

O n w a r d

Contour Property Services Limited

**Annual Report and Financial Statements for the year
ended 31 March 2023**

FCA Registration number 23975R

CONTENTS

Annual Report and Financial Statements

Board and Advisors	2
Strategic Report	3
Directors' Report	5
Independent Auditor's Report to the members of Contour Property Services Limited	9
Statement of Comprehensive Income	13
Statement of Changes in Equity	13
Statement of Financial Position	14
Notes to the Financial Statements	15

BOARD AND ADVISORS

Members of the Board

Bronwen Rapley
Alexander Livingstone
Michael Gerrard
Matthew Saye

Company Secretary

Catherine Farrington

Principal Banker

NatWest Group PLC
1 Hardman Boulevard,
Manchester, M3 3AQ

Principal Solicitors

Devonshires Solicitors LLP
Park House, Park Square West, Leeds, LS1
2PW

Trowers & Hamlins LLP

55 Princess Street, Manchester M2 4EW

External Auditor

BDO LLP

3 Hardman Street, Spinningfields, Manchester,
M3 3AT

Internal Auditor

Beever and Struthers LLP

One Express, 1 George Leigh Street,
Ancoats, Manchester, M4 5DL

STRATEGIC REPORT

Introduction

The Board presents its strategic report, containing the operating and financial review for the year ended 31 March 2023.

Overview and background

Contour Property Services Limited (The “Society”) was established in 2005 as a result of the merger between Moorside Homes and Central Housing Association. Contour Property Services operates across the North West mainly focused within the Greater Manchester conurbation but also delivers services in Merseyside, Cheshire and Lancashire.

The role of the Society is to provide management services to leaseholders and freeholders and the provision of private rent services to other members of Onward Group Limited (“the Group”).

Legal structure

Contour Property Services Limited is a non-charitable Community Benefit Society under the Cooperative and Community Benefit Societies Act 2014. The Society is a wholly owned subsidiary of Onward Group Limited.

Financial review

The Society reports a loss for the year of £10,000 (2022: £63,000 profit). The Society ended the year with cash and cash equivalents of £10.9m (2022: £8.6m).

Operating review

During the year The Society has been subject to challenging economic conditions as a consequence of the ongoing war in Ukraine. Despite this the Board considers the underlying business to be sound and future financial forecasts are positive.

The Society’s aim is to continuously improve its services in areas of work such as; income management, health and safety, customer relations and major investment programmes which it predicts need to be programmed and aligned to the financial resources held in trust available from scheme sinking funds.

Corporate governance

The Society is governed by a Board who delegate day-to-day operational control as appropriate. The Board meets to consider key risks and approve the accounts. As a subsidiary of the Group, the Society delegates responsibilities to five committees:

- Audit and Risk - oversight of audit and risk matters for the Group.
- Finance & Treasury – oversight and scrutiny of Group finance, performance and treasury strategy.
- Property & Development - oversight of portfolio management, landlord compliance and the development programme with some delegations to approve development schemes and land purchases.
- Governance & People – makes recommendations to the Common Board on nomination and remuneration matters.
- Customer – oversight of customer engagement and customer voice.

The committee structure was changed from 1st April 2023 to the structure outlined above. The main changes were;

- The combining of finance, performance and treasury to consolidate all financial matters into one forum,
- The creation of a customer specific committee to put customers at the heart of everything we do,
- The renaming of the Nominations and Remunerations committee to the Governance and People committee
- Property was previously covered by the Finance and Performance committee but now it has been combined with development to form the Property and Development committee

STRATEGIC REPORT (continued)

Value for money

The Society's approach to, and performance on, value for money is set out in the consolidated Group accounts for Onward Group Limited.

Strategic Report

The strategic report including the operating and financial review was approved by the Board on 29th August 2023 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'C Farrington', is centered within a light gray rectangular box.

Catherine Farrington

Company Secretary

Renaissance Court, 2 Christie Way, Didsbury, Manchester M21 7QY

DIRECTORS' REPORT

The Board presents the Contour Property Services Limited Annual Report (the 'Annual Report') and the audited financial statements for the year ended 31 March 2023.

Principal activities

The Society's principal activity is the provision of leaseholder services to private owners and the provision of private rent services to other members of the Group.

Board members and executive directors

The current Board members of the Society (and others who served during the period) are set out on page 2.

The Board members are made up of the executive directors of the Group and have a wide background bringing together professional, commercial and other experiences. No remuneration was paid to the directors on the Board in their capacity as directors of the Society.

Statement of compliance

The Board report and financial statements have been prepared in accordance with applicable reporting standards and legislation.

Health and safety

Health and Safety is an integral part of the proper management of all the undertakings over which the Society has control. The Society promotes safe practices and continuous improvement through a Health and Safety Group, and Regional Health and Safety Forums on which all parts of the group are represented. Contour Property Services is committed to ensuring:

- The health, safety and welfare of all our customers, leaseholders, colleagues, contractors and third parties involved in the operations of the Society.
- The safety of the general public who use or have access to premises or sites under its control.
- The way in which it operates contributes to the wellbeing of the community at large.

As part of ensuring the health and safety of our tenants the Society has spent £1.6m to complete the Quadrant cladding remediation works across 2021/22 and 2022/23. A successful application for government grant was made for the full amount of these works.

Employee involvement

The Board recognises that its employees are its greatest asset and that it cannot achieve its aims and objectives without their involvement and contribution towards running the organisation.

The society communicates and consults with its employees through a variety of structures including regular team briefings, employee emails, newsletters and the colleagues forum.

The Group is committed to developing a culture in which equality and diversity is integral to all of its activities, including the recruitment and development of colleagues. There is a Diversity Strategy in place which aims to achieve an inclusive culture that respects and values differences and eliminates discrimination in all areas.

Corporate social responsibility

The Board is committed to being a socially responsible organisation by managing in a socially responsible way, ensuring adherence to legislation and operating ethically. The Society is actively working with local communities and partners to improve the life chances of customers.

Disclosure of information to auditor

So far as each of the directors of the Society is aware, at the time this report is approved:

- There is no relevant information which the Society's auditor is unaware; and
- The directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Society's auditor is aware of that information.

DIRECTORS' REPORT (continued)

Board members' responsibilities

The Board members are responsible for preparing the report of the Board and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law and social housing legislation require the board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing these financial statements, the Board members are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2019 have been followed, subject to any material departures disclosed and explained in the financial statements and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business

The Board members are responsible for keeping adequate accounting records that are sufficient to show and explain the association's transactions and disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. They are also responsible for safeguarding the assets of the association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the report of the board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2018.

Financial statements are published on the association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the association's website is the responsibility of the board members. The Board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Statement of internal control

The Board acknowledges its ultimate responsibility for ensuring that the Society has in place a system of internal control and risk management that is appropriate to the various business environments in which they operate and for the review of the effectiveness of that system during the year.

The Audit and Risk Committee is responsible to the Onward Board for monitoring this system and reporting on its effectiveness.

Internal controls are designed to identify and manage rather than eliminate risks which may prevent an organisation from achieving its objectives. The system of internal control is designed to manage risk and give reasonable rather than absolute assurance with respect to:

- The achievement of key business objectives and expected outcomes;
- The preparation and reliability of financial and operational information used within the organisation and for publication;
- The maintenance of proper accounting and management records; and
- The safeguarding of assets against unauthorised use or disposition.

Internal assurance activities

The process followed to identify, evaluate and manage significant risks faced by the society is ongoing and has been in place during the past financial year and up to the date of the annual report and financial statements.

DIRECTORS' REPORT (continued)

Internal audit assurance

The Group's in-house internal audit function is used to provide assurance on the operation of the control framework and the management of risk. Internal audit are not responsible for the design and construction of control systems but provide an assessment as to their effectiveness.

The Audit and Risk Committee oversee the work of the internal auditor and review reports issued by them. The committee is responsible for monitoring that actions identified as a result of internal audit findings are implemented in a timely fashion.

The Group worked with Price Waterhouse Coopers (PwC), it's Internal auditors during 2022 – 23, to establish an internal audit plan for 2022 – 23 which is aligned to the strategic risk register. As of 1st April 2023 Beever and Struthers were appointed as the Groups internal auditors.

External audit assurance

The work of the external auditors provides some independent assurance over the adequacy of the internal control environment. The Society receives a management letter from the external auditor which identifies any internal control weaknesses. The Board itself and through the activities of the Audit and Risk Committee has reviewed the outcome of external audit work and the external audit management letter.

Fraud

The Society has a current policy on fraud which includes both fraud prevention and detection. A register of frauds and losses is maintained and is reported to the Audit and Risk Committee.

Review of risk management and governance arrangements

Risk management arrangements should mitigate against risks materialising.

Conclusion

The Board acknowledges that its responsibility applies to the full range of risks and controls across all Society activities and is to ensure that planned remedial and improvement actions agreed were implemented in a timely and comprehensive manner.

The Board has considered the effectiveness of the system of internal control in place in the year ended 31 March 2023. The Board considers that systems of internal control, governance and risk management arrangements are working effectively.

Going concern

The society's business activities, its current financial position (net assets of £972k (2022: £982k) and factors likely to affect its future activity are set out within the Directors' Report. The society made a loss in the current year of £10k (2022: £63k profit). The society is supported by an intra-group loan facility of £900K (2022: £900k) which provides adequate resources to planned operational activities. The society has a long-term business plan which shows that it can service its intra-group loan.

The small loss generated in 2022/23 is primarily due to the impact of recent economic turbulence, higher energy costs, general cost inflation, interest rate increases and uncertainty in the supply chain. However, given the strength of the balance sheet the Board believes that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the society's ability to continue as a going concern. The Board, therefore, consider it appropriate for the accounts to be prepared on a going concern basis.

On this basis, the Board has a reasonable expectation that the Society has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

DIRECTORS' REPORT (continued)

Independent auditor

BDO LLP were appointed as auditors in the year. A resolution to appoint the Group's auditor will be proposed at a forthcoming Board Meeting. BDO LLP have indicated their willingness to continue in office should a resolution concerning their reappointment be agreed by the Board.

The Directors' Report, including the financial statements, was approved by the Board on 29th August 2023 and signed on its behalf by:



Catherine Farrington

Company Secretary

Renaissance Court, 2 Christie Way, Didsbury, Manchester M21 7QY

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONTOUR PROPERTY SERVICES LIMITED

Opinion on the financial statements

In our opinion, the financial statements:

- Give a true and fair view of the state of the Society's affairs as at 31 March 2023 and of the Society's deficit for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

We have audited the financial statements of Contour Property Services Limited ("the Society") for the year ended 31 March 2023 which comprise the Society statement of comprehensive income, the Society statement of financial position, the Society statement of changes in equity and notes to the financial statements, 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Society 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the board members 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 the Society'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 board with respect to going concern are described in the relevant sections of this report.

Other information

The board are responsible for the other information. 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 we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT (continued)

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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative or Community Benefit Societies Act 2014 to report to you if, in our opinion:

- The Society has not kept proper books of account;
- The Society has not maintained a satisfactory system of control over its transactions;
- The financial statements are not in agreement with the Society's books of account; or
- We have not received all the information and explanations we need for our audit.

Responsibilities of the board

As explained more fully in the board members responsibilities statement, the board is 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 board members 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 board are responsible for assessing the Society'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 board either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the society and the industry in which it operates;
- Discussion with management and those charged with governance (including also consider legal counsel, Audit Committee, regulatory compliance manager);
- Obtaining and understanding of the society's policies and procedures regarding compliance with laws and regulations;

We considered the significant laws and regulations to be FRS 102, UK tax legislation, Employment tax act & the VAT act.

INDEPENDENT AUDITOR'S REPORT (continued)

The Society is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be health and safety legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit;
- Review of legal expenditure accounts to understand the nature of expenditure incurred;

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Society's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these;

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls and revenue recognition, in particular the completeness of the other income.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias; and
- Considered recognition of income throughout the year and around the year end cut off period.

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

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

INDEPENDENT AUDITOR'S REPORT (continued)

Use of our report

This report is made solely to the members of the Society, as a body, in accordance with in accordance with the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Society'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 Society and the members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

BDO LLP

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BDO LLP
Statutory Auditor
Manchester, UK

06 September 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

INDEPENDENT AUDITOR'S REPORT

Statement of Comprehensive Income for the year ended 31 March 2023

		2023	2022
	Notes	£'000	£'000
Turnover	3	1,338	1,301
Operating costs	3	(1,313)	(1,468)
Operating surplus/(deficit)		25	(167)
(Loss)/Gain on disposal of other tangible fixed assets		-	184
Interest receivable and similar income		-	-
Interest payable and similar charges	8	(38)	(20)
(Deficit) on ordinary activities before taxation		(13)	(3)
Taxation on (deficit) on ordinary activities	9	3	66
(Deficit)/surplus for the year after taxation		(10)	63
Other comprehensive income		-	-
Other comprehensive income for the year		-	-
Total comprehensive (Loss)/Income for the year		(10)	63

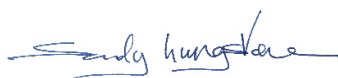
The accompanying notes form part of these financial statements.

Historical cost surpluses and deficits are the same as those shown in the statement of comprehensive income.

The financial statements were approved by the Board on 29th August 2023 and signed on its behalf by:



.....
Mike Gerrard
Director



.....
Alexander Livingstone
Director



.....
Catherine Farrington
Company Secretary

Statement of Changes in Equity

	Notes	Non-equity share capital £'000	Revenue reserves £'000	Total reserves £'000
Balance as at 31 March 2021		-	919	919
Total comprehensive surplus for the period				
Surplus for the year		-	63	63
Balance at 31 March 2022		-	982	982
Total comprehensive loss for the period				
Deficit for the year		-	(10)	(10)
Balance at 31 March 2023		-	972	972

INDEPENDENT AUDITOR'S REPORT (continued)

Statement of Financial Position as at 31 March 2023

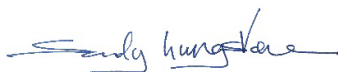
		2023	2022
	Notes	£'000	£'000
Tangible fixed assets			
Investments	10	390	390
Other tangible fixed assets	11	719	722
		1,109	1,112
Current assets			
Debtors due after one year		-	-
Debtors due within one year	12	1,667	1,217
Cash and cash equivalents		10,899	8,628
		12,566	9,845
Creditors: amounts falling due within one year	13	(4,322)	(1,426)
Net current assets		8,244	8,419
Total assets less current liabilities			
		9,353	9,531
Creditors: amounts falling due after one year	14	(8,381)	(8,549)
		(8,381)	(8,549)
Total net assets		972	982
Capital and reserves			
Non-equity share capital	15	-	-
Revenue reserves		972	982
Total capital and reserves		972	982

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board on 29th August 2023 and signed on its behalf by:



.....
Mike Gerrard
Director



.....
Alexander Livingstone
Director



.....
Catherine Farrington
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS

1. Legal status

Contour Property Services Limited is a non-charitable Registered Society under the Cooperative and Community Benefit Societies Act 2014. It is registered with the Financial Conduct Authority, registration number of 23975R. The registered office is Renaissance Court, 2 Christie Way, Didsbury, Manchester M21 7QY.

Contour Property Services Limited is a trading subsidiary of Onward Group Limited, a non-charitable Registered Society under the Cooperative and Community Benefit Societies Act 2014. It is registered with the Financial Conduct Authority, registration number of 31216R.

2. Accounting policies

a) Basis of accounting

The financial statements of the society are prepared in accordance with Financial Reporting Standard 102 – the applicable financial reporting standard in the UK and Republic of Ireland (FRS 102) and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers Update 2018 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

The financial statements are presented in sterling (£) and have been rounded to the nearest £1,000 unless stated otherwise.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The society has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- The requirements of Section 7 Statement of Cash Flows;
- The requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- The requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- The requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- The requirements of Section 33 Related Party Disclosures paragraph 33.8;
- The requirements of section 33 Key Management Personnel Compensation 33.6.

This information is included in the consolidated financial statements of Onward Group Limited as at 31 March 2023 and these statements may be obtained from Renaissance Court, 2 Christie Way, Didsbury, Manchester, M21 7QY.

b) Measurement convention

The financial statements are prepared on the historical cost basis.

c) Going concern

The society's business activities, its current financial position net assets of £972k (2022: £982k) and factors likely to affect its future activity are set out within the Directors' Report. The society made a loss in the current year of £10k (2022: £63k profit). The profits in the prior year were due to the sale of two caretakers' flats. The society is supported by an intra-group loan agreement of £900k (2022: £900k) which provides adequate resources to planned operational activities. The society has a long-term business plan which shows that it can service its intra-group loan.

NOTES TO THE FINANCIAL STATEMENTS (continued)

c) Going concern (continued)

The small loss generated in 2022/23 is primarily due to the impact of recent economic turbulence, higher energy costs, general cost inflation, interest rate increases and uncertainty in the supply chain. However, given the strength of the balance sheet the Board believes that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the society's ability to continue as a going concern. The Board, therefore, consider it appropriate for the accounts to be prepared on a going concern basis.

On this basis, the Board has a reasonable expectation that the society has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

d) Judgement and estimates

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

The following judgements, estimates and assumptions have had the most significant effect in amounts recognised in the financial statements.

Basic financial instruments: The assessment of certain loans and interest rate fixes as basic financial instruments requires judgement. Such instruments have been reviewed in detail and have been assessed as basic because key clauses indicate that funders will not suffer a loss on breakage.

e) Basic financial instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised historic cost model. These include bank loans.

Contour Property Services does not have any financial instruments which fall into the non-basic financial instrument category.

Customer arrears, trade and other debtors

Customer arrears, trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Trade and other creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand and form an integral part of the society's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

NOTES TO THE FINANCIAL STATEMENTS (continued)

e) Basic financial instruments (continued)

Leasehold Sinking Funds

Sinking funds are monies held on behalf of leaseholders for future major repairs; in line with the requirements of the SORP they are recorded in creditors in the balance sheet and the monies are held in separate bank accounts. The balances are presented as liabilities due after more than one year unless the repair work has been contracted for as the society controls the timing of the expenditure.

f) Turnover

Turnover comprises of management income receivable in the year and other services included at the invoices value (excluding VAT) of goods and services supplied in the year. Other income is recognised as receivable on the delivery of services provided.

g) Interest

Interest payable and similar charges include interest payable and finance charges on liabilities recognised in the statement of comprehensive income using the effective interest method and unwinding of the discount on provisions. Other interest receivable and similar income includes interest receivable on funds invested.

h) Taxation

The tax charge for the year is based on the profit for the year end and includes current tax on any taxable profits for the year and deferred taxation.

Current tax is the expected tax payable or receivable on the taxable income or deficit for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

i) Value added tax

Contour Property Services is part of the Onward Group Limited VAT Group which is VAT registered. However, a large proportion of the Group's income, rents and service charges are exempt from VAT giving rise to a partial exemption calculation. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

j) Investments

Investments in shared equity arrangements are stated at cost as concessionary loans. They are subsequently updated to reflect any impairment loss which would be recognised in the statement of comprehensive income and any accrued interest payable or receivable. At the present time there is no interest charge and the loans are repayable at the time the property is disposed of by the owner. Security is in the form of a second legal charge over the property.

k) Other tangible fixed assets

Depreciation is provided on a straight line basis on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are as follows:

Land and buildings	50 years
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NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Turnover, cost of sales, operating costs and operating deficit

	2023			
	Turnover	Cost of sales	Operating costs	Operating deficit
	£'000	£'000	£'000	£'000
Non-social housing activities				
Management services	1,338	-	(1,313)	25
Total	1,338	-	(1,313)	25

	2022			
	Turnover	Cost of sales	Operating costs	Operating deficit
	£'000	£'000	£'000	£'000
Non-social housing activities				
Management services	1,301	-	(1,468)	(167)
Total	1,301	-	(1,468)	(167)

All turnover relates solely to the principal activities and is all generated from activities in the United Kingdom.

4. Accommodation owned, managed and under development

	2023 Number	2022 Number
The number of properties in management at the year-end were:		
Accommodation managed for other bodies / owner occupiers	4,089	4,236
Total homes managed	4,089	4,236

5. Operating loss

Operating loss is stated after charging:

	2023 £'000	2022 £'000
Amortisation of intangible assets	-	-
Depreciation of other fixed assets (note 11)	3	6
Auditor's remuneration (excluding VAT): In their capacity as auditors	8	6

Audit fees and fees to the auditors for other services were paid by Onward Group Limited in the year and recharged via group charges to all subsidiaries.

6. Board members

No remuneration was paid to the directors on the Board in their capacity as directors of the Association.

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Employee information

All colleagues working for the Society are employed by and all salary costs relating to these colleagues are paid by Onward Homes Limited. The Society repays Onward Homes Limited through a management charge which also covers time spent carrying out Contour Property Services work by other staff on joint contracts. Total employee costs recharged to Contour Property Services from Onward Homes Limited amounts to £487,606 (2022: £519,800).

8. Interest payable and similar charges

	2023 £'000	2022 £'000
Intra-group loan interest	38	20
	38	20

9. Taxation

	2023 £'000	2022 £'000
UK corporation tax		
Current tax charge for the year	-	-
Adjustment in respect of previous years	-	1
	-	1
Deferred tax		
Origination and reversal of timing differences	(3)	(28)
Adjustment in respect of previous years	-	(1)
Effect of tax change on opening balance	-	(38)
	-	(67)
Total tax charge/(credit) on ordinary activities	(3)	(66)

All amounts of taxation are recognised in the statement of comprehensive income.

Factors affecting the tax charge for the period

The current rate of tax for the year is the same as the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained below:

	2023 £'000	2022 £'000
(Deficit) on ordinary activities before taxation	(13)	(3)
Current tax at standard corporation tax rate	(3)	(1)
Fixed asset differences	-	(34)
Expenses not deductible for tax purposes	1	-
Income not taxable for tax purposes	-	-
Chargeable gains	-	13
Adjustments in respect of prior periods	-	1
Adjustments in respect of prior periods – deferred tax	-	(1)
Tax rate differences on deferred tax	(1)	(44)
Total tax charge on surplus on ordinary activities	(3)	(66)

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Taxation (continued)

As of 31 March 2023, the main rate of corporation tax in the UK was 19%. This will rise to 25% with effect from 1 April 2023, which was substantively enacted in the Finance Bill 2021 on 10 June 2021.

Deferred taxation

The movement in the year is as follows:

	2023 £'000	2022 £'000
Net tax (asset) at start of the year	(187)	(119)
Difference between accumulated depreciation and capital allowances	-	-
Fixed asset timing differences	1	(1)
Unused tax losses	-	-
Other short term timing differences	(4)	(67)
Net tax (asset) at end of the year	(190)	(187)

10. Investments

	Shared equity investment £'000	Total £'000
Shared equity investment	390	390
	390	390

11. Other tangible fixed assets

	Freehold land and buildings £'000	Total £'000
Cost		
At 1 April 2022	760	760
Additions	-	-
Disposals	-	-
At 31 March 2023	760	760
Depreciation		
At 1 April 2022	(38)	(38)
Charge for the year	(3)	(3)
Disposals	-	-
At 31 March 2023	(41)	(41)
Net book value		
At 1 April 2022	722	722
At 31 March 2023	719	719

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Debtors

	2023 £'000	2022 £'000
Amounts falling due within one year:		
Trade debtors	110	55
Other taxation and social security	154	-
Amounts owed by leasehold	713	833
Prepayments and sundry debtors	500	142
Deferred tax	190	187
	1,667	1,217

13. Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Loans from related parties	68	29
Accruals and deferred income	213	51
Amounts owed to related parties	4,041	1,345
Corporation tax	-	1
	4,322	1,426

Amounts owed to related parties are repayable on demand. No interest is charged on these balances.

14. Creditors: amounts falling due after one year

	2023 £'000	2022 £'000
Loans from related parties	900	900
Amounts owed to leaseholders*	7,481	7,649
	8,381	8,549

*This balance represents cash from leaseholders used to fund works to leasehold properties.

Intercompany loans are repayable in July 2023 with interest charges of 3.25% per annum.

15. Non-equity share capital

	2023 £	2022 £
Shares of £1 each fully paid and issued:		
At start of the year	5	5
At end of the year	5	5

The Society's shares are not transferable or redeemable. Payments of dividends or other benefits are forbidden by the Society's rules and by the Housing Association Acts.

16. Capital commitments

There were no capital commitments as at 31 March 2023 (2022: £ Nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Contingent liabilities

There were no contingent liabilities as at 31 March 2023 (2022: £ Nil).

18. Ultimate parent company and parent company of larger group

The society's immediate and ultimate parent company is Onward Group Limited (31216R) a non-charitable Registered Society under the Cooperative and Community Benefit Societies Act 2014. This is the smallest and largest group of undertakings for which consolidated financial statements are prepared. Copies of the consolidated financial statements can be obtained from its registered office: Renaissance Court, 2 Christie Way, Didsbury, Manchester M21 7QY

19. Post balance sheet events

There were no significant post balance sheet events requiring adjustment to the financial statements.