

Onward

Contour Property Services Limited

**Annual Report and Financial Statements for the year
ended 31 March 2021**

FCA Registration number 23975R

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BOARD AND ADVISORS

Members of the Board

Bronwen Rapley

Alexander Livingstone

Michael Gerrard

Matthew Saye (appointed April 2021)

Company Secretary

Catherine Farrington

Victoria Parr (Deputy)

Principal Banker

NatWest PLC

33 Piccadilly, Manchester, M1 1LR

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

PricewaterhouseCoopers LLP

1 Hardman Square, Manchester, M3 3EB

STRATEGIC REPORT

Introduction

The Board presents its strategic report, containing the operating and financial review for the year ended 31 March 2021.

Overview and background

Contour Property Services (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 £218,000 (2020: £321,000 loss). Turnover increased by 9.8% to £1,238,000 while costs decreased by 5.2%.

The Society ended the year with cash and cash equivalents of £7.7m (2020: £8.7m).

Operating review

This year's deficit related primarily to overspend on redundancy costs associated with team restructures and operational overspend on additional mailing to tenants. 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

Strategic report

The strategic report including the operating and financial review was approved by the Board on 13th September 2021 and signed on its behalf by:



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 2021.

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

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 company.

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, staff, 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 committed to spend of c.£1.5m towards the Quadrant cladding remediation works in 2021/22 and 2022/23. An application for government grant has been made for the full amount of these works.

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 and Performance – oversight and scrutiny of Group finance and performance
- Nominations and Remunerations – makes recommendations to the relevant Boards on nomination and remuneration matters
- Development - oversight of the Group's development programme
- Treasury - reviews funding and treasury matters and makes recommendations to the relevant Boards.

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, colleagues' forum and trade union meetings (consultation through the recognised trade union body, the JNCC).

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.

DIRECTORS' REPORT (continued)

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' responsibilities

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently
- make judgements 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 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.

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
- the safeguarding of assets against unauthorised use or disposition

DIRECTORS' REPORT (continued)

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.

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.

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 2020. 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 £0.92m (2020: £1.14m) 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 £218k (2020: £321k loss) primarily due to overspend on redundancy costs associated with team restructures and operational overspend on additional mailing to tenants. The society is supported by an intra-group loan agreement of £0.9m (2020: £0.9m) 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 COVID-19 pandemic has continued to impact service delivery resulting in what we hope will be a short-term operational impact.

Most of the 2020/21 year has seen the society operate under some form of Government restrictions because of the COVID-19 outbreak. Any long-term impact of Covid-19 and the government's response are unknown and outside of our control, but we have put in place processes to manage cashflow on a weekly basis and review financial stability as matters progress.

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.

DIRECTORS' REPORT (continued)

On this basis, the Board has a reasonable expectation that the company 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.

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 13th September 2021 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 Company's affairs as at 31 March 2021 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.

We have audited the financial statements of Contour Property Services Limited ("the Company") for the year ended 31 March 2021 which comprise the The Statement of Comprehensive Income, the Statement of Financial Position, the 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 are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 directors 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 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.

INDEPENDENT AUDITOR'S REPORT (continued)

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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.

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 and 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 Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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:

Based on our understanding and accumulated knowledge of the Company and the sector in which it operates we considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

These included but were not limited to those that relate to the form and content of the financial statements, such as the accounting policies, the financial reporting framework, the UK Companies Act 2006 and those that relate to the payment of employees. All team members were briefed to ensure they were aware of any relevant regulations in relation to their work.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries, management bias in accounting estimates and improper revenue recognition associated with year-end cut-off. Our audit procedures included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to accrued income, provision for bad and doubtful debts and valuation and completeness of accruals and other provisions;
- Identifying and testing of unusual manual journal entries
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

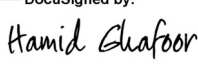
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, 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 is available on the Financial Reporting Council's website at:

<https://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.

DocuSigned by:

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Hamid Ghafoor (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Manchester

23 September 2021

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

FINANCIAL STATEMENTS

Statement of Comprehensive Income for the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
Turnover	3	1,238	1,127
Cost of sales	3	-	-
Operating costs	3	(1,461)	(1,541)
Operating (deficit)	5	(223)	(414)
Interest receivable and similar income		-	-
Interest payable and similar charges	8	(10)	-
Deficit on ordinary activities before taxation		(233)	(414)
Taxation on surplus on ordinary activities	9	15	93
Deficit for the year after taxation		(218)	(321)
Other comprehensive loss		-	-
Other comprehensive (loss) for the year		-	-
Total comprehensive (loss) for the year		(218)	(321)

The accompanying notes form part of these financial statements.

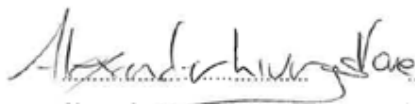
Historical cost surpluses and deficits are the same as those shown in the statement of comprehensive income.

There are no recognised gains or losses for the current or preceding financial years other than as stated in the statement of comprehensive income above. Accordingly, a statement of other comprehensive income has not been presented.

The financial statements were approved by the Board on 13th September 2021 and signed on its behalf by:



Bronwen Rapley
Director



Alexander Livingstone
Director



Catherine Farrington |
Company Secretary

FINANCIAL STATEMENTS

Statement of Changes in Equity

	Notes	Non-equity share capital £'000	Revenue reserves £'000	Total reserves £'000
Balance as at 31 March 2019		-	1,458	1,458
Total comprehensive income for the period				
Deficit for the year		-	(321)	(321)
Balance at 31 March 2020		-	1,137	1,137
Total comprehensive income for the period				
Deficit for the year		-	(218)	(218)
Balance at 31 March 2021	18	-	919	919

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS

Statement of Financial Position

as at 31 March 2021

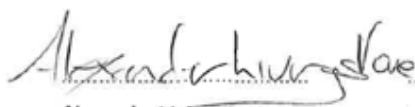
	Notes	2021 £'000	2020 £'000
Tangible fixed assets			
Investments	10	390	390
Other tangible fixed assets	11	783	788
		1,173	1,178
Current assets			
Debtors due within one year	12	1,009	1,701
Cash and cash equivalents		7,844	8,709
		8,853	10,410
Creditors: amounts falling due within one year	13	(1,057)	(3,367)
Net current assets		7,796	7,043
Total assets less current liabilities		8,969	8,221
Creditors: amounts falling due after one year	14	(8,050)	(7,084)
		(8,050)	(7,084)
Total net assets		919	1,137
Capital and reserves			
Non-equity share capital	16	-	-
Revenue reserves	17	919	1,137
Total capital and reserves		919	1,137

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board on 13th September 2021 and signed on its behalf by:



Bronwen Rapley
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 2019.

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

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 2021 and these statements may be obtained from Renaissance Court, 2 Christie Way, Didsbury, Manchester, M21 7QY

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

The society's business activities, its current financial position net assets of £0.92m (2020: £1.14m) 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 £218k (2020: £321k loss) primarily due to overspend on redundancy costs associated with team restructures and operational overspend on additional mailing to tenants. The society is supported by an intra-group loan agreement of £0.9m (2020: £0.9m) 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 COVID-19 pandemic has continued to impact service delivery resulting in what we hope will be a short-term operational impact.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Accounting policies (cont'd)

Going concern (cont)

Most of the 2020/21 year has seen the society operate under some form of Government restrictions because of the COVID-19 outbreak. The society continues to deliver only the essential operational services within these Government guidelines operating safe systems of work. Any long-term impact of COVID-19 and the government's response are unknown and outside of our control, but we have put in place processes to manage cashflow on a weekly basis and review financial stability as matters progress.

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 company 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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Accounting policies (cont'd)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. 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.

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.

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.

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 have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

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.

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.

Other tangible fixed assets

Other tangible fixed assets include those assets with an individual value in excess of £10,000.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

		2021		
	Turnover	Cost of sales	Operating costs	Operating surplus
Non-social housing activities				
Management services	1,238	-	(1,461)	(223)
Total	1,238	-	(1,461)	(223)

		2020		
	Turnover	Cost of sales	Operating costs	Operating deficit
Non-social housing activities				
Management services	1,127	-	(1,541)	(414)
Total	1,127	-	(1,541)	(414)

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

	2021	2020
	Number	Number
The number of properties in management at the year-end were:		
Accommodation managed for other bodies / owner occupiers	3,979	3,979
Total homes managed	3,979	3,979

5. Operating surplus

Operating surplus is stated after charging:

	2021	2020
	£'000	£'000
Amortisation of intangible assets	-	79
Depreciation of other fixed assets	5	5
Auditor's remuneration (excluding VAT):		
In their capacity as auditors	-	-
In respect of other services	-	-

Audit fees and fees to the auditors for other services were paid by Onward Group Limited in the year.

6. Board members

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

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 £643,000 (2020: £594,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Interest Payable

	2021 £'000	2020 £'000
Intra-group loan interest	10	-
	10	-

9. Taxation

	2021 £'000	2020 £'000
UK corporation tax		
Current tax charge for the year	-	-
Adjustment in respect of previous years	-	-
	-	-
Deferred tax		
Origination and reversal of timing differences	(43)	(92)
Adjustment in respect of previous years	28	-
Effect of tax change on opening balance	-	(1)
	(15)	(93)
Total tax charge on deficit on ordinary activities	(15)	(93)

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

The current rate of tax for the year is the same as the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £'000	2020 £'000
(Deficit) on ordinary activities before taxation	(233)	(414)
Current tax at standard corporation tax rate	(44)	(79)
Expenses not deductible for tax purposes	-	-
Fixed asset differences	1	(13)
Income not taxable for tax purposes	-	-
Adjustments in respect of prior periods	28	-
Losses utilised	-	-
Tax rate differences on deferred tax	-	(1)
Deferred tax timing differences	-	-
Total tax charge on deficit on ordinary activities	(15)	(93)

As of 31 March 2021, the main rate of corporation tax in the UK was 19%. This was due to fall to 17% on 01 April 2020 but a change to keep the rate at 19% was announced in the Budget in March 2020 and substantively enacted on 17 March 2020. In the 2021 Budget, it was announced that the main rate of corporation tax will increase from the current rate of 19% to 25% from 01 April 2023, which was substantively enacted in the Finance Bill 2021 on 10 June 2021.

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Taxation (cont'd)

Deferred taxation

The movement in the year is as follows:

	2021 £'000	2020 £'000
Net tax (asset) / liability at start of the year	(104)	(11)
Difference between accumulated depreciation and capital allowances	-	(27)
Ove / (under) provided	29	-
Unused tax losses	-	-
Other short-term timing differences	(44)	(66)
Net tax (asset) / liability at end of the year	(119)	(104)

In addition to the deferred tax asset above, the society has additional unrecognised gross tax losses of £nil (2020: £nil) in respect of losses carried forward, short term timing differences and accelerated capital allowances.

10. Investments

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

11. Other tangible fixed assets

	Freehold land and buildings £'000	Total £'000
Cost		
At 1 April 2020	861	861
At 31 March 2021	861	861
Depreciation		
At 1 April 2020	(73)	(73)
Charge for the year	(5)	(5)
At 31 March 2021	(78)	(78)
Net book value		
At 1 April 2020	788	788
At 31 March 2021	783	783

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Debtors

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Trade debtors	21	926
Amounts owed by related parties	-	8
Amounts owed by leaseholders	616	417
Prepayments and sundry debtors	253	246
Deferred tax	119	104
	1,009	1,701

13. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Loans from related parties	10	-
Accruals and deferred income	159	441
Amounts owed to leaseholders	-	289
Amounts owed to related parties	888	2,637
	1,057	3,367

14. Creditors: amounts falling due after one year

	2021 £'000	2020 £'000
Loans from related parties	900	-
Amounts owed to leaseholders*	7,150	7,084
	8,050	7,084

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

15. Financial instruments

The carrying amounts of the financial assets and liabilities include:	2021 £'000	2020 £'000
Trade and other debtors measured at amortised cost	1,009	1,701
Trade and other creditors measured at amortised cost	(8,197)	(10,451)
Cash and cash equivalents measured at amortised cost	7,844	8,709
Loans payable measured at amortised cost	(910)	-
	(254)	(41)

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Non-equity share capital

	2021 £	2020 £
Shares of £1 each fully paid and issued:		
At start of the year	5	1
At end of the year	5	1

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.

17. Revenue reserves

	2021 £'000	2020 £'000
At start of year as previously reported	1,137	1,458
(Deficit) for the year	(218)	(321)
At end of the year	919	1,137

18. Capital commitments

There were no capital commitments as at 31 March 2021 (2020: £Nil)

19. Contingent liabilities

There were no contingent liabilities as at 31 March 2021 (2020: £ Nil)

20. Ultimate parent company and parent company of larger group

The society's immediate and ultimate parent company is Onward Group Limited 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.

21. Post balance sheet events

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