

**HOMES IN SEDGEMOOR LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

**HOMES IN SEDGEMOOR LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**COMPANY INFORMATION**

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**Board Members** Lance Duddridge  
Janet Keen (resigned 31 March 2023)  
Marie Hide  
Paul Hackett  
Jenny Vernon  
Kathryn Pearce  
Paul Stephenson  
Pauline Ham (appointed 1 April 2023)  
Karen Wilce (appointed 31 May 2022, resigned 10 April 2023)

**COMPANY SECRETARY** Ben Lane

**REGISTERED NUMBER** 05596060

**REGISTERED OFFICE** 3rd Floor Bridgwater House  
King Square  
Bridgwater  
Somerset  
TA6 3AR

**INDEPENDENT AUDITORS** Bishop Fleming LLP  
Chartered Accountants & Statutory Auditors  
2nd Floor Stratus House  
Emperor Way  
Exeter Business Park  
Exeter  
EX1 3QS

**BANKERS** Barclays Bank Plc  
3rd Floor, 3 Bedford Street  
Exeter  
EX1 1LX

Lloyds Bank plc  
10 Canons Way  
Harbourside  
Bristol  
BS1 5LF

**HOMES IN SEDGEMOOR LIMITED  
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**HOMES IN SEDGEMOOR LIMITED  
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**CHAIR'S STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2023**

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Reflecting on my last two statements makes me clearly remember, that we have been, as a society, living in a state of immense change and challenge for a very long time. It is now 3 years since we were in the first Covid lockdown with the commensurate impact on people, families, communities and businesses. This feeling of perpetual flux is a major factor in why so many businesses have needed to comprehensively reflect on their purpose and effectiveness. At Homes in Sedgemoor (HiS), we are rapidly approaching the end of our current Corporate Strategy which covered those 3 very challenging years. Our new Corporate Strategy will be launched in the Summer of 2023 after consultation with customers, colleagues and partners.

This last year has seen great structure change in our key partnership as we moved towards the creation of Somerset Council and away from the very effective relationship with Sedgemoor District Council (SDC). I need to recognise that relationship and the commitment of so many colleagues at SDC over many years towards our joint aims on behalf of Sedgemoor customers and communities. Since the decision to create a single Somerset Council, we have been working with outgoing and incoming colleagues to ensure as smooth a transition for customers as possible. The task has taken great determination and commitment from colleagues and customer representatives in HiS, sharing their expertise, knowledge and experience. We will be supporting Somerset Council as they manage the single combined Housing Revenue Account (HRA) which resulted from the merging of two HRAs managed by former retained housing service councils. A new 30 year HRA Business Plan was developed and approved. It will continue to be reviewed and updated in the context of the challenging economic climate we now operate within.

During the year, we first trialled then confirmed the transfer of the new housing development service from SDC. This has proved to be a highly successful transfer and enabled a clearly joined up asset management approach to cover both existing and new homes. We welcome the Development Team as now being a part of HiS.

It has been a challenging year to many of our customers because of the many factors such as the cost-of-living crisis and understandable choices and impact for quality of life. As always, the safety of our customers and their homes is of paramount importance as a spotlight is shone on the performance of many landlords and their performance in issues such as damp, mould and condensation following the tragic death of a young boy in Rochdale. We continued to regularly monitor compliance throughout the business, at Board and with SDC to build and improve on our processes and provide assurance.

Board has completed a comprehensive governance review, including our individual and collective skills, how we consider our Risk Appetite and how our core services are performing.

We have had two Board members leave at the end of the year. Janet Keen and Karen Wilce have provided great input and commitment to HiS as a Council representative and Customer representative respectively. We thank them both for their service and wish them well for the future. A recruitment campaign has started which will hopefully see two new members joining us shortly, as well as a Co-optee for our Audit and Risk Committee. Towards the year end, we were delighted to appoint Sarah O'Neill as Chair of Sedgemoor Tenants Assurance Committee (STAC). Sarah was appointed following an external recruitment and brings a wealth of skills and experience to help continue to drive forward our tenant assurance processes and influencing opportunities.

We look forward to developing the new relationship and opportunities with Somerset Council as our key partner in many different ways on behalf of our customers. A final thank you, as ever must go to the wonderful and dedicated colleagues in HiS who continue to seek to improve our ways of working and performance.

Name Paul Stephenson  
Chair

Date:

**HOMES IN SEDGEMOOR LIMITED  
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**STRATEGIC REPORT - 2023  
FOR THE YEAR ENDED 31 MARCH 2023**

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**BUSINESS REVIEW**

Finance Overview

The finalisation of the accounts has confirmed the strong final performance reported to the Board in May through the 'pre-audit' final management accounts paper. The management accounts focus on the 'profit and loss' element of the accounts. Headlines are:

- £13k (£17k reported in report to Board in May) surplus recorded against the £105k underlying budget deficit set.
- £239k of spend recorded against the £510k allocated by the Board as 'Managed Use of Reserves'.
- £279k spend on 'excess energy costs', which will be recovered through an increased management fee in 23/24.

These amounts account for the £505k 'loss' shown against the Profit and Loss Reserve in Note 14 in the accounts.

With specific reference to the financial statements, HiS has reported a loss on ordinary activities before taxation of £2,504,000 (2021/22 loss: £1,617,000). The Company's turnover was £15,508,000 (2021/22: £18,452,000) funded primarily by a management and capital fee.

The trading position for Homes in Sedgemoor, at the end of the 2022/23 financial year, shows an operating loss of £2,360,000 (2021/22 operating loss: £1,448,000).

Notional pension charges in excess of contributions made were lower in 2022/23 due to the decrease in actuarial valuation of the pension scheme liabilities at 31 March 2023.

Service charge adjustments of £1,868,000 (2021/22: £782,000) in excess of employer pension contributions and £206,000 (2021/22: £173,000) of notional interest charges have been posted at the year end. Prior to these adjustments an operating loss of £430,000 was recorded (2021/22: £662,000 loss).

The £430,000 operating loss is broken into three parts, i) an operating deficit of £266,000, ii) 'Managed Use of Reserves' approved by the Board to the value of £239,000 and iii) £75,000 of income received from Sedgemoor District Council for excess garage income collected by them.

Operating Deficit- £266,000

A £105k underlying deficit budget was set by the Board. In addition to this a £227k 'excess energy cost' budget was set resulting in a £332k operational deficit budget for the year. The £227k was set aside for the anticipated rise in energy costs during the year following contract renewals that took place in November 2021. Funding to recover this excess cost will be received from the Council in 2023/24, covered by the additional service charge income they will collect.

A £13k surplus was recorded at the year-end against the 'underlying deficit budget', creating a £118k favourable variance. The underlying deficit budget set of £105k was in line with the commitment in the Corporate Strategy. It reflects the Board's agreement to utilise part of the balance within the Profit and Loss Reserve to invest in areas of the organisation that support compliance work across the 4,000 properties that Homes in Sedgemoor manages on the behalf of the Council. This additional resource was deployed to strengthen all areas of compliance, building on the progress made in 2021/22, and ensuring that the Board's commitment, as defined in the Corporate Strategy, to provide 'Good Quality, Safe Homes' is delivered. Since June 2021, the status of the monthly compliance report has been independently assessed as 'Green' and has remained at this level throughout 2022/23. A balanced budget for 2023/24 has been set, again in line with the Corporate Strategy commitment.

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2023**

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The £13k surplus resulted from favourable variances recorded against Staff budgets (£82k), Repairs and Maintenance budgets (£132k) and Corporate budgets (£30k) combined with an overcollection against Income budgets (£169k). These favourable variances were offset by overspends against the Service Level Agreement budgets (£75k – *services received from the council*), and Housing Management Budgets (£215k – *energy costs (£48k) bad debt provision for rechargeable repair debts (£70k) and pest control costs (£81k)*).

Excess energy costs were recorded as £279k, £52k greater than the £227k budget set.

Managed Use of Reserves - £239,000

£239,000 was allocated from Reserves in 2022/23 to support non-recurring specific projects and initiatives. Allocations were made in accordance with the Reserves Policy. These allocations are referred to as 'Managed Use of Reserves'. Spend of £239,000 was incurred against £511,000 allocated, creating a £271,000 favourable variance. Projects included the investment in IT, creation of a Winter Warmth Fund and support towards a STRIVE project which created opportunities for members of the local community to receive support to get business ideas off the ground.

Garage Income - £75,000

In financial year 2018/19 Homes in Sedgemoor (HiS) undertook a programme of works to refurbish dilapidated block garages that it was managing on behalf of Sedgemoor District Council (SDC) with the intention to improve the marketability of the garages and drive an improved rental income stream for SDC. The cost of the works was £901,045 and was initially borne by HiS as a distinct "negative" reserve on the Balance Sheet. An agreement was struck whereby, if HiS could demonstrate that income from garage rent increased beyond an agreed baseline of £307,300, the excess would be paid over to Homes in Sedgemoor on an annual basis. For 2022/23 the excess was calculated as £75,000 (2021/22: £115,000).

Performance Overview

The company delivered good performance across several key areas of service delivery during 2022/23. It is a company priority to deliver the best possible outcomes which have a significant positive impact on our stakeholders. The table below shows the progress made against several Key Performance Indicators (KPIs) between both years.

	<b>2022/23</b>	<b>2022/23</b>	<b>2021/22</b>
<b>Performance indicator</b>	<b>Target</b>	<b>Actual</b>	<b>Actual</b>
Average time taken to let a property	24 days	51 days	34 days
Rent collected as a proportion of rent owed	99%	98.20%	99.50%
Rent arrears for current tenants	2.50%	0.91%	0.94%
Void rent loss	1%	1.39%	0.94%
Properties with a valid gas certificate	100%	99.67%	99.96%
Responsive repairs delivered in timescale	95%	96.70%	95.20%

Company performance is measured using a number of key performance indicators (KPIs). Where available performance is benchmarked and reported both internally and to Sedgemoor District Council. Performance reports were uploaded to the website regularly showing performance against target for 49 KPIs.

The suite of KPIs reported during 2022/23 are aligned to Homes in Sedgemoor's (HiS) Corporate Strategy identified under the three Core Pillars to achieve its strategic objectives over a three year period (2020 - 2023): i) Great Services to our customers, ii) Good Quality Safe Homes, iii) Build a Stronger Business.

The Management Agreement in place between HiS and SDC contained 27 Key Performance Indicators for 2022/23. At the year-end 11 KPIs were classified red, 6 amber and 10 green.

We continued to participate in a monthly benchmarking exercise during the year conducted by Housemark. In the main HiS' performance compares favourably against our peers in the sector.

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**STRATEGIC REPORT (CONTINUED)  
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The section below provides a brief overview of the performance highlights in 2022/23.

Survey of Tenants and Residents (STAR)

Included in the Performance Report are 8 STAR KPIs. Performance against 7 of these KPIs has improved year on year with performance maintained on the 8th KPI.

When compared to target we have ended the year with 4 STAR KPIs reported as 'red'. The target for 3 of these KPIs ('overall customer satisfaction', 'quality of home', 'neighbourhood as a place to live') were set at an aspirational 90% so, although we have achieved above 80% for these, they are being reported as red. 3 STAR KPIs were reported as 'amber' ('safe & secure', 'service charge value for money' & 'repairs service'), and were within the range of 0.8% - 1.8% below target. The STAR KPI, 'rent provides value for money', has achieved the target of 89% and was reported as 'green'.

For the headline KPI – 'overall customer satisfaction', we have ended the year with 81% from 1,204 customer satisfaction (perception) surveys completed. This is just 0.3% below the upper quartile performance reported across the sector through the Housemark Pulse Monitoring.

From April 2022, we moved from quarterly to monthly STAR surveys so that issues identified could be addressed sooner.

It should be noted that with a perception survey such as STAR which is "a survey aimed at measuring all residents' views, impressions and opinions about their landlord and the services it delivers", there can be a multitude of factors affecting a customer's survey score and it might not be straightforward to distinguish the link between any improvements in services and the subsequent scores.

Rent income management and voids

The rent collection rate at end of the year was 98.2% compared to target of 99% resulting in this KPI indicated as amber.

As at end of 22/23 rent year, current tenant rent arrears was £167k which is 0.91% of the total annual rent due and is reported as green when compared to target of 2.5%.

The Average re-let time for all relets (254) in the period April 22 to March 23 was 50.7 days compared to a target of 24 days with this KPI reported as red. Several properties were held as 'policy voids' meaning that they were not re-let as either significant work was needed to bring them up to standard or the outcome of an options appraisal was awaited.

The satisfaction of new customers with the lettings process has ended the year at 98.6% and is indicated in green when compared to the target of 98%.

Neighbourhood management

There was a total of 77 ASB cases in 2022/23; The Number of new ASB cases per 1000 properties managed by HiS ended the year at 19.55 compared to target of 25 and hence is indicated in green.

Responsive Repairs

The two KPIs, '*responsive repairs delivered within timescales*' and '*percentage of responsive repairs completed at first visit*', report on the performance of our main Repairs & Maintenance contractors and performance at the end of March for both measures were just above the respective targets of 95% and 90%. Both indicators were report as 'green'.

'*Customer satisfaction with the responsive repairs service*' (transactional) achieved performance at 93% compared to a target of 90% resulting in this KPI improving from red at the end of March 2022 to 'green' at the end of March 2023.

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Planned works delivery and customer satisfaction

Of the total capital budget allocated for the year, 84% was spent as at the end of March 2023. A carry forward request for unspent budget has been submitted.

'Planned works - Tenant satisfaction with overall quality of work', stood at 96%, a significant increase on the 86% report in the previous year.

Employee - Sickness and turnaround

Percentage staff turnover ended the year at 13% compared to 19% at the end of the last year (there were 11 leavers in 2022/23 compared to 15 last year). This is currently reported as data only with no target. An optimum number for an organisation of our size would need to be established to ensure positive impact.

Housemark Pulse Benchmarking

During 2022/23 we participated in the monthly Housemark Pulse benchmarking exercise, that focused on 15 KPIs reflecting current priorities for the sector. HiS recorded top quartile performance against 7 of the 15 KPIs as outlined below;

Overall satisfaction & complaints:

- Formal complaints received (per 1,000 units) [HiS: 2.29; Top quartile threshold: 2.42]
- Percentage of complaints resolved within timescales [HiS: 100%; Top quartile threshold: 100%]

Income management - arrears:

- True current tenant arrears [HiS: 0.91%; Top quartile threshold: 2.09%]

Repairs service:

- Percentage of non-emergency repairs completed within target [HiS: 95.2%; Top quartile threshold: 91.4%]

Lettings service:

- Proportion of social homes let [HiS: 0.84%; Top quartile threshold: 0.70%] (There were 33 homes let in March 2023, the highest achieved in a month in 22/23)

Other:

- Working days lost due to sickness absence [HiS: 2.28%; Top quartile threshold: 3.18%]
- New ASB cases (per 1,000 properties) [HiS: 0.51; Top quartile threshold: 1.64]

We continue to review our performance, monitoring government guidelines and adopting new ways of working, to seek improved performance across the company.

Value for Money (VFM)

The Board and Executive Team at HiS are committed to the delivery of Value For Money for its customers and the Council.

The Corporate Strategy includes the following commitment, to deliver "relatively good performance at low cost" across all areas of service delivery.

The company pro-actively participates in several benchmarking exercises to ensure that it is able to measure its value for money progress against peers across the sector.

HiS has participated in Housemark's 'annual cost and performance comparison exercise' for several years. Housemark is the leading data and insight company for the UK housing sector.

The 2020/21 exercise identified four of the eight measures as falling into the "relatively good performance at low cost". This decreased to three of eight measures in 2021/22.



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The output from the annual exercise helps to drive decision making within the organisation. It helps to support the budget setting process and facilitates the internal review of the efficiency and effectiveness of service delivery.

A VFM annual report is produced for the Board. Some of the highlights from the latest annual performance summary are given below:

- £17k surplus delivered in a climate of significant inflation and cost pressures.
- Overall average customer satisfaction at 81%.
- £136k worth of savings delivered.
- Repairs and maintenance re-tender delivered a contract sum far lower than anticipated, whilst improving service standards
- 'Good performance' across 7 of 8 areas reviewed as part of the Annual Housemark Benchmarking and Cost Exercise.
- Launch of 'Project Matrix' which has maximised business efficiencies whilst preserving excellent performance and providing greater support for customers.

The financial challenges faced by Homes In Sedgemoor in 2023/24 and beyond will require the organisation to focus it's attention on all areas that are considered 'high cost' to ensure that any services that remain 'high cost' do so because of conscious decisions to invest in certain areas of activity.

The Executive Team remain committed to delivering 'Relatively good performance at Low Cost" across all areas of the organisation.

**PRINCIPAL RISKS AND UNCERTAINTIES**

Major risks and uncertainties

The company maintains a risk register that is owned by the Board and managed by the Audit and Risk Committee (ARC) with day-to-day support from the Executive Team (ET). The key high inherent risk areas in the company Risk Register at 31 March 2023 included:

- Impact of Decarbonisation Agenda
- Local government reorganisation in Somerset
- Inability to maintain service standards due to changing and challenging operating environment
- Stability of I.C.T. solutions resulting in inability of staff to provide an effective and efficient service
- Financial pressures on SDC that could threaten our management fee and funding to deliver the capital programme
- Failure to comply with Property and workplace Health & Safety legislation and regulation

Control measures are in place within the Risk Register to mitigate the impact and/or likelihood of each specific risk. Each of the above risks has been subjected to a deep dive by the ET and the ARC and Board as necessary. We have worked with our internal auditors to strengthen our approach to risk management and embedded this across the organisation.

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**STRATEGIC REPORT (CONTINUED)  
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**FINANCIAL KEY PERFORMANCE INDICATORS**

The following statements summarise how Homes in Sedgemoor manages aspects of financial risk:

Price risk - Prices of goods and services purchased over minimum thresholds are subject to contracts with suppliers, based on current market prices. Exposure is limited by regular review of contracts and suppliers.

Credit risk - The majority of debtors at year end relate to amounts owed by Sedgemoor District Council, Homes in Sedgemoor's ultimate parent company. Credit risk on these balances is considered to be low. Recoverability of other debts is considered in line with the company's accounting policies.

Liquidity risk - Homes in Sedgemoor has no long-term borrowings and has a stable level of cash which it invests as appropriate in short term deposits. £2.3m is held within the Profit & Loss Reserve at the 31st March 2023. This is £0.8m greater than the £1.5m minimum reserve level set by the Board.

Interest rate and cash flow risk - Homes in Sedgemoor invests surplus funds in line with the Treasury Management Policy. These deposits earn interest at a variable/fixed rate. Interest of £66k (2021/22 - £4k) has been received in the year on these funds.

This report was approved by the board and signed on its behalf.

**Paul Stephenson**  
Chair

Date:

**HOMES IN SEDGEMOOR LIMITED  
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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2023**

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

**DIRECTORS' RESPONSIBILITIES STATEMENT**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

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**DIRECTORS' REPORT (CONTINUED)  
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**PRINCIPAL ACTIVITY**

**Board Members and Executive Officers**

The Board Members of the company, who served during the year, and up to the date of signing, are set out on page 3.

The Board Members are drawn from a wide background bringing together professional, commercial and local experience. The Board composition is up to three tenants, three nominees from Sedgemoor District Council and three independent members.

**Executive Officers**

Peter Hatch            Chief Executive (in post all year)

**Board Members' Interests**

Neither the Board Members nor the Executive Officers have any financial interests in the company.

**Directors' indemnities**

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

**Future developments**

The Board expects that the company will continue to provide services in line with the management agreement for the foreseeable future.

**Employees**

As a service organisation, the strength of the company lies in the quality and commitment of its employees. The company's ability to meet its objectives and commitments to customers in an efficient and effective manner depends upon the contribution of colleagues throughout the company.

The company communicates its corporate objectives and commitments through colleague briefings, newsletters, team meetings, one to one meetings and performance reviews.

The company is committed to encouraging equal opportunities for all its employees. The company has adopted and complies with the Equality and Human Rights Commission and the Equality Standard for Local Government.

We have achieved Investors in People Gold status. This prestigious award means we are considered to have the highest standards of people management and development that support our business goals.

Achieving Gold is recognition of the commitment and passion of all our colleagues and testament to the fact that everyone is fully engaged in our vision.

**Governance**

**Governance Arrangements**

The Board derives its power to manage Homes in Sedgemoor from the Articles of Association. The powers of the Board are exercised on behalf of Sedgemoor District Council as sole company member.

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The Board signed up to the National Housing Federation (NHF) Code of Governance ('The Code') at its May 2021 meeting. Annual self-assessments are performed against the requirements contained within the code to ensure compliance. An initial self-assessment was conducted which resulted in an action plan. Progress against the action plan was presented to the Board in May 2022 and May 2023. Overall compliance against the code is thought to be 'green' with work still to be done not thought to be critical in the context of the four overall core principles of the code, namely 'Missions and Values', 'Strategy and Delivery', 'Board Effectiveness', and 'Control and Assurance'.

**The Board**

The Board's main role is to direct the company's work - that is to determine the strategic direction of Homes in Sedgemoor. Day to day management is delegated to the Chief Executive and other senior officers of Homes in Sedgemoor.

The Board met formally seven times during the year. It held two Away Days and three Spotlight Sessions.

**The Audit and Risk Committee**

The Audit and Risk Committee considers the appointment of the internal and external auditors, the scope of their work and their reports. It also reports to the Board on the effectiveness of the company's internal financial control arrangements and oversees the risk management of the company. It met four times during the year.

**Going Concern**

The Directors believe that preparing the Financial Statements on a going concern basis is appropriate. Up until 31st March 2023 Sedgemoor District Council was the ultimate parent company of Homes In Sedgemoor. From the 1st April 2023 the ownership transferred over to the new Somerset Council. A local government reorganisation took place in Somerset with a single unitary authority replacing the County Council and four District Councils. Somerset Council have confirmed their continued financial support until at least 2025.

A Management Agreement is in place between Homes In Sedgemoor and the Council. It was reviewed and refreshed by both parties during 2020/21. It was approved by Homes In Sedgemoor's Board on 30th March 2021 and signed by both parties in December 2021. This Agreement expires on 31st March 2051 unless it is terminated on 31 March 2031 or 31 March 2041 by the Council giving Homes in Sedgemoor at least twelve months prior written notice of any review which could lead to termination and at least six months prior written notice of termination.

The future model of delivery for housing services in Somerset will be determined by Somerset Council. Confirmation has been received from Somerset Council that no review will commence in 2023/24. The experience of other local authorities, who have undertaken such an exercise, indicates that a two-year timeframe from the commencement of such a review to the implementation of the findings from that review can be considered as a minimum

No indication of the preferred delivery model has been received as at the date of signing these financial statements. It is recognised that the housing options review may impact on the ongoing delivery of the 'entity' of Homes In Sedgemoor but this decision has not yet been made and all activities and relevant financial matters will novate to a successor organisation meaning that the assumption of going concern remains relevant and appropriate.

After making enquiries the Board has reasonable expectation that the company has adequate resources to continue in operational existence. The expectation is based upon management's forecasts for the company's performance up until March 2024. For this reason, it continues to adopt the going concern basis in the financial statements.

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2023**

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**Statement on Internal Control**

The Board and Executive Team acknowledges its overall 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.
- The safeguarding of assets of the company 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:

- Formal policies and procedures are in place, including the delegation of authorities, which allows the monitoring of controls, maintaining proper accounts and restricting the use of assets.
- Experienced and suitably qualified staff take responsibility for important business functions.
- Internal Auditors undertake regular reviews on the effectiveness of internal controls.
- An internal audit plan is in place to review, appraise and report upon the adequacy of internal controls. Any actions necessary to correct any weaknesses identified by internal and external audits are monitored to ensure that they are implemented. The Executive Team monitor these at every meeting following review by the Senior Leadership Team. The Board receives recommendations from the Audit and Risk Committee together with an annual review of the Committee performance.
- A risk register is in place which is managed and reviewed by the Executive Team and monitored by the Audit and Risk Committee and Board.
- Forecasts and budgets are prepared to monitor key financial objectives. Regular management accounts are prepared promptly, providing relevant, reliable and up to date information, with significant variances being investigated as appropriate. Budget holders and the Executive Team monitor these regularly during the year.
- All significant major commitments and new initiatives are subject to formal authorisation through the Executive Team and Board in accordance with the Articles of Association, Financial Regulations, Contract Standing Orders and Scheme of Delegation.
- The Board receives an annual report from External Audit and issues raised are considered and dealt with.
- A full range of insurance, including Fidelity Guarantee, has been put in place to safeguard assets.

**DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**AUDITORS**

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

**HOMES IN SEDGEMOOR LIMITED  
(A COMPANY LIMITED BY GUARANTEE)**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2023**

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This report was approved by the board and signed on its behalf.

**Paul Stephenson**  
Chair

Date:

3rd Floor Bridgwater House  
King Square  
Bridgwater  
Somerset  
TA6 3AR

**HOMES IN SEDGEMOOR LIMITED  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOMES IN SEDGEMOOR LIMITED**

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**OPINION**

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

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**CONCLUSIONS RELATING TO GOING CONCERN**

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

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

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

**OTHER INFORMATION**

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



**HOMES IN SEDGEMOOR LIMITED  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOMES IN SEDGEMOOR LIMITED  
(CONTINUED)**

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

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

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

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

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

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

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

**RESPONSIBILITIES OF DIRECTORS**

As explained more fully in the Directors' Responsibilities Statement set out on page 8, 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOMES IN SEDGEMOOR LIMITED  
(CONTINUED)**

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**AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We have considered the nature of the sector, control environment and financial performance of the entity;
- We have considered the results of enquiries with management in relation to their own identification and assessment of the risk of irregularities within the entity; and
- We have reviewed the documentation of key processes and controls and performed walkthroughs of transactions to confirm that the systems are operating in line with documentation.

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

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

Our procedures to respond to the risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reviewing board meeting minutes;
- Enquiring of management in relation to actual and potential claims or litigations or areas of non-compliance with laws and regulations;
- Performing detailed testing in relation to the recognition of revenue, with a particular focus around year-end cut off;
- Performing a benchmarking summary of the assumptions used by the actuary and comparing to local government pension schemes across various counties and across different actuaries; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgments made in accounting estimates are indicative of potential bias; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business.

**HOMES IN SEDGEMOOR LIMITED  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOMES IN SEDGEMOOR LIMITED  
(CONTINUED)**

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

**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.

Nathan Coughlin FCA (Senior Statutory Auditor)

for and on behalf of

**Bishop Fleming LLP**

Chartered Accountants

Statutory Auditors

2nd Floor Stratus House

Emperor Way

Exeter Business Park

Exeter

EX1 3QS

Date:

**HOMES IN SEDGEMOOR LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2023 £000	2022 £000
Turnover	4	15,508	18,452
Operating expenditure		(17,698)	(19,900)
<b>GROSS LOSS</b>		<b>(2,190)</b>	<b>(1,448)</b>
Administrative expenses		(170)	-
<b>OPERATING LOSS</b>	5	<b>(2,360)</b>	<b>(1,448)</b>
Interest receivable and similar income	8	66	4
Interest payable and expenses	9	(206)	(173)
<b>LOSS BEFORE TAX</b>		<b>(2,500)</b>	<b>(1,617)</b>
Tax on loss	10	(4)	-
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(2,504)</b>	<b>(1,617)</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>			
Pension surplus not recognised		(163)	-
Actuarial gain/(loss) relating to pension scheme		9,783	1,989
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>9,620</b>	<b>1,989</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>7,116</b>	<b>372</b>

There were no recognised gains and losses for 2023 or 2022 other than those included in the statement of comprehensive income.

The notes on pages 21 to 32 form part of these financial statements.

**HOMES IN SEDGEMOOR LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**REGISTERED NUMBER:05596060**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2023**

	Note	2023 £000	2022 £000
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	11	2,334	2,055
Cash at bank and in hand	12	3,267	3,533
		<u>5,601</u>	<u>5,588</u>
Creditors: amounts falling due within one year	13	(3,306)	(2,863)
<b>NET CURRENT ASSETS</b>		<b>2,295</b>	2,725
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,295</b>	2,725
Pension liability		-	(7,546)
<b>NET ASSETS/(LIABILITIES)</b>		<b>2,295</b>	(4,821)
<b>CAPITAL AND RESERVES</b>			
Pension reserve		-	(7,546)
Profit and loss account		2,295	2,725
		<u>2,295</u>	<u>(4,821)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

**Paul Stephenson**

Chair

Date:

The notes on pages 21 to 32 form part of these financial statements.

**HOMES IN SEDGEMOOR LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

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

	Pension reserve	Profit and loss account	Total equity
	£000	£000	£000
At 1 April 2022	(7,546)	2,725	(4,821)
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Loss for the year	-	(2,504)	(2,504)
Actuarial losses on pension scheme	-	(163)	(163)
Actuarial gains in the pension scheme	9,783	-	9,783
Transfer between reserves	(2,237)	2,237	-
<b>AT 31 MARCH 2023</b>	<b>-</b>	<b>2,295</b>	<b>2,295</b>

The notes on pages 21 to 32 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2022**

	Pension reserve	Profit and loss account	Total equity
	£000	£000	£000
At 1 April 2021	(8,580)	3,387	(5,193)
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Loss for the year	-	(1,617)	(1,617)
Actuarial gains in the pension scheme	1,989	-	1,989
Transfer between reserves	(955)	955	-
<b>AT 31 MARCH 2022</b>	<b>(7,546)</b>	<b>2,725</b>	<b>(4,821)</b>

The notes on pages 21 to 32 form part of these financial statements.

**HOMES IN SEDGEMOOR LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

	<b>2023</b>	2022
	<b>£000</b>	£000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the financial year	<b>(2,504)</b>	(1,617)
<b>ADJUSTMENTS FOR:</b>		
Interest received	<b>(66)</b>	(4)
Taxation charge	<b>4</b>	-
(Increase)/decrease in debtors	<b>(254)</b>	787
(Increase)/decrease in amounts owed by groups	<b>(24)</b>	-
Increase/(decrease) in creditors	<b>446</b>	(1,450)
(Decrease)/increase in amounts owed to groups	<b>(8)</b>	-
Increase in net pension assets/liabilities	<b>2,074</b>	955
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>(332)</b>	(1,329)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	<b>66</b>	4
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>66</b>	4
<b>(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(266)</b>	(1,325)
Cash and cash equivalents at beginning of year	<b>3,533</b>	4,858
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	<b>3,267</b>	3,533
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:</b>		
Cash at bank and in hand	<b>3,267</b>	3,533
	<b>3,267</b>	3,533

The notes on pages 21 to 32 form part of these financial statements.

**HOMES IN SEDGEMOOR LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

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**1. LEGAL STATUS**

Homes in Sedgemoor is a private company limited by guarantee with no share capital.

**2. ACCOUNTING POLICIES**

**2.1 BASIS OF ACCOUNTING**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

**2.2 GOING CONCERN**

The Directors believe that preparing the Financial Statements on a going concern basis is appropriate due to the continued financial support of the ultimate parent. The Directors have confirmation that Somerset Council intends to support the company until 31st March 2025 and following enquiries, has reasonable expectation that it will continue to provide housing services on the behalf of Somerset Council for the foreseeable future pending an options review.

**2.3 TURNOVER**

Turnover excludes Value Added Tax (VAT) and represents in the main the invoice value (received and receivable) of goods and services provided during the financial year covered by these Financial Statements. Turnover is recognised when services have been completed. All turnover arises in the United Kingdom.

**2.4 DEBTORS AND CREDITORS**

The Statement of Comprehensive Income and Statement of Financial Position of the company are maintained on an accruals basis. This means that sums due to or from the company during the year are included, whether or not the cash has been received or paid in the year.

**2.5 GRANTS**

Grants are credited to the profit and loss account in the same period as the related expenditure.

**2.6 PROVISIONS FOR LIABILITIES**

The company recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.



**HOMES IN SEDGEMOOR LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

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**2. ACCOUNTING POLICIES (continued)**

**2.7 RETIREMENT BENEFITS- LOCAL GOVERNMENT PENSION SCHEME**

The company participates in the Local Government Pension Scheme which is a defined benefit pension scheme for the benefit of the majority of its employees, the assets of which are held separately from those of the company in independently administered funds.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the company's defined benefit pension schemes expected to arise from employee service in the period is charged to operating surplus. The expected return on the schemes' assets and the increase during the year in the present value of the schemes' liabilities arising from the passage of time are included in operating costs. Actuarial gains and losses are recognised in the consolidated statement of total recognised gains and losses.

Pension schemes' surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of the related deferred tax.

**2.8 TAXATION**

The company has a mutual trading status with Sedgemoor District Council. Corporation tax is not payable on the profits arising from trading with Sedgemoor District Council. Corporation tax is payable on the bank interest received and other income.

**2.9 DEFERRED TAX**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

**3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In preparing these financial statements the directors deem there to be no significant judgment in applying accounting policies or key sources of estimation uncertainty in relation to the following:

Pension asset

The net pension asset of £163,000 has not been recognised on the grounds that it is not directly recoverable as a refund or reduction in contributions. The three year valuation driving the contributions uses different methodology and assumptions.

**HOMES IN SEDGEMOOR LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

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**4. TURNOVER**

An analysis of turnover by class of business is as follows:

	<b>2023</b>	2022
	<b>£000</b>	£000
Housing management and support services	<b>8,803</b>	8,130
Maintenance services for Sedgemoor District Council	<b>6,228</b>	10,017
Other income	<b>477</b>	305
	<b>15,508</b>	18,452

All turnover arose within the United Kingdom.

**5. OPERATING EXPENDITURE**

The operating expenditure is stated after charging:

	<b>2023</b>	2022
	<b>£000</b>	£000
Repairs and maintenance	<b>9,418</b>	13,300
Staff costs	<b>5,320</b>	4,059
Service level agreement charges by the council	<b>1,283</b>	1,287
Housing management	<b>1,530</b>	1,192
Computer software licences	<b>78</b>	49
Fees paid to our auditors - Audit fees	<b>17</b>	13
- Tax services	<b>-</b>	-
	<b>17,646</b>	19,900

**HOMES IN SEDGEMOOR LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

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**6. EMPLOYEES**

Staff costs, including directors' remuneration, were as follows:

	<b>2023</b>	2022
	<b>£000</b>	£000
Wages and salaries	<b>2,699</b>	2,585
Social security costs	<b>279</b>	239
Pension costs	<b>2,342</b>	1,235
	<b>5,320</b>	4,059

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2023</b>	2022
	<b>No.</b>	No.
Executive	<b>1</b>	1
Housing management services	<b>40</b>	36
Property services	<b>18</b>	18
Corporate services	<b>23</b>	23
	<b>82</b>	78

**7. DIRECTORS' REMUNERATION**

Five board members received remuneration of £6,750 (2022: Nil) from the company for acting as Board members during the year. Expenses paid to board members during the year were £824 (2022: £2,194). The aggregate amount of emoluments (excluding pension contributions) paid to or receivable by the executive officers during the year was £120,238 (2022: £109,251).

	<b>2023</b>	2022
	<b>£000</b>	£000
Directors' emoluments	<b>7</b>	-
	<b>7</b>	-

One executive officer is accruing benefits under the defined benefit pension scheme.

**HOMES IN SEDGEMOOR LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

**8. INTEREST RECEIVABLE**

	<b>2023</b>	2022
	<b>£000</b>	£000
Other interest receivable	<b>66</b>	4
	<u>66</u>	<u>4</u>
	<u><u>66</u></u>	<u><u>4</u></u>

**9. INTEREST PAYABLE AND EXPENSES**

	<b>2023</b>	2022
	<b>£000</b>	£000
Interest income on pension scheme assets	<b>373</b>	228
Net interest on net defined benefit liability	<b>(572)</b>	(395)
Pension administration charges	<b>(7)</b>	(6)
	<u>(206)</u>	<u>(173)</u>
	<u><u>(206)</u></u>	<u><u>(173)</u></u>

**10. TAXATION**

	<b>2023</b>	2022
	<b>£000</b>	£000
<b>CORPORATION TAX</b>		
Current tax on profits for the year	<b>4</b>	-
	<u>4</u>	<u>-</u>
	<u><u>4</u></u>	<u><u>-</u></u>
<b>TOTAL CURRENT TAX</b>		
	<b>4</b>	-
	<u>4</u>	<u>-</u>
	<u><u>4</u></u>	<u><u>-</u></u>
<b>DEFERRED TAX</b>		
<b>TOTAL DEFERRED TAX</b>		
	<b>-</b>	-
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>
<b>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</b>		
	<b>4</b>	-
	<u>4</u>	<u>-</u>
	<u><u>4</u></u>	<u><u>-</u></u>

Homes in Sedgemoor has £14,000 (2021: £14,000) of unprovided deferred tax assets relating to losses carried forward. Homes in Sedgemoor has decided not to recognise this because it has minimal foreseeable taxable surpluses in the future.

**HOMES IN SEDGEMOOR LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

**10. TAXATION (CONTINUED)**

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is higher than (2022: lower than) the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained below:

	<b>2023</b>	2022
	<b>£000</b>	£000
Loss on ordinary activities before tax	<b>(2,500)</b>	(1,617)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022: 19%)	<b>(475)</b>	(307)
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>3,368</b>	3,794
Adjustments to tax charge in respect of prior periods	-	(5)
Other timing differences leading to an increase (decrease) in taxation	<b>(4)</b>	7
Non-taxable income	<b>(2,885)</b>	(3,489)
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<b>4</b>	-

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

There were no factors that may affect future tax charges.

**11. DEBTORS**

	<b>2023</b>	2022
	<b>£000</b>	£000
Trade debtors	<b>669</b>	449
Amounts owed by group undertakings	<b>1,544</b>	1,519
Prepayments and accrued income	<b>121</b>	87
	<b>2,334</b>	2,055

**HOMES IN SEDGEMOOR LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

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**12. CASH AND CASH EQUIVALENTS**

	<b>2023</b>	2022
	<b>£000</b>	£000
Cash at bank and in hand	<b>3,267</b>	3,533
	<u><b>3,267</b></u>	<u>3,533</u>
	<u><b>3,267</b></u>	<u>3,533</u>

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2023</b>	2022
	<b>£000</b>	£000
Trade creditors	<b>852</b>	699
Amounts owed to group undertakings	<b>84</b>	91
Corporation tax	<b>4</b>	-
Other taxation and social security	<b>198</b>	154
Accruals and deferred income	<b>2,168</b>	1,919
	<u><b>3,306</b></u>	<u>2,863</u>
	<u><b>3,306</b></u>	<u>2,863</u>

**HOMES IN SEDGEMOOR LIMITED**  
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**14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 MARCH 2023**

	<b>Profit &amp; Loss Reserve £000</b>	<b>Garage Reserve £000</b>	<b>Pension Deficit £000</b>	<b>Total Reserves 2023 £000</b>	<b>Total Reserves 2022 £000</b>
At beginning of year	3,273	(548)	(7,546)	(4,821)	(5,193)
Retained surplus/(loss) for the year	(2,579)	75	-	(2,504)	(1,617)
Transfer of pension element	2,237	-	(2,237)	-	-
Pension surplus not recognised	(163)	-	-	(163)	-
Actuarial profit/(loss) recognised in pension scheme	-	-	9,783	9,783	1,989
<b>At end of year</b>	<b>2,768</b>	<b>(473)</b>	<b>-</b>	<b>2,295</b>	<b>(4,821)</b>

Garage Reserve

In financial year 2018-19 Homes in Sedgemoor (HiS) undertook a programme of works to refurbish dilapidated block garages that it was managing on behalf of Sedgemoor District Council (SDC) with the intention to improve the marketability of the garages and drive an improved rental income stream to SDC. The cost of the works was £901,045 and was initially borne by Homes in Sedgemoor as a distinct "negative" reserve on the Statement of Financial Position. An agreement was struck whereby, if HiS could demonstrate that income from garage rent increased beyond a target set by SDC, the excess would be paid over to HiS on an annual basis until the cost of the works was reimbursed fully. The balance on the garage reserve at the end of 2022-23 was £472,581 - a total reduction of £428,464 through this mechanism.

**15. RELATED PARTY TRANSACTIONS**

Amounts which are due and outstanding to Sedgemoor District Council are set out in Note 11 (Debtors) and Note 13 (Creditors).

Homes in Sedgemoor Limited is a local authority controlled company of Sedgemoor District Council limited by guarantee. The financial statements of Sedgemoor District Council are publicly available on the Council's website ([www.Sedgemoor.gov.uk](http://www.Sedgemoor.gov.uk)). The Council has delegated responsibility for overseeing the management and maintenance of its residential and commercial stock by Homes in Sedgemoor Limited in accordance with the 30 year management agreement effective from 1 April 2021. The Council pays the company a management fee in accordance with that management agreement and any variations are subsequently approved. In 2022/23 the management fee and maintenance work amounted to £15,031,000 (2022: £18,147,000).

Sedgemoor District Council charged Homes in Sedgemoor Limited £1,424,000 (2022: £1,425,000) for the provision of support services which included charges for finance, customer services, post and scanning, information technology, accommodation, payroll, grounds maintenance, valuation, cleaners and a number of other minor services.

Tenant Board Members

Some members of the Board are resident in properties maintained by Homes in Sedgemoor Limited and owned by the parent undertaking, Sedgemoor District Council. These residents have a standard tenancy agreement and are required to fulfil the same obligations and receive the same benefits as other tenants.

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**16. PENSION COMMITMENTS**

The Company operates a Defined Benefit Pension Scheme.

**Contributions**

The employers' contributions to the Local Government Pension Scheme for the year to 31 March 2023 were £474,000 (2022: £435,000).

The agreed employers' contribution rate is 17.8% (2022: 17.8%) of pensionable earnings. The employees' contribution rate is tiered starting at 5.5% for employees below £14,600 and raising to 12.5% for employees earning over £164,200.

A net £1.2m increase in the liability has been recognised as part of the retender of the maintenance services and acceptance of the share of the pension liability relating to the staff previously TUPEd out to the maintenance contractor.

Reconciliation of present value of plan liabilities:

	<b>2023</b>	2022
	<b>£000</b>	£000
<b>RECONCILIATION OF PRESENT VALUE OF PLAN LIABILITIES</b>		
At the beginning of the year	<b>20,105</b>	19,845
Current service cost	<b>1,182</b>	1,217
Interest cost	<b>572</b>	395
Liabilities assumed / (extinguished) on settlements	<b>5,499</b>	-
Employee contributions	<b>163</b>	143
Estimated benefits paid plus unfunded net of transfers in	<b>47</b>	(296)
Experience loss/(gain) on defined benefit obligation	<b>3,906</b>	42
Change in financial assumptions	<b>(12,285)</b>	(1,241)
Change in demographic assumptions	<b>(1,912)</b>	-
<b>AT THE END OF THE YEAR</b>	<b>17,277</b>	20,105



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**16. PENSION COMMITMENTS (CONTINUED)**

Reconciliation of present value of plan assets:

	<b>2023</b>	2022
	<b>£000</b>	£000
At the beginning of the year	<b>12,559</b>	11,265
Interest income	<b>373</b>	228
Other actuarial gains/(losses)	<b>110</b>	-
Actuarial gains/losses	<b>(618)</b>	790
Employee contributions	<b>163</b>	143
Estimated benefits paid plus unfunded net of transfers in	<b>47</b>	(296)
Contributions by employer including unfunded benefits	<b>491</b>	435
Settlement prices received / (paid)	<b>4,322</b>	-
Administration expenses	<b>(7)</b>	(6)
Derecognition of surplus	<b>(163)</b>	-
<b>AT THE END OF THE YEAR</b>	<b>17,277</b>	12,559

Composition of plan assets:

	<b>2023</b>	2022
	<b>£000</b>	£000
Equity	<b>13,008</b>	9,054
Gilts	<b>624</b>	669
Other bonds	<b>1,812</b>	1,251
Property	<b>1,399</b>	1,012
Cash	<b>597</b>	573
<b>TOTAL PLAN ASSETS</b>	<b>17,440</b>	12,559

There is no provision for utilising the assets of a fund under the Local Government Pension Scheme. The above assets as a whole are allocated to participating bodies on a consistent and reasonable basis. The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the year (i.e. as at 1 April 2022 for the year to 31 March 2023). The return on gilts and other bonds is assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property is then assumed to be a margin above gilt yields.

	<b>2023</b>	2022
	<b>£000</b>	£000
Fair value of plan assets	<b>17,277</b>	12,559
Present value of plan liabilities	<b>(17,277)</b>	(20,105)
<b>NET PENSION SCHEME LIABILITY</b>	<b>-</b>	(7,546)

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**16. PENSION COMMITMENTS (CONTINUED)**

The amounts recognised in profit or loss are as follows:

	<b>2023</b>	2022
	<b>£000</b>	£000
Current service cost	<b>(2,359)</b>	(1,217)
Interest on obligation	<b>(572)</b>	(395)
Interest income on plan assets	<b>373</b>	228
Administration charges	<b>(7)</b>	(6)
<b>TOTAL</b>	<b>(2,565)</b>	(1,390)

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	<b>2023</b>	2022
	<b>%</b>	%
Discount rate	<b>4.8</b>	2.60
Future salary increases	<b>3.85</b>	4.20
Future pension increases	<b>2.85</b>	3.20
Proportion of employees opting for early retirement	<b>2.85</b>	3.20
Inflation assumption	<b>2.85</b>	3.20
Mortality rates		
- for a male aged 65 now	<b>21.4</b>	23.1
- at 65 for a male aged 45 now	<b>22.7</b>	24.4
- for a female aged 65 now	<b>23.2</b>	24.7
- at 65 for a female member aged 45 now	<b>24.7</b>	26.1

**17. POST BALANCE SHEET EVENTS**

Due to a Government reorganisation exercise, Sedgemoor District Council ceased to exist from 1st April 2023 as Somerset's five councils have been replaced by a single unitary authority, Somerset Council.

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**18. ULTIMATE CONTROLLING PARTY**

The ultimate parent undertaking and controlling party as at the 31st March 2023 is Sedgemoor District Council. The company is wholly owned by the council.

The consolidated financial statements including the results of Homes in Sedgemoor are available from:

Sedgemoor District Council  
Bridgwater House  
King Square  
Bridgwater  
Somerset  
TA6 3AR