing (RSH) implemented a new set of VFM reporting requirements commencing from 1 April 2017 for RP stock. The regulator has requested small providers not to submit figures because they disproportionately affected averages and could not provide a meaningful comparison.

This statement only applies to the RP stock and therefore should be set in context of the current size of the RP business. The RP currently owns 140 for affordable rent of which 8 are shared ownership properties. The performance set out in the metrics reflects the relatively small number of units owned and the cost associated with these units. The lowest available threshold for comparison purposes is 1,000 units and therefore the reported performance can look distorted. The results and supporting narrative provide an indication of the outcomes for each metric.

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Data published by the Regulator of Social Housing for the 2021/22 metrics has been used alongside each of our metric calculations to aid comparisons. The best available data is from 2021/22 for housing providers who manage between 1,000 and 2,500 properties.

VFM Metrics

The VFM metrics as required by the regulator for social housing are set out below, these demonstrate the performance of the Registered Provider element of our business. Where required, costs have been identified that relate to the delivery and management of company owned assets. There is no median for housing providers with less than 1,000 units so the median for housing providers between 1,000 and 2,500 has been shown for information. amendments are indicated on each metric.

Metric 1 – Reinvestment %

This is a measure of the investment in properties (for existing stock as well as new properties) as a percentage of the value of total properties held.

Result for 2022/23 1.09% (2021/22 2.04%)

The result is lower than 2021/22 due to less Capital Components being replaced in year.

2021/22 median for housing providers between 1,000 and 2,500 units = 4.7%

Metric 2 – New supply delivered social housing units %

This metric sets out the number of new social housing and non-social housing units that have been acquired or developed in the year as a proportion of total social housing units and non-social housing units at the period end (31 March 2023).

Result for 2022/23 0% (2021/22 0%)

There was no new supply delivered of social housing units during 2022/23.

2021/22 median for housing providers between 1,000 and 2,500 units = 0.9%

Metric 2b – New supply delivered non-social housing units %

Result for 2022/23 0% (2021/22 0%)

There was no new supply delivered of non-social housing units during 2022/23.

2021/22 median for housing providers between 1,000 and 2,500 units = 0%

Metric 3 – Gearing %

This metric assesses how much of the housing properties held at cost are financed from debt and the degree of dependence the Company has on debt finance.

Result for 2022/23 Company 77.23% (2021/22 Company 98.41%)

Result for 2022/23 RP 76.34% (2021/22 RP 77.07%)

The results show an increase in the Company's gearing between the two years.

The opportunity to repay debt early is considered on a regular basis as this improves the gearing position as well as reducing interest charges and risks to the Company.

2021/22 median for housing providers between 1,000 and 2,500 units = 32.3%

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Metric 4 – Earnings before interest, tax, depreciation, amortisation, major repairs (EBITDA) Interest Cover %

This metric is the interest cover measure which is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that the Company/RP generates compared to the interest payable. The metric excludes depreciation, amortised government grant and disposal of assets to avoid distortion in the figures within and between years.

Result for 2022/23 Company -280.11% (2021/22 Company -193.4%)

Result for 2022/23 RP 206.19% (2021/22 RP 189.81%)

This metric result demonstrates that there is operating surplus generated to meet the interest charges on its loans.

2021/22 median for housing providers between 1,000 and 2,500 units = 194%

Metric 5 – headline social housing cost per unit (£'000)

For this metric we are able to calculate the overall costs of the Company as a housing provider and RP. We have also isolated the RP to disclose the operational costs of the RP properties.

Result for 2022/23 Company £4,288 (2021/22 £4,183)

Result for 2022/23 RP Social Housing Only £3,504 (2021/22 £3,029)

There is an approved social housing cost per unit. It is just an indication of the values being incurred on average per property. Higher cost per unit for RP in 2022/23 were as a result of higher costs incurred for repairs and utilities in year. There is one key figure affecting this metric for the Company which is not within our direct control – this is the level of expenditure allocated from NEDDC for major repairs works to their stock, £18.054m (£19.727m 2021/22).

2021/22 median for housing providers between 1,000 and 2,500 units = £4,960

Metric 6 – operating margin %

The operating margin demonstrates the profitability of operating assets before exceptional expenses are taken into account. Increasing this margin is one way to improve the financial efficiency of the business. However, in assessing this ratio it is important that consideration is given to the RP's purpose and objectives.

The first part of this metric (6a) is calculated for the owned properties of the RP as it requires the denominator to be the turnover from social housing lettings.

Operating Margin (social housing lettings only) %

Result for 2022/23 RP 38.10% (2021/22 RP 42.3%)

This metric shows that the operating margin for the RP properties has decreased from 2021/22.

2021/22 median for housing providers between 1,000 and 2,500 units = 19.5%

Operating Margin – (overall) %

Result for 2022/23 Company -5.97% (2021/22 Company -5.28%)

Result for 2022/23 RP 32.81% (2021/22 RP 39.27%)

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This metric is aimed to measure if the Company is creating an overall surplus on its annual turnover. This is because we operate as a Housing Services provider and are allocated a budget by NEDDC to deliver housing services. Each year we aim to maximise the quality and value in delivering our services and to achieve this we allocate budgets up to the approved budget.

The Council also allocate RHL a capital major repairs budget to improve the Council's housing stock; 100% of this expenditure is recharged to NEDDC.

The RP position is designed to create an operating surplus in order to meet the Company's interest charges obligations on its borrowing and be able to set aside resources to meet future major repairs.

2021/22 median for housing providers between 1,000 and 2,500 units = 17.4%

Metric 7 – Return on capital employed (ROCE) %

This metric compares the operating surplus/deficit to total assets less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources.

Result for 2022/23 Company -21.92% (2021/22 -16.34%)

Result for 2022/23 RP 4.29% (2021/22 RP 4%)

2021/22 median for housing providers between 1,000 and 2,500 units = 2.4%

This report was approved by the Board on 14 September 2023 and signed on its behalf by:

Wayne Hodgkiss
Board Chair
14 September 2023

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Independent auditor's report to the members of Rykneld Homes Limited

Opinion

We have audited the financial statements of Rykneld Homes Limited for the year ended 31 March 2023 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

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 deficit 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, the Housing and Regeneration Act 2008 and the Accounting Direction of Private Registered Providers of Social Housing from April 2022.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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 Board is responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the company; 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 directors' responsibilities statement set out on page 5, 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,

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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 obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and other laws and regulations applicable to a registered social housing provider in England together with the Housing SORP. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the company for fraud. The laws and regulations we considered in this context for the UK operations were requirements imposed by the Regulator of Social Housing, health and safety, taxation and employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Board of Directors about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 auditor's report.

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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.

Guy Biggin
Senior Statutory Auditor

For and on behalf of
Crowe U.K. LLP
Statutory Auditor
4th Floor
St James House
St James Square
Cheltenham, GL50 3PR

Rykneld Homes Limited Company Limited by Guarantee

Statement of Profit or Loss and Other Comprehensive Income for the year to 31 March 2023

| | Notes | 2023 £ | 2022 £ |
|--|-------|--------------|--------------|
| Turnover | 2/3 | 30,981,097 | 30,314,231 |
| Operating expenditure | 5 | (32,830,181) | (31,913,605) |
| Operating Deficit | 5 | (1,849,084) | (1,599,374) |
| Finance costs | 6 | (591,893) | (662,950) |
| Deficit before Taxation | | (2,440,977) | (2,262,324) |
| Taxation | 8 | (48,159) | (46,768) |
| Deficit for the Year | 22 | (2,489,136) | (2,309,092) |
| Other Comprehensive Income/(Loss) | | | |
| Actuarial gains/(losses) on defined benefit obligations – pension scheme | 23 | 13,810,000 | 9,373,000 |
| Total Comprehensive Profit/(Loss) for the year | | 11,320,864 | 7,063,908 |

The results are wholly attributable to the Company's continuing operations.

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Statement of Changes In Equity

| | Reserves £ |
|--|-----------------------------|
| Balance at 1 April 2021 | (17,918,469) |
| Other comprehensive loss, net of tax | (2,309,092) |
| Actuarial gain on defined benefit obligations – pension scheme | 9,373,000 |
| Balance at 31 March 2022 as previously reported | <hr/> (10,854,561) |
| Loss for the year 2022/23 | (2,489,136) |
| Other comprehensive loss, net of tax: | |
| Actuarial gain on defined benefit obligations – pension scheme | 13,810,000 |
| Balance at 31 March 2023 | <hr/> 466,303 <hr/> |

Rykneld Homes Limited

Company Limited by Guarantee

Statement of Financial Position as at 31 March 2023

| | Notes | 2023 £ | 2022 £ |
|---|-------|---------------------|---------------------|
| Assets | | | |
| Non-Current Assets | | | |
| Intangible assets | | | |
| Software | 12 | 40,427 | 57,673 |
| | | <u>40,427</u> | <u>57,673</u> |
| Tangible assets | | | |
| Property, Plant and Equipment | 12 | 9,425 | 14,717 |
| Housing properties at cost less depreciation | 12 | 9,243,274 | 9,308,341 |
| Right of Use Assets | 13 | 53,832 | 860,987 |
| | | <u>9,306,531</u> | <u>10,184,045</u> |
| Current Assets | | | |
| Inventories | 14 | 38,653 | 56,137 |
| Trade and other receivables | 15 | 3,510,676 | 7,168,574 |
| Cash and cash equivalents | 24 | 400 | 200 |
| | | <u>3,549,729</u> | <u>7,224,911</u> |
| Total Assets | | <u>12,896,687</u> | <u>17,466,629</u> |
| Current Liabilities - Amounts falling due within one year | | | |
| Trade and other payables | 16 | (3,137,982) | (5,292,920) |
| Borrowings - bank overdraft | 24 | (1,025,399) | (2,004,583) |
| Borrowings – local authority loan | 19 | (263,817) | (263,819) |
| Housing Grants | 18 | (17,209) | (16,809) |
| Lease Obligations | 9 | (17,293) | (137,952) |
| | | <u>(4,461,700)</u> | <u>(7,716,083)</u> |
| Non-Current Liabilities – Amounts falling due after more than one year | | | |
| Retirement benefit obligations | 23 | 0 | (11,667,000) |
| Borrowings – local authority loan | 19 | (6,501,525) | (6,765,342) |
| Housing Grants | 18 | (1,423,725) | (1,441,335) |
| Lease Obligations | 9 | (36,539) | (724,535) |
| Deferred Tax Liability | 20 | (6,895) | (6,895) |
| | | <u>(7,968,684)</u> | <u>(20,605,107)</u> |
| Total Liabilities | | <u>(12,430,384)</u> | <u>(28,321,190)</u> |
| Total Assets and Liabilities | | <u>466,303</u> | <u>(10,854,561)</u> |
| Reserves | 22 | 466,303 | (10,854,561) |
| Total Equity | | <u>466,303</u> | <u>(10,854,561)</u> |

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The financial statements on pages 21 to 53 were approved by the Board and authorised for issue on 14 September 2023 and are signed on its behalf by:

Wayne Hodgkiss
Board Chair
14 September 2023

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Statement of Cash Flows for the year to 31 March 2023

| | Notes | 2023 £ | 2022 £ |
|---|-------|--------------------|--------------------|
| Operating Activities | | | |
| Cash Generated from Operations | 24 | 1,819,372 | 931,182 |
| Interest paid | 6 | (252,893) | (269,950) |
| Corporation Tax Paid | 8 | (44,115) | (58,651) |
| Net Cash from/used in Operating Activities | | 1,522,364 | 602,581 |
| Cash Flow from Investing Activities | | | |
| Purchase of intangible Assets | 12 | 0 | (5,000) |
| Proceeds from sale of Housing Properties | 12 | 0 | 0 |
| Social Housing | 12 | (110,841) | (205,521) |
| Net Cash from/(used) in Investing Activities | | (110,841) | (210,521) |
| Cash Flow from Financing Activities | | | |
| Proceeds from Borrowings | 24b | 0 | 184,000 |
| Repayments of Borrowings | 24b | (263,819) | (258,844) |
| Capital payments under finance leases | 24b | (168,320) | (172,323) |
| Net Cash from/used in Financing Activities | | (432,139) | (247,167) |
| Net Change in Cash and Cash Equivalents | | 979,384 | 144,893 |
| Cash and Cash Equivalents at Beginning of the Year | | (2,004,383) | (2,149,276) |
| Cash and Cash Equivalents at End of the Year | 24 | (1,024,999) | (2,004,383) |

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Notes to the financial statements

Legal Status

The Company is registered under the Companies Act 2006 and from 6 June 2013 is a non-profit registered provider of social housing under the provisions of the Housing and Regeneration Act 2008.

Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

These Financial Statements are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and comply with the Statement of Recommended Practice Accounting by Registered Social Housing Providers 2018 (SORP 2018) and with the Accounting Direction for Private Registered Providers of Social Housing in England from April 2022.

Turnover

Revenue is recognised when revenue and associated costs can be measured reliably, and future economic benefits are probable. Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes. Revenue from services is recognised on a time-apportioned basis by reference to the provision of services set out in the Management Agreement.

The Company has two major revenue streams, the Management Fee it receives from NEDDC, paid in 12 monthly instalments and the income generated from delivering the Council's HRA Major Repairs programme.

Turnover also includes RP rental income receivable in the year, grant income, Community Alarm Telecare Service and other services supplied in the year excluding VAT.

Exceptional Items

Exceptional items are those items that in the opinion of the Directors are required to be separately disclosed by their size and incidence to enable a full understanding of the Company's performance.

Termination Benefits

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Intangible Assets

Intangible assets relate to computer software and are stated at cost less accumulated amortisation. Amortisation is charged over the estimated useful life of 5 years.

Property, Plant and Equipment

All assets are stated at cost, less accumulated depreciation and any recognised impairment loss.

Properties

Housing properties are principally properties available for rent and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs and expenditure incurred in respect of improvements. Improvements are works to existing properties, and component replacements which have been treated separately for depreciation purposes, which result in an increase in net rental income, a reduction in future maintenance

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costs, or result in a significant extension of the economic life of the property in the business. Only the direct overhead costs associated with new developments or improvements are capitalised. Direct overhead costs comprise the costs of staff time, including salary costs and other incremental direct costs incurred in the developments from the date it is reasonably likely that the development will go ahead, to the date of practical completion.

Shared ownership properties

The costs of shared ownership properties are split between current and fixed assets based on the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset (main fabric – structure) and subsequent sales treated as sales of fixed assets.

Capitalised Interest

The interest costs of the funds used to finance the construction of a long-term asset that the Company constructs for itself will be capitalised. The capitalisation of interest results in an increase in the total amount of fixed assets appearing on the balance sheet.

Void Periods

The period between a new build property being handed over to its occupation by the first tenant is not treated as a void period. All subsequent periods where the property is empty are treated as a void period.

Depreciation

Depreciation is calculated to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold land is not depreciated

Freehold buildings

| | |
|-------------------------------|-----------|
| Main Fabric – structure | 100 years |
| Kitchen | 20 years |
| Bathroom | 30 years |
| Windows and External Doors | 25 years |
| Roof | 60 years |
| Heating System | 15 years |
| Boiler | 15 years |
| Electrics | 30 years |
| Garages | 35 years |
| Property, Plant and Equipment | |
| Cloud Server | 5 years |
| Independent Alarm Equipment | 6 years |
| Printers/Photocopiers | 7 years |
| Vehicles | 10 Years |

Assets costing more than £5,000 are capitalised at cost. Individual asset components i.e., Kitchen/Bathroom have been capitalised, even if they are under the £5,000 limit. Assets under construction are not depreciated until brought into operational use at which time they are transferred to buildings.

Shared Ownership remaining value is depreciated over 100 years.

Individual IT equipment costing more than £5,000 is capitalised at cost. Multiple purchased IT equipment costing less than £5,000 on an individual basis exceeding £5,000 on an aggregate basis is expensed in full on day of purchase. This is in line with the parent entities depreciation policy. The life of these items will vary depending on what the equipment is and will be

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evaluated at the time of purchase.

Social Housing and Other Grants

Government grants are only recognised where there is reasonable assurance that all the grant conditions will be complied with and the grants will be received.

As the Company accounts for its housing properties at cost it recognises government grants relating to assets using the “accrual” model set out within the SORP 2018. Government Grants received for housing properties are shown within Current Liabilities for the grant to be recognised within the next 12 months and Non-Current Liabilities on the Balance Sheet for the balance. The grant will be recognised in income over the expected life of the housing property structure (100 years) or will go to a Recycled Capital Grant Fund when sold.

If certain grant conditions are not met, or on the sale of the property, then social housing grant may have to be repaid to Homes England. However, it is more usual that the social housing grant due to be repaid may be recycled for projects approved by Homes England.

Recycled Grants

Any grants held within the recycled grant account attract a notional interest sum which is calculated on a daily basis. The notional interest is added at 31 March each year and the interest rate used is based on the level of balances within the account. For Recycled Grant account balances below £250,000 the interest rate used is based on a high interest deposit account rate. If the recycled grant is not used against another property that meets the grant conditions within three years, it may have to be repaid to Homes England.

Impairment

At each reporting date, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell (if known) and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

The Company considers individual schemes to be separate cash generating units when assessing for impairments in line with SORP 2018.

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Inventories – Repairs Materials

Inventory is stated at the lower of cost and net realisable value. Cost comprises direct material costs and, where applicable, direct labour costs and those overheads that have been incurred in bringing inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and selling costs to be incurred.

Leases

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated over the shorter of the company policy and the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company leases land and building for its office space and welfare facilities. The lease of office space runs for a period of 10 years and the welfare facilities for five years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term. The current lease for office space was terminated at 31st March 2023 due to a move to alternative premises expected to be completed in the new year financial year.

The Company leases vehicles and equipment, with lease terms of three to six years. In some cases, the Company has the option to continue the lease on a monthly basis; in other cases, it has the option to renew the lease for an additional period after the end of the contract term.

Pension Contributions

The Company is a member of the Local Government Pension Scheme which is a defined benefit scheme administered by Derbyshire County Council. Contributions are paid to the scheme in accordance with the recommendations of an independent actuary to enable the administrators to meet from the scheme the benefits accruing in respect of current and future service.

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each year end.

Actuarial gains and losses arising are recognised directly in other comprehensive income in the period in which they arise. Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits have already vested, the cost is recognised immediately in the Income Statement.

An asset or liability is recognised equal to the present value of the defined benefit obligation, adjusted for unrecognised past service costs and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the lower of the asset, and any unrecognised past service cost plus the present value of available refunds or reductions in future contributions to the plan.

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The rate used to discount the benefit obligations is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

Gains and losses on curtailments/settlements are recognised when the curtailment/settlement occurs.

Taxation

The tax that is payable is based on taxable profit for the year. Taxable profit differs from accounting profit as reported in the Statement of Profit or Loss and Other Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is measured using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit.

Operating Segments

All results are reported as two segments, namely activities undertaken on behalf of NEDDC and RHL's own activities as a Registered Provider.

Financial Instruments

A Financial Instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Company has become a party to the contractual provisions of the instrument. IFRS 9 is an International Financial Reporting Standard (IFRS) that addresses the accounting for financial instruments. It contains three main topics: classification and measurement of financial instruments, impairment of financial assets and hedge accounting.

Financial Assets

Trade receivables

Trade receivables are classified as loans and receivables and are initially recognised at fair value. They are subsequently measured at their amortised cost using the effective interest rate method less any provision for impairment. A provision for impairment is made where there is objective evidence (including customers with financial difficulties or in default on payments), that amounts will not be recovered in accordance with the original terms of the agreement. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flows discounted using the original effective interest rate. The carrying value of the receivable is reduced using an allowance account and any impairment loss is recognised in profit or loss.

Cash and cash equivalents/liquid resources

Cash and cash equivalents comprise cash at bank only.

Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered.

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Trade payables

Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

Bank Overdraft

Any bank overdraft is treated as a financial liability and is measured at cost.

Loans

Loans taken out to finance capital expenditure are financial liabilities and are measured at cost.

Derecognition of Financial Assets and Liabilities

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or the financial asset is transferred, based on whether the entity has transferred substantially all the risks and rewards of ownership of the financial asset.

Financial liabilities are derecognised when and only when, the obligation is discharged, cancelled or expires.

Adoption of International Accounting Standards

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Standards Adopted Early by the Company

The Company has not adopted any standards or interpretations early in either the current or the preceding financial year in relation to IFRS. The Directors anticipate that where identifiable the adoption of these standards and interpretations in future periods will have no material impact on the statements of the Company when the relevant standards and interpretations come into effect.

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1 Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

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 discussed below:

- The Company makes use of estimates provided by its actuary on the current and future liabilities likely to arise from its membership of the Derbyshire County Council Local Government Pension Scheme. These assumptions, their basis and financial effects are detailed in note 23.
- The Company takes a view of its ability to trade as a going concern which is almost entirely dependent upon its continued receipt of the Management Fee from NEDDC. There is no reason to believe that the Company cannot continue to trade as a going concern given information currently available and the support it is guaranteed to receive from the Council.

Critical areas of judgement

The following are the critical judgements apart from those involving estimations (see above) that the Directors have made in the process of applying the entity's accounting policies and that have a significant effect on the amount recognised in the Financial Statements:

- Included in rent and trade receivables at the year ended 31 March 2023, is a bad debt allowance of £42,970 (2022: £45,256). This allowance has been based on the age profile of the debt. Further details are given in note 15.

2 Turnover

Sales were made wholly within the United Kingdom and were principally derived from the Company's principal activity of housing management (see Note 3).

The Company (as a Registered Provider) receives a rental income from its own social housing properties.

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3 Particulars of Turnover and Operating Costs

| | 2023 | Turnover | Operating Costs | Operating Surplus / (deficit) |
|---|-------------|-------------------------|----------------------------|--|
| | | £ | £ | £ |
| Social housing lettings (Note 4a) | | 747,186 | (462,478) | 284,708 |
| Other Social Housing Activities (Note 4b) | | 298,251 | (239,996) | 58,255 |
| | | <hr/> 1,045,437 | <hr/> (702,474) | <hr/> 342,963 |
| Housing management services | | 29,935,660 | (32,127,707) | (2,192,047) |
| Total | | <hr/> 30,981,097 | <hr/> (32,830,181) | <hr/> (1,849,084) |

| | 2022 | Turnover | Operating Costs | Operating Surplus / (deficit) |
|---|-------------|-------------------------|----------------------------|--|
| | | £ | £ | £ |
| Social housing lettings (Note 4a) | | 693,103 | (399,850) | 293,253 |
| Other Social Housing Activities (Note 4b) | | 149,248 | (111,720) | 37,528 |
| | | <hr/> 842,351 | <hr/> (511,570) | <hr/> 330,781 |
| Housing management services | | 29,471,880 | (31,402,035) | (1,930,155) |
| Total | | <hr/> 30,314,231 | <hr/> (31,913,605) | <hr/> (1,599,374) |

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4a Particulars of Income and Expenditure from Social Housing Lettings

| | 2023 | 2022 |
|---|------------------|------------------|
| | £ | £ |
| Income | | |
| Rent receivable net of identifiable service charges | 694,432 | 651,296 |
| Void Losses | (8,609) | (8,290) |
| Rent Abatements | (4,689) | (4,690) |
| Service Charges Received | 45,280 | 38,178 |
| Amortisation of capital grants | 17,209 | 16,609 |
| Other Income | 3,563 | 0 |
| | <hr/> | <hr/> |
| Turnover from Social Housing Lettings | 747,186 | 693,103 |
| | <hr/> | <hr/> |
| Expenditure | | |
| Management | (77,271) | (77,271) |
| Routine maintenance | (161,669) | (128,378) |
| Doubtful Debts Provision | 9,550 | 5,599 |
| Service Charge Expenses | (67,511) | (44,552) |
| Depreciation of Housing Properties | (165,577) | (155,248) |
| Other Costs | 0 | 0 |
| | <hr/> | <hr/> |
| Operating Costs on Social Housing Lettings | (462,478) | (399,850) |
| | <hr/> | <hr/> |
| Operating Surplus on Social Housing Lettings | 284,708 | 293,253 |
| | <hr/> | <hr/> |
| Property Numbers | 2023 | 2022 |
| | No. | No. |
| Social Housing Lettings | 132 | 132 |
| Shared Ownership | 8 | 8 |
| | <hr/> | <hr/> |
| | 140 | 140 |
| | <hr/> | <hr/> |

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4b Particulars of Income and Expenditure from Other Social Housing Activities

| | Shared Ownership | Community Alarm Telecare Service | HUG | LAD3 | Total 2023 | Total 2022 |
|---|---------------------|---|-----------------|-----------------|------------------|------------------|
| | £ | £ | £ | £ | £ | £ |
| Income | | | | | | |
| Rent receivable net of identifiable service charges | 20,543 | 0 | 0 | 0 | 20,543 | 18,961 |
| Service Charges Received | 960 | 0 | 0 | 0 | 960 | 768 |
| Insurance Charges Received | 1,886 | 0 | 0 | 0 | 1,886 | 1,886 |
| Alarms Service | 0 | 128,520 | 0 | 0 | 128,520 | 127,633 |
| Other Income | 134 | 0 | 82,500 | 63,708 | 146,342 | 0 |
| Turnover on Other Social Housing Activities | 23,523 | 128,520 | 82,500 | 63,708 | 298,251 | 149,248 |
| Expenditure | | | | | | |
| Management | (880) | (70,709) | (3,192) | (3,192) | (77,973) | (73,856) |
| Depreciation | (4,740) | (5,292) | 0 | 0 | (10,032) | (10,080) |
| Associated Alarm Service Costs | 0 | (22,036) | 0 | 0 | (22,036) | (23,373) |
| Doubtful Debts Provision | 0 | 3,827 | 0 | 0 | 3,827 | (3,827) |
| Other Costs | (866) | 0 | (75,000) | (57,916) | (133,782) | (584) |
| Operating Costs on Other Social Housing Activities | (6,486) | (94,210) | (78,192) | (61,108) | (239,996) | (111,720) |
| Operating Surplus/(Deficit) on Other Social Housing Activities | 17,037 | 34,310 | 4,308 | 2,600 | 58,255 | 37,528 |

Rykneld Homes Limited

Company Limited by Guarantee

5 Operating Deficit

| | 2023 | 2022 |
|---|-------------|-------------|
| | £ | £ |
| The (deficit) from operations is stated after charging: | | |
| Inventories: | | |
| Amounts Charged to Operating Expenditure | | |
| Raw Materials and Consumables | 0 | (355) |
| Amounts written off: | | |
| Raw Materials and Consumables | (4,151) | (3,038) |
| Depreciation (note 12): | | |
| Properties | (169,491) | (160,375) |
| Property, Plant and Equipment | (5,292) | (4,955) |
| Intangible Assets | (17,246) | (10,177) |
| Right of Use Assets | (166,818) | (158,307) |
| Auditor's fees: | | |
| On audit services | (31,500) | (27,500) |
| On taxation | (2,150) | (3,740) |
| | 2023 | 2022 |
| | £ | £ |

The following table analyses the nature of operating costs:

| | | |
|------------------------------------|---------------------|---------------------|
| Major Works & Regeneration Schemes | (18,054,032) | (17,545,897) |
| ALMO | (12,269,675) | (11,906,138) |
| Registered Provider | (702,474) | (511,570) |
| Pension Cost Adjustment (note 23) | (1,804,000) | (1,950,000) |
| Total Operating Costs | <u>(32,830,181)</u> | <u>(31,913,605)</u> |

Rykneld Homes Limited Company Limited by Guarantee

6 Finance Costs

| | 2023 | 2022 |
|---|------------------|------------------|
| | £ | £ |
| Interest paid – Loan from NEDDC | (243,151) | (247,316) |
| Finance Charge | (9,742) | (22,634) |
| | <u>(252,893)</u> | <u>(269,950)</u> |
| Net interest costs relating to pension scheme (note 23) | (339,000) | (393,000) |
| | <u>(591,893)</u> | <u>(662,950)</u> |

7 Staff Costs

| | 2023 | 2022 |
|---|-------------|-------------|
| | No. | No. |
| The average number of persons employed by the Company during the period | 214 | 212 |
| The average Full Time Equivalent number of persons employed during the period | 204 | 191 |

| | Notes | 2023 | 2022 |
|-------------------------------|-------|---------------------|--------------------|
| | | £ | £ |
| Wages and salaries | | (7,272,623) | (6,298,192) |
| Social security costs | | (731,972) | (601,345) |
| Pension current service costs | 23 | (2,940,000) | (2,961,000) |
| Pension past service costs | 23 | (36,000) | (4,000) |
| Termination Costs | | (97,354) | (44,584) |
| | | <u>(11,077,949)</u> | <u>(9,909,121)</u> |

The employer pension contributions paid for the year were £1,126,706 (2022: £1,014,624). An additional top up payment of £802,613 (2022: £767,316) was also made in year in relation to the TUPE transfer of staff in 2007 from NEDDC.

Rykneld Homes Limited

Company Limited by Guarantee

7 Staff Costs (Continued)

A number of staff whose remuneration including pension contributions fell within the following bands is shown below:

| £ | 2023 | 2022 |
|--------------------|------|------|
| 60,000 to 69,999 | 3 | 2 |
| 70,000 to 79,999 | 6 | 2 |
| 80,000 to 89,999 | 1 | 1 |
| 90,000 to 99,999 | 0 | 0 |
| 100,000 to 109,999 | 2 | 1 |
| 120,000 to 129,999 | 0 | 0 |
| 130,000 to 139,999 | 0 | 1 |

The Directors' payments were as follows:

| | 2023 | 2022 |
|------------------------------|-----------------|-----------------|
| | £ | £ |
| D Ruff | (2,000) | (2,000) |
| J Spencer | (3,377) | (2,000) |
| J Tatham | (2,910) | (2,333) |
| M Thacker | (2,000) | (1,479) |
| O Reaney Reassigned 01.08.21 | 0 | (2,688) |
| R Welton (Chair) | (8,000) | (5,333) |
| S Clough | (2,000) | (2,000) |
| W Hodgkiss | (3,377) | (2,000) |
| TOTAL | (23,664) | (19,833) |

The remuneration paid to the Board of Directors of the Company was £23,664 (2022: £19,833). There were no pension contributions paid (2022: £0).

8 Taxation

| | 2023 | 2022 |
|---|---------------|---------------|
| | £ | £ |
| Analysis of charge | | |
| Current year tax charge | 48,159 | 46,768 |
| Current tax calculation: (deficit) before tax | | |
| Net deficit before taxation (per Income Statement) | 2,440,977 | 2,262,324 |
| Tax at the standard rate of corporation tax at 19% (2022: 19%) | 463,786 | 429,841 |
| Effect of non-trading activities with member not subject to corporation tax | (415,627) | (383,073) |
| | 48,159 | 46,768 |

The taxation shown in 2022/23 is estimated based on the outturn position for the Registered Provider. Tax paid during 2022/23 relating to the 2021/22 financial year was £44,114.

Rykneld Homes Limited

Company Limited by Guarantee

The Company is a wholly owned subsidiary of the Council and most of the income is derived from services provided to the Council. HM Revenue and Customs has confirmed that transactions between ALMOs and their Councils do not amount to trading and, accordingly, any surplus or deficit arising thereon is outside the scope of corporation tax. The effective rate of tax is 0% on these transactions (2022: 0%).

9 Lease Liabilities

The Company has the following commitments under leases:

Maturity analysis

| | Discounted Cash Flows 2023 | Contractual Undiscounted Cash Flows | |
|-----------------------------|---|--|------------------|
| | 2023 | 2023 | 2022 |
| | £ | £ | £ |
| <u>Less than 1 year</u> | | | |
| Land and Buildings | (9,800) | (11,334) | (150,750) |
| Vehicles | (5,213) | (7,162) | (9,268) |
| Equipment | (2,280) | (2,736) | (4,244) |
| Total | <u>(17,293)</u> | <u>(21,232)</u> | <u>(164,262)</u> |
| <u>Between 2 to 5 years</u> | | | |
| Land and Buildings | (27,766) | (31,169) | (576,000) |
| Vehicles | (1,743) | (2,387) | (9,549) |
| Equipment | (7,030) | (8,436) | 0 |
| Total | <u>(36,539)</u> | <u>(41,992)</u> | <u>(585,549)</u> |
| <u>After 5 years:</u> | | | |
| Land and Buildings | 0 | 0 | (180,000) |
| Vehicles | 0 | 0 | 0 |
| Equipment | 0 | 0 | 0 |
| | <u>0</u> | <u>0</u> | <u>(180,000)</u> |
| Total lease commitments | <u>(53,832)</u> | <u>(63,224)</u> | <u>(929,811)</u> |

Rykneld Homes Limited

Company Limited by Guarantee

10 Financial Risk Management

The Company's Board is responsible for reviewing the Risk Register on a quarterly basis and for risk management within the Company, including financial risks. The Company uses a risk matrix that quantifies risk in terms of likelihood and severity and details the mitigating effects of any action taken. Risks are also reviewed on a regular basis at department level and the key risks identified are kept under review by the Senior Management Team.

Monitoring exposures to financial risks forms a key part of the Company's overall risk management processes. Exposure to financial risks is monitored by the Company's Financial Management who are required to produce a regular budget monitoring report to the Board. The financial aspects including risk involved in any course of action are detailed in all Board reports where applicable and are fully discussed before any decision or commitment is made.

The Corporate Risk Register and a covering report detailing any additions deletions or amendments are provided to the Board of Directors quarterly in advance of their meetings and are discussed to ensure that the risk mitigation procedures are compliant with the Company policy and that any new risks are appropriately managed.

Liquidity Risk and Credit Risk

Management's objective is to ensure the Company meets its liabilities as they fall due whilst maintaining enough headroom to enable the Board to react to unexpected changes in market conditions. The Company is largely dependent on its largest customer, NEDDC, which represents 96.1% (2022: 96.7%) of its turnover to maintain the necessary cash headroom to operate effectively.

The Management Fee from the Council is receivable monthly in advance by RHL. Rykneld Homes Limited assesses its cash flow requirements by putting in place each year a balanced budget which is profiled to identify cash requirements monthly and places surplus funds on deposit with the Council on a day to day basis dependent on cash held at any one time.

Rykneld Homes Limited is exposed to liquidity and credit risk principally if the Council were to experience cash flow difficulties in paying RHL its management charge monthly or in returning funds that RHL may have deposited with it. This risk is minimal as the Council has access to funds through its overdraft facility and the ability to borrow on a temporary basis through the money markets at reasonable rates. The Local Authority sector in general is considered an area of very low credit risk. The Council minimises risk in investments by the adoption of a Treasury Management strategy that meets all current regulations and conforms to best practice.

The Directors consider that the credit worthiness of the Council and the access to temporary funds that this affords means that the Company can continue to trade as a going concern.

The Company maintains cash deposits with a UK bank. The Company bank during 2022/23 was Lloyds Bank Plc.

Credit risk predominantly arises from trade receivables (principally the Council) and any cash held in the Company's bank account.

Rykneld Homes Limited

Company Limited by Guarantee

Maturity Analysis – 2023

The table below analyses the Company's financial liabilities on a contractual gross undiscounted cash flow basis into maturity groupings based on amounts outstanding at the reporting date up to the contractual maturity date.

| Liabilities – 2023 | Within 1 year £ | 2 to 5 years £ | Over 5 years £ | Total £ |
|---------------------------|-----------------------|----------------------|----------------------|---------------------|
| Local Authority Loans | (263,817) | (1,055,268) | (5,446,257) | (6,765,342) |
| Leases | (17,293) | (36,539) | 0 | (53,832) |
| Trade and other payables | (2,349,444) | 0 | 0 | (2,349,444) |
| Cash and cash equivalents | (1,024,999) | 0 | 0 | (1,024,999) |
| | <u>(3,655,553)</u> | <u>(1,091,807)</u> | <u>(5,446,257)</u> | <u>(10,193,617)</u> |

The table below analyses the Company's financial assets held for managing liquidity risk which are considered to be readily saleable or are expected to generate cash inflows to meet cash outflows on financial liabilities.

| Assets – 2023 | Within 1 year £ | 2 to 5 years £ | Over 5 Years £ | Total £ |
|-----------------------------|-----------------------|----------------------|----------------------|------------------|
| Trade and other receivables | 3,400,334 | 0 | 0 | 3,400,334 |
| | <u>3,400,334</u> | <u>0</u> | <u>0</u> | <u>3,400,334</u> |

Maturity Analysis – 2022

The table below analyses the Company's financial liabilities on a contractual gross undiscounted cash flow basis into maturity groupings based on amounts outstanding at the reporting date up to the contractual maturity date.

| Liabilities – 2022 | Within 1 year £ | 2 to 5 years £ | Over 5 years £ | Total £ |
|---------------------------|-----------------------|----------------------|----------------------|---------------------|
| Local Authority Loans | (263,819) | (1,055,276) | (5,710,066) | (7,029,161) |
| Leases | (137,952) | (546,512) | (178,024) | (862,488) |
| Trade and other payables | (4,344,757) | 0 | 0 | (4,344,757) |
| Cash and cash equivalents | (2,004,383) | 0 | 0 | (2,004,383) |
| | <u>(6,750,911)</u> | <u>(1,601,788)</u> | <u>(5,888,090)</u> | <u>(14,240,789)</u> |

The table below analyses the Company's financial assets held for managing liquidity risk which are considered to be readily saleable or are expected to generate cash inflows to meet cash outflows on financial liabilities.

| Assets – 2022 | Within 1 year £ | 2 to 5 years £ | Over 5 Years £ | Total £ |
|-----------------------------|-----------------------|----------------------|----------------------|------------------|
| Trade and other receivables | 7,034,185 | 0 | 0 | 7,034,185 |
| | <u>7,034,185</u> | <u>0</u> | <u>0</u> | <u>7,034,185</u> |

Rykneld Homes Limited

Company Limited by Guarantee

Interest Rate Risk

The Company's interest rate risk is very limited. The rate it pays on the loans borrowed from the Council is a fixed rate for the period of the loans.

The table below shows the Company's financial assets and liabilities split by those bearing interest and those that are non-interest bearing, at 31 March 2023.

Interest Rate Risk - 2023

| 2023 – assets | Non-interest bearing £ | Interest bearing £ | Total £ |
|-----------------------------------|---------------------------|-----------------------|---------------------|
| Trade and other receivables | 3,400,334 | 0 | 3,400,334 |
| | <u>3,400,334</u> | <u>0</u> | <u>3,400,334</u> |
| | | | |
| 2023 – liabilities | Non-interest bearing £ | Interest bearing £ | Total £ |
| Cash and cash equivalents | (1,024,999) | 0 | (1,024,999) |
| Trade and other payables | (2,514,946) | 0 | (2,514,946) |
| Leases | (53,832) | 0 | (53,832) |
| Borrowings – local authority loan | 0 | (6,765,342) | (6,765,342) |
| | <u>(3,593,777)</u> | <u>(6,765,342)</u> | <u>(10,359,119)</u> |

The figures below are based on the 2021/22 Financial Statements.

Interest Rate Risk – 2022

| 2022 – assets | Non-interest bearing £ | Interest bearing £ | Total £ |
|-----------------------------------|---------------------------|-----------------------|---------------------|
| Trade and other receivables | 7,034,185 | 0 | 7,034,185 |
| | <u>7,034,185</u> | <u>0</u> | <u>7,034,185</u> |
| | | | |
| 2022 – liabilities | Non-interest bearing £ | Interest bearing £ | Total £ |
| Cash and cash equivalents | (2,004,383) | 0 | (2,004,383) |
| Trade and other payables | (4,344,757) | 0 | (4,344,757) |
| Leases | (862,488) | 0 | (862,488) |
| Borrowings – local authority loan | 0 | (7,029,161) | (7,029,161) |
| | <u>(7,211,628)</u> | <u>(7,029,161)</u> | <u>(14,240,789)</u> |

Rykneld Homes Limited

Company Limited by Guarantee

Credit Risk

The Company's maximum exposure to credit risk, gross of any collateral held, relating to its financial assets is equivalent to their carrying value as disclosed below. All financial assets have a fair value which is equal to their carrying value. The risk to the Company is minimised in two ways firstly the vast majority of outstanding amounts relate to NEDDC and secondly any doubtful debts have been discounted.

Maximum exposure to credit risk

| | 2023 | 2022 |
|---------------------------------------|------------------|------------------|
| | £ | £ |
| Trade and other receivables – Council | 3,305,401 | 6,972,034 |
| Trade and other receivables – Other | 94,933 | 62,151 |
| | <u>3,400,334</u> | <u>7,034,185</u> |

Capital Management

The Company's main objective when managing capital is to ensure that it maintains sufficient capital to ensure that the Council's tenants continue to receive an excellent housing management service from the Company. The level of Management Fee agreed with the Council annually in respect of the Management Agreement and the Company's level of operating efficiency are the principal determinants of the level of equity that the Company is able to retain. As a Company limited by guarantee, the only equity/capital of the Company is represented by its retained earnings reserves.

The Company is a member of the Derbyshire County Council Local Government Pension Scheme which is a funded defined benefit scheme. The shortfall or surplus in the funds required to pay future pensions is reflected in the Company's Statement of Financial position each year, however there is no question of the recoupment of any deficit nor the distribution of any surplus as other methods such as the adjustment of contribution rates are used to address this issue.

The Company's level of debt does not present a significant risk. "Net debt" is defined as including short and long-term borrowings including leases, overdrafts net of cash and cash equivalents and represents net negative funds of £7,844,173 as at 31 March 2023 (2022: £9,896,032) (Note 24c).

The Company has received housing grants in previous years towards the costs of building properties to let as affordable/social housing. These grants carry their own conditions that the Company must abide by. During 2022/23, there were no grants received (2022: £0).

The Company does not hold any reserves other than those representing equity.

Rykneld Homes Limited

Company Limited by Guarantee

11 Financial Instruments

| | Note | 2023 £ | 2022 £ |
|--|------|---------------------|---------------------|
| Financial Assets | | | |
| Debt Instruments Measured at Amortised Cost: | | | |
| Trade and other receivables | 15 | 3,510,676 | 7,168,574 |
| Prepayments | | (110,342) | (133,249) |
| | | <u>3,400,334</u> | <u>7,035,325</u> |
| | | | |
| | | 2023 £ | 2022 £ |
| Financial Liabilities | | | |
| Measured at Amortised Cost: | | | |
| Trade and other payables | 16 | (3,137,982) | (5,292,920) |
| LESS tax and other social security | | 623,036 | 948,163 |
| | | <u>(2,514,946)</u> | <u>(4,344,757)</u> |
| Borrowings – Loans Outstanding | 19 | (6,765,342) | (7,029,161) |
| Overdraft | 24 | (1,025,399) | (2,004,583) |
| Leases | 9 | (53,832) | (862,487) |
| | | <u>(10,359,519)</u> | <u>(14,240,988)</u> |

Rykneld Homes Limited Company Limited by Guarantee

12 Asset Calculation

| | Social Housing Properties £ | Housing Shared Ownership £ | Intangible Assets £ | Property, Plant and Equipment £ | Right of Use Assets £ | Total £ |
|--|-----------------------------------|----------------------------------|------------------------|---------------------------------------|-----------------------------|-------------|
| Cost: | | | | | | |
| At 31 March 2022 | 9,432,309 | 624,027 | 617,210 | 29,580 | 2,374,351 | 13,077,477 |
| Additions | 110,841 | 0 | 0 | 0 | 50,600 | 161,441 |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | (9,273) | 0 | 0 | 0 | (1,377,180) | (1,386,453) |
| At 31 March 2023 | 9,533,877 | 624,027 | 617,210 | 29,580 | 1,047,771 | 11,852,465 |
| At 31 March 2022 | (728,589) | (19,406) | (559,537) | (14,863) | (1,513,364) | (2,835,759) |
| Charged in the year to operating costs | (164,750) | (4,741) | (17,246) | (5,292) | (166,818) | (358,847) |
| Disposal of Assets | 2,856 | 0 | 0 | 0 | 686,243 | 689,099 |
| At 31 March 2023 | (890,483) | (24,147) | (576,783) | (20,155) | (993,939) | (2,505,507) |
| Net book value at 31 March 2023 | 8,643,394 | 599,880 | 40,427 | 9,425 | 53,832 | 9,346,958 |
| NBV at 31 March 2022 | 8,703,720 | 604,621 | 57,673 | 14,717 | 860,987 | 10,241,718 |

All the housing properties owned by the Company are pledged as security for its loans with NEDDC. There is no capitalised interest included in additions in 2023 (2022: £0). The cumulative capitalised interest is £70,947 (2022: £70,947). Depreciation and amortisation have been charged to operating costs. The Right of Use Assets include the motor fleet which are now beyond the original lease term and are being operated under a short-term agreement.

Rykneld Homes Limited Company Limited by Guarantee

13 Right of Use Assets

| | Land and Buildings | Vehicles | Equipment | Total |
|----------------------------------|-----------------------|----------|-----------|-----------|
| | £ | £ | £ | £ |
| Balance at 31 March 2022 | 841,460 | 13,844 | 5,683 | 860,987 |
| Additions | 39,200 | 0 | 11,400 | 50,600 |
| Depreciation charge for the year | (152,157) | (6,887) | (7,774) | (166,818) |
| Disposals | (690,937) | 0 | 0 | (690,937) |
| Balance at 31 March 2023 | 37,566 | 6,957 | 9,309 | 53,832 |

14 Inventories

| | 2023 | 2022 |
|-------------------------------|---------------|---------------|
| | £ | £ |
| Raw materials and consumables | 38,653 | 56,137 |
| | <u>38,653</u> | <u>56,137</u> |

15 Trade and Other Receivables

| | 2023 | 2022 |
|---------------------------------|------------------|------------------|
| | £ | £ |
| Rent and other receivables | 31,301 | 33,371 |
| Bad debt provision | (10,369) | (14,647) |
| | <u>20,932</u> | <u>18,724</u> |
| NEDDC Receivables | 3,305,401 | 6,972,034 |
| Other Trade receivables | 106,602 | 74,036 |
| Bad debt provision | (32,601) | (30,609) |
| Other receivables (Prepayments) | 110,342 | 133,249 |
| Other – Taxation | 0 | 1,140 |
| | <u>3,510,676</u> | <u>7,168,574</u> |

The average credit period taken on provision of services is 19 days (2022: 18 days). In terms of cash received the majority of payments are from NEDDC and therefore the overall credit risk is not significant.

An allowance has been made for estimated irrecoverable amounts of £42,970 (2022: £45,256). This allowance is calculated after excluding any outstanding amounts with NEDDC and is based on the age profile of the outstanding debt. The allowance includes a provision of £10,369 (2022: £14,647) relating to Registered Provider rents.

The following table provides an analysis of rents, trade and other receivables (after taking account of the estimated irrecoverable amounts) as at 31 March. The Company believes that these balances are ultimately recoverable.

Rykneld Homes Limited Company Limited by Guarantee

| | 2023 | 2023 | 2023 | 2022 |
|--------------------|---------------|--------------------|------------------|------------------|
| | Rents | Trade | Total | Total |
| | £ | Receivables | £ | £ |
| | £ | £ | £ | £ |
| Not due | 1,890 | 23,454 | 25,344 | 6,988,370 |
| Up to three months | 19,001 | 3,340,363 | 3,359,364 | 20,591 |
| Up to six months | 0 | 14,128 | 14,128 | 15,075 |
| 6 months to 1 year | 41 | 1,243 | 1,284 | 7,899 |
| Over 1 year | 0 | 214 | 214 | 2,250 |
| | <u>20,932</u> | <u>3,379,402</u> | <u>3,400,334</u> | <u>7,034,185</u> |

The movement in the doubtful debt provision is as follows:

| | 2023 | 2022 |
|---------------------------------|---------------|---------------|
| | £ | £ |
| Opening Balance as at 1 April | 45,256 | 50,455 |
| Provision made in year | 19,171 | 11,214 |
| Amounts written off during year | (21,457) | (16,413) |
| Closing balance as at 31 March | <u>42,970</u> | <u>45,256</u> |

All balances above are denominated in sterling. There are no balances denominated in other currencies converted into sterling.

16 Trade and Other Payables

| | 2023 | 2022 |
|--|------------------|------------------|
| | £ | £ |
| Amounts payable relating to invoiced amounts - NEDDC | 186,241 | 801,301 |
| Amounts payable relating to invoiced amounts - Other | 1,742,171 | 2,470,513 |
| Accruals and deferred income - NEDDC | 6,137 | 453,688 |
| Accruals and deferred income - Other | 336,846 | 405,430 |
| Corporation Tax | 48,159 | 46,768 |
| Other tax and social security | 740,379 | 901,395 |
| Other payables | 78,049 | 213,825 |
| | <u>3,137,982</u> | <u>5,292,920</u> |

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 25 days (2022: 33 days). The Company considers that the carrying amount of trade payables approximates to their fair value.

All balances above are denominated in sterling. There are no balances denominated in other currencies converted into sterling.

Rykneld Homes Limited

Company Limited by Guarantee

17 Other Non-current Liabilities

| | Note | 2023 £ | 2022 £ |
|-----------------------------|------|------------------|------------------|
| Debt – Local Authority loan | 19 | 6,501,525 | 6,765,342 |
| Social Housing Grants | 18 | 1,423,725 | 1,441,335 |
| Lease Obligation | 9 | 36,539 | 724,535 |
| Deferred Tax Liability | 20 | 6,895 | 6,895 |
| | | <u>7,968,684</u> | <u>8,938,107</u> |

18 Social Housing Grant

| | 2023 £ |
|---|------------------|
| Cost: | |
| At 31 March 2022 | 1,550,690 |
| Received in year | 0 |
| Adjustment in year | 201 |
| Disposals | 0 |
| At 31 March 2023 | 1,550,891 |
| Grant Amortisation | |
| At 31 March 2022 | (92,747) |
| Released to Statement of Comprehensive Income (Turnover) | (17,209) |
| Disposal of Assets | 0 |
| At 31 March 2023 | (109,956) |
| Within 1 year | 17,209 |
| Over 1 year | 1,423,725 |
| Net book value At 31 March 2023 | 1,440,934 |
| Within 1 year | 16,809 |
| Over 1 year | 1,441,335 |
| Net Book Value At 31 March 2022 | 1,458,144 |

Social Housing Grant was secured on 66 properties that were built as a Registered Provider for social housing. The grant is amortised and is credited as turnover over the life of the asset structure (100 years).

Rykneld Homes Limited

Company Limited by Guarantee

19 Borrowing

At 31 March 2023, the Company had outstanding loans of £6,765,342 (2022: £7,029,161), with NEDDC. The loans are taken at fixed interest rates and are repayable with equal instalments of principal. There was no additional borrowing during 2023 (2022: £184,000).

The loan principal paid in year was £263,819 (2022 £258,844). No additional loan payments were made during 2023 (2022: £0). All loans are secured against the properties owned by the company.

| | 2023 | 2022 |
|---------------------------------|-------------|-------------|
| | £ | £ |
| Analysis of maturity | | |
| Within 1 year | 263,817 | 263,819 |
| 2 to 5 Years | 1,055,268 | 1,055,276 |
| Over 5 Years | 5,446,257 | 5,710,066 |
| Sub Total – amounts over 1 year | 6,501,525 | 6,765,342 |
| Total as at 31 March | 6,765,342 | 7,029,161 |

20 Deferred Tax Liability

| | |
|----------------------------|-------------|
| | 2023 |
| | £ |
| At 31 March 2022 | 6,895 |
| Included in Trade Payables | 0 |
| Total at 31 March 2023 | 6,895 |

Deferred Tax Liability Breakdown

| | |
|---|-------|
| Profit on Right to Acquire 18/19 deferred to purchase of Hallowes Court | 6,895 |
| | 6,895 |

21 Company limited by guarantee

The Company is limited by guarantee, incorporated in the United Kingdom, and is governed by its Memorandum and Articles of Association. The guarantor is its sole member, NEDDC, (see note 24) is listed in the Company's Register of Members. The liabilities in respect of the guarantee are set out in the memorandum of association and are limited to £1 per member of the Company.

Rykneld Homes Limited Company Limited by Guarantee

22 Reserves

| | 2023 | 2022 |
|--|----------------|---------------------|
| | £ | £ |
| Retained Deficit 1 April | (10,854,561) | (17,918,469) |
| Surplus/(Deficit) for the year – housing management services | (397,789) | (2,789) |
| Surplus/(Deficit) for the year – registered provider | 51,653 | 36,697 |
| Pension Movement | 11,667,000 | 7,030,000 |
| At 31 March | <u>466,303</u> | <u>(10,854,561)</u> |

2023

| | |
|--|----------------|
| Pension (see non-current liabilities and note 23) | 0 |
| Housing Management Services – surplus previous years | 758,034 |
| Housing Management Services – (deficit) in 2022/23 | (397,789) |
| Registered Provider – surplus previous years | 54,405 |
| Registered Provider – surplus in 2022/23 | 51,653 |
| Total 31 March 2023 | <u>466,303</u> |

2022

| | |
|---|---------------------|
| Pension deficit (see non-current liabilities and note 23) | (11,667,000) |
| Housing Management Services – surplus previous years | 760,823 |
| Housing Management Services – (deficit) in 2021/22 | (2,789) |
| Registered Provider – surplus previous years | 17,708 |
| Registered Provider – (deficit) in 2021/22 | 36,697 |
| Total 31 March 2022 | <u>(10,854,561)</u> |

Rykneld Homes Limited

Company Limited by Guarantee

23 Retirement Benefit Obligations

Defined benefit plan

The Company is an admitted member of the Local Government Pension Scheme. This is a funded defined benefit scheme administered by Derbyshire County Council (DCC). Employees are eligible to join the Local Government Pension Scheme subject to certain criteria. The pension costs charged to the Company in respect of those employees are equal to contributions paid to the fully funded pension scheme.

The agreed employer contribution rate for 2022/23 was 17.4% (2021/22: 17.4%). Employee contribution rates for 2022/23 ranged from 5.5% to 12.5% (2021/22: 5.5% to 12.5%).

The pension contributions made by the Company for the year were £1,172,000 (2022: £1,015,000). Current and past service costs for were £2,976,000 (2022: £2,965,000) resulting in an adjustment to Operating costs in year of £1,804,000 (2022: £1,950,000).

At the year-end there were outstanding employer and employee contributions of £45,182 (2022: £138,881) included within Trade and Other Payables in Note 16.

Formal actuarial valuations are carried out every three years, the next triennial valuation will be as at March 2025 where contribution rates payable from 1 April 2026 will be set.

The most recent valuation of plan assets and the present value of the defined benefit obligation were carried out at 31 March 2022 by registered actuaries, Hymans Robertson Limited. The present values of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

| Key Assumptions used: | 2023 | 2022 |
|----------------------------------|------|------|
| | % | % |
| Pension Increase Rate (CPI) | 2.95 | 3.20 |
| Expected rate of salary increase | 3.95 | 3.90 |
| Discount Rate | 4.75 | 2.70 |

Mortality rate assumptions are based on publicly available data in the UK.

Average life expectancy for a pensioner retiring at 65

| | 2023 | 2022 |
|--------|------|------|
| | Yrs | Yrs |
| Male | 21.0 | 21.1 |
| Female | 24.0 | 23.8 |

Average life expectancy for a pensioner retiring at 65, aged 45

| | 2023 | 2022 |
|--------|------|------|
| | Yrs | Yrs |
| Male | 21.8 | 22.2 |
| Female | 25.5 | 25.6 |

Rykneld Homes Limited Company Limited by Guarantee

23 Retirement Benefit Obligations

| | 2023 | 2022 |
|--|--------------------|---------------------|
| | £ | £ |
| Charge to operating costs | | |
| Current service cost | (2,940,000) | (2,961,000) |
| past service cost (inc curtailments) | (36,000) | (4,000) |
| | <u>(2,976,000)</u> | <u>(2,965,000)</u> |
| Charge to finance costs | | |
| Interest cost | (2,083,000) | (1,595,000) |
| Interest income on plan assets | 1,744,000 | 1,202,000 |
| | <u>(339,000)</u> | <u>(393,000)</u> |
| Other comprehensive income | | |
| Actuarial gains and (losses) on defined benefit obligations | 22,095,000 | 9,373,000 |
| | <u>18,780,000</u> | <u>6,015,000</u> |
| Total as per the Actuary | 18,780,000 | 6,015,000 |
| Pension Adjustment-IAS19 derecognition of Asset | (8,285,000) | 0 |
| | <u>10,495,000</u> | <u>6,015,000</u> |
| Adjusted Total | 10,495,000 | 6,015,000 |
| | | |
| | 2023 | 2022 |
| | £ | £ |
| Fair value of scheme assets | 60,696,000 | 64,641,000 |
| Present value of defined benefit obligations | (52,411,000) | (76,308,000) |
| Deficit in scheme | | |
| Net position recognised in the Statement of Financial Position within Non-current liabilities as per the Actuary | <u>8,285,000</u> | <u>(11,667,000)</u> |
| Pension Adjustment-IAS19 derecognition of Asset | (8,285,000) | 0 |
| Adjusted Total | <u>0</u> | <u>(11,667,000)</u> |

All the defined benefit plan obligations relate to a funded scheme.

Rykneld Homes Limited Company Limited by Guarantee

23 Retirement Benefit Obligation

The analysis of the scheme assets and liabilities at the reporting date were as follows:

| Liabilities | 2023 | 2022 |
|---|---------------------|---------------------|
| | £ | £ |
| At 1 April | (76,308,000) | (78,859,000) |
| Current service cost | (2,940,000) | (2,961,000) |
| Past service cost | (36,000) | (4,000) |
| Interest cost | (2,083,000) | (1,595,000) |
| Changes in financial assumptions and other experience | 27,783,000 | 6,039,000 |
| Contributions by plan participants | (421,000) | (386,000) |
| Benefits paid | 1,594,000 | 1,458,000 |
| At 31 March | <u>(52,411,000)</u> | <u>(76,308,000)</u> |
| | | |
| Assets | 2023 | 2022 |
| | £ | £ |
| Assets At 1 April | 64,641,000 | 60,162,000 |
| Return on assets (excluding amounts included in net interest) | (5,688,000) | 3,334,000 |
| Interest Income on plan assets | 1,744,000 | 1,202,000 |
| Employer contributions | 1,172,000 | 1,015,000 |
| Employee contributions | 421,000 | 386,000 |
| Benefits paid | (1,594,000) | (1,458,000) |
| Effect of business combinations and disposals | | |
| At 31 March as per the Actuary | <u>60,696,000</u> | <u>64,641,000</u> |
| Pension Adjustment-IAS19 derecognition of Asset | <u>(8,285,000)</u> | <u>0</u> |
| Adjusted Total | <u>52,411,000</u> | <u>64,641,000</u> |
| | | |
| Adjusted Net Position | <u>0</u> | <u>(11,667,000)</u> |
| | | |
| Fair value of assets | 2023 | 2022 |
| | £ | £ |
| Equity Securities | 2,406,100 | 3,288,500 |
| Debt Securities | 13,695,700 | 14,985,200 |
| Private Equity | 2,951,700 | 3,103,000 |
| Property | 4,790,400 | 5,095,400 |
| Investment Funds and Unit Trusts | 35,067,300 | 35,264,100 |
| Cash and Cash Equivalents | 1,784,800 | 2,904,800 |
| | <u>60,696,000</u> | <u>64,641,000</u> |
| Pension Adjustment-IAS19 derecognition of Asset | <u>(8,285,000)</u> | <u>0</u> |
| Adjusted Total | <u>52,411,000</u> | <u>64,641,000</u> |

Rykneld Homes Limited Company Limited by Guarantee

The sensitivity of the overall pension liability to changes in the weighted principal assumptions is:

| Change in assumptions at 31 March 2023 | Approximate % increase to Employer Liability | Approximate monetary amount £000 |
|--|---|---|
| 0.1% decrease in real Discount rate | 2% | 946 |
| 1 year increase in life expectancy | 4% | 2,096 |
| 0.1% increase in Salary Rate | 0% | 100 |
| 0.1% increase in Pension Increase Rate | 2% | 860 |

The Five-year history of experience adjustments are as follows:

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|--------------|--------------|--------------|--------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Present value of defined benefit obligations | (52,411) | (76,308) | (78,859) | (59,156) | (65,381) |
| Fair value of scheme assets | 60,696 | 64,641 | 60,162 | 49,692 | 51,374 |
| Gain/(Deficit) in scheme | 8,285 | (11,667) | (18,697) | (9,464) | (14,007) |
| Pension Adjustment-IAS19 derecognition of Asset | (8,285) | 0 | 0 | 0 | 0 |
| Revised Total | 0 | (11,667) | (18,697) | (9,464) | (14,007) |
| Re-measurements | | | | | |
| Experience adjustments on scheme liabilities | 27,783 | 6,039 | (17,330) | 9,479 | (5,291) |
| Experience adjustments on scheme assets | (5,688) | 3,334 | 9,254 | (2,937) | 2,163 |
| Pension Adjustment-IAS19 derecognition of Asset | (8,285) | | | | |

The estimated amounts of contributions expected to be paid to the scheme during the financial year ending 31 March 2023 is £1,127,000: with the employer contribution rate set at 17.4%.

Rykneld Homes Limited

Company Limited by Guarantee

24 Cash Flows

24a Cash flows from Operating Activities

| | 2023 | 2022 |
|---|------------------|----------------|
| | £ | £ |
| Cash flows from Operating Activities | | |
| Profit/(Loss) from Operations | (2,440,977) | (2,262,324) |
| Adjustments for: | | |
| Depreciation | 358,847 | 333,815 |
| Interest Expense | 591,893 | 662,950 |
| Amortised Grant in year | (17,209) | (16,809) |
| Defined Benefit Pension Scheme | 1,804,000 | 1,950,000 |
| Decrease / (increase) in inventory | 17,484 | 5,539 |
| (Increase) / decrease in receivables | 3,657,899 | (676,884) |
| (Decrease) / Increase in payables | (2,152,565) | 934,895 |
| Cash Generated from Operations | <u>1,819,372</u> | <u>931,182</u> |
| | | |
| Cash and cash equivalents | 2023 | 2022 |
| | £ | £ |
| Cash and cash equivalents represent: | | |
| Cash at bank | (1,024,999) | (2,004,383) |

24b Reconciliation of net cash flow to movement in net debt

| | 2023 | 2022 |
|--|--------------------|--------------------|
| | £ | £ |
| Increase/(Decrease) in cash in the year | 979,384 | 144,893 |
| Disposal of Finance Leases | 690,936 | 0 |
| New Finance Leases | (50,600) | 0 |
| Lease Payments | 168,320 | 172,323 |
| Loans Raised | 0 | (184,000) |
| Loans Repaid | 263,819 | 258,844 |
| | <u>1,072,475</u> | <u>247,167</u> |
| Change in net debt resulting from cash flows and other items being moved in the year | 2,051,859 | 392,060 |
| Net (debt) at 1 April | (9,896,032) | (10,288,092) |
| Net debt at 31 March | <u>(7,844,173)</u> | <u>(9,896,032)</u> |

Rykneld Homes Limited Company Limited by Guarantee

24c Analysis of changes in net debt

| | At 1 April 2022 £ | Cash flow £ | Other non- cash changes £ | At 31 March 2023 £ |
|--------------------------|-------------------------|------------------|------------------------------------|--------------------------|
| Cash at bank and in hand | (2,004,383) | 979,384 | 0 | (1,024,999) |
| Debt due within one year | (363,430) | 363,430 | (281,110) | (281,110) |
| Debt due after one year | (7,528,219) | 68,709 | 921,446 | (6,538,064) |
| Total | (9,896,032) | 1,411,523 | 640,336 | (7,844,173) |

25 Related Party Transactions

The Company's ultimate parent and controlling party is:

North East Derbyshire District Council
2013 Mill Lane
Wingerworth
Chesterfield
Derbyshire
S42 6NG

The Financial Statements for North East Derbyshire District Council (NEDDC) are available to the public via their website (www.ne-derbyshire.gov.uk) or by requesting a copy by writing to the above address.

Rykneld Homes Limited is an Arm's Length Management Organisation from North East Derbyshire District Council to run the housing management and maintenance function of the Council's homes and other buildings.

The Company Board does not include members who are tenants of NEDDC. The Company Board does include members who are elected representatives of NEDDC.

During the year, the Company supplied goods and services to NEDDC totalling £29,774,075 (2022: £29,293,705) and purchased goods and services from NEDDC totalling £2,152,564 (2022: £2,935,000). The Company undertakes transactions with the Council at arm's length in the normal course of business.

At 31 March 2023, included in the figures above and within the trade and other receivables is a total amount due from NEDDC of £3,305,400 (2022: £6,972,034) and included above and within Payables is a total amount due to NEDDC of £192,378 (2022: £1,254,989). The net balance due to the Company from NEDDC is therefore £3,113,022 (2022: £5,717,045).

The amounts outstanding are unsecured, carry or bear no interest and will be settled in cash. No guarantees have been given or received.

During the year the Company raised no new loan finance from the Council (2022: £184,000). The balance outstanding at the year-end was £6,765,342 (2022: £7,029,161) (see note 19). The loan principal paid in the year was £263,819 (2022: £258,844) and interest paid in the year was £243,151 (2022: £247,316). There were no additional early loan repayments made during the year (2022 £0).

Rykneld Homes Limited

Company Limited by Guarantee

There were no new leases in 2022/23 (2022: 0). The balance outstanding for contractual undiscounted cash flow at the year-end was £7,162 (2022: £918,816). The lease paid in the year was £153,268 (2022: £169,960) and £18,463 (2022: £22,634) finance charge. The lease agreement for Pioneer House, Head Offices was terminated at 31st March 2023 due to a move of premises.

Remuneration of key management personnel

The remuneration of Company's Senior Management Team (excluding the Managing Director) who are the key management personnel of the Company, is set out below in aggregate.

| | 2023 | 2022 |
|------------------------------|----------------|----------------|
| | £ | £ |
| Short Term Employee Benefits | 569,926 | 531,564 |
| National Insurance | 70,548 | 63,253 |
| Superannuation Salaries | 87,623 | 85,481 |
| | <u>728,097</u> | <u>680,298</u> |

The highest paid employee of the Company is the Managing Director. The Managing Director is an ordinary member of the Local Government Pension Scheme funded by both employer and employee contributions. There are no enhanced or special terms applicable to this post and there are no other pension arrangements in place.

| | 2023 | 2022 |
|------------------------------|----------------|----------------|
| | £ | £ |
| Short Term Employee Benefits | 107,408 | 118,961 |
| | <u>107,408</u> | <u>118,961</u> |

26 Capital commitments

As at 31 March 2023, the Company has £0 contracted capital commitments (2022: £0).

| Contract Price | Paid so far | Commitment |
|-----------------------|--------------------|-------------------|
| £ | £ | £ |
| 0 | 0 | 0 |
| <u>0</u> | <u>0</u> | <u>0</u> |