

# South Essex Homes Limited

Report of Director Finance and Corporate Services  
to  
**Shareholder Board**  
On  
**12<sup>th</sup> October, 2022**

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## Draft Audited Accounts as at 31st March, 2022

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### 1 Purpose of Report

- 1.1 To present to the Shareholder the Audited Consolidated Financial Statements for 2021/22.

### 2 Recommendations

The Shareholder Board are requested to:

- 2.1 **Note** the Financial Statements for 2021/22

### 3 Background

- 3.1 Summary Year end Management Accounts

Description	Budget for year £000	Actuals at 31 <sup>st</sup> March £000	Variance £000
Management Fee Income	6,336	<b>6,486</b>	150
Service Charge Income	4,117	<b>3,958</b>	(159)
Careline & Other Income	568	<b>507</b>	(76)
Commercial Income	405	<b>396</b>	(9)
Operating costs & Interest	(11,378)	<b>(11,485)</b>	(107)
<b>Profit / (Loss)</b>	<b>48</b>	<b>(138)</b>	<b>(186)</b>

- 3.2 The above is a headline summary of the year end Management Accounts for South Essex Homes Ltd.
- 3.3 The final position at year end showed a total deficit of £138k. This deficit was expected and arose due to funding from reserves in year of Redundancy payments

following a restructure.

### 3.5 **Statutory Accounts**

The Financial Statements (**Appendix 1**) have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and Recommended Statements of Standard Accounting Practice. They show a deficit of £843k after FRS102 adjustments and consolidation with the accounts of South Essex Property Services Limited.

### 3.6 **Reconciliation between Management Accounts and Statutory Accounts**

A reconciliation between the South Essex Homes Management Accounts and the South Essex Home Group Income and Expenditure Statement is shown below;

	£'000s
Management Accounts	
Deficit as per Management Accounts	138
Rounding Differences	(1)
<b>Surplus as per SEH Company Accounts</b>	<b>137</b>
<b>Profit as per SEPS Company Accounts</b>	<b>187</b>
Consolidation Adjustments	(0)
<b>Surplus as per SEH Group Accounts before Pension Adj</b>	<b>50</b>
FRS102 Staff costs adjustment	(764)
FRS102 Interest Costs	(129)
<b>Deficit as per SEH Group Accounts</b>	<b>(843)</b>

**Note:** FRS 102 is the Financial Reporting Standard No.102: "The Financial Reporting Standard applicable in the UK". This standard requires appropriate adjustments in a company's accounts to reflect potential liabilities arising from the impact of pension fund deficits.

## 4 **Income Statement**

4.1 The Group Income Statement for South Essex Homes Ltd shows a deficit after FRS102 adjustments of £843k. When we disregard the adjustments for FRS102 we come to a net group surplus of £50k. The South Essex Property Services show a surplus of £187k with the South Essex Homes company accounts showing a deficit of £137k.

4.2 It is encouraging to see that the financial position of South Essex Property Services

continues to strengthen.

## **5 Balance Sheet Position**

5.1 Overall, the Balance Sheet shows net members funds of £1,811k after pension liabilities. This position can be further split as below.

Income and Expenditure Reserve	£3,369k
FRS 102 Defined Benefit Pension reserve	(£1,558k)

5.2 The important note here is that the company continues to have a positive Income and Expenditure Reserve which enables the Company to continue to be in a strong financial position. The FRS102 Pension Reserve is a liability that is not likely to crystallise with continued membership and contributions to the pension fund. The liability is calculated by the Actuary and works on a worst-case scenario of increasing liabilities and low performing assets. The letter of support from Southend City Council also allows the Company to have assurance that any potential liability will be guaranteed.

## **6 Diversity and Equal Opportunities**

6.1 There are no direct Equal Opportunities or diversity issues which arise from this report.

## **7 Financial Implications**

7.1 Financial implications have been considered throughout this report.

## **8 Stakeholder Engagement**

8.1 The financial statements are audited by Scrutton Bland and the Audit and Risk committee have the opportunity to discuss the outcomes of the audit privately with the auditors.

8.2 The financial statements are scheduled to be signed off at the Company's next Board meeting. They will also be published on the internet.

## **9 Background Papers**

9.1 None

## **10 Appendices**

10.1 Appendix 1 – Financial statements for the year ended 31<sup>st</sup> March 2022

