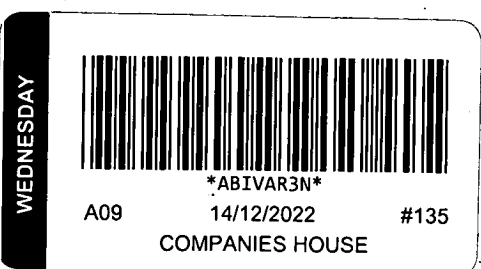


SANCTUARY MANAGEMENT SERVICES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022
Company Number: 4230906



Sanctuary Management Services Limited

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Sanctuary Management Services Limited

Directors and advisors at the date of approval of the financial statements

Directors

Sarah Clarke-Kuehn
Hilary Gardner
Ed Lunt
Craig Moule
Samuel McMillan

Company Secretary

Nicole Seymour

Independent statutory auditor

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Internal auditor

PricewaterhouseCoopers LLP
One Chamberlain Square
Birmingham
B3 3AX

Banker

Barclays Bank PLC
Barclays Corporate
Social Housing Team
Level 27
1 Churchill Place
London
E14 5HP

Legal advisor

Gowling WLG LLP
Two Snowhill
Birmingham
B4 6WR

Registered office

Chamber Court
Castle Street
Worcester
WR1 3ZQ

Registered number

Company Number: 4230906

Sanctuary Management Services Limited**Strategic report for the year ended 31 March 2022****Principal activities**

The principal activity of Sanctuary Management Services Limited (the Company) is the provision of tenancy and broader facilities management services in the NHS, further education and private finance initiative markets.

The Company's ultimate parent undertaking is Sanctuary Housing Association and the Company forms part of the Sanctuary Group of entities (the Group).

Review of business and future developments

The results of the Company for the year ended 31 March 2022 are set out on page 12. The Company made a profit for the year of £211,000 (2021: a loss of £625,000).

West Park Conference Centre was unable to re-open during the year and remains closed for business due to the reduction of discretionary expenditure and cut back on training and travel spend. Management are currently exploring options for future use of the site.

West Park has moved away from the Conference Centre business to focus on the summer accommodation market. Outside of West Park, the Company receives ongoing facilities management income for a keyworker accommodation site in Truro and also administration income for the management of the lifecycle works programme on behalf of Dundee Student Villages.

Key performance indicators

The performance of the Company is assessed alongside the rest of the Sanctuary Student business as part of the Group. There are therefore no key performance indicators specific to the Company on which management assess performance.

Statement of internal control

The Directors are ultimately responsible for ensuring that the Company maintains a system of internal control that is appropriate to the various business environments in which it operates. Internal control systems are designed to meet the particular needs of the Company and the risks to which it is exposed. The controls by their nature can provide reasonable but not absolute assurance against material misstatement or loss.

The Directors have established procedures to provide internal control and there are clear lines of responsibility for the establishment and maintenance of the procedures through designated senior executives. These controls are designed to give reasonable assurance with respect to:

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

Sanctuary Management Services Limited**Strategic report for the year ended 31 March 2022 continued****Statement of internal control continued**

Major business risks are identified through a system of continuous monitoring. The financial control framework includes the following key features:

- the Directors are directly responsible for strategic risk management;
- the adoption of formal policies and procedures including documentation of key systems and rules relating to a delegation of authorities which allows the monitoring of controls and restricts the unauthorised use of the Company's assets;
- experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures ensure standards of performance are maintained;
- executives monitor the key business risks and financial objectives allowing the Company to progress towards its financial plans set for the year and the medium term. Regular management accounts are prepared promptly providing relevant, reliable and up-to-date financial and other information including significant variances from budgets and forecasts which are investigated as necessary;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures; and
- the Group Audit and Risk Committee reviews reports from management and PricewaterhouseCoopers LLP (internal auditor) to provide reasonable assurance that control procedures are in place and are being followed. The Group Audit and Risk Committee receives an annual report on internal controls from the Executive Committee. The Group Audit and Risk Committee make regular reports to the Group Board and relevant points are communicated to the Company. The Company follows formal procedures for ensuring appropriate actions are taken to correct weaknesses identified from these reports.

The Group Audit and Risk Committee met PricewaterhouseCoopers LLP, the internal auditor, and KPMG LLP, the statutory auditor, to discuss their work throughout the year.

Arrangements for managing the risk of fraud

The Company has robust arrangements in place for managing the risks of fraud. These include:

- prevention – the Company seeks to generate a strong anti-fraud culture supported by appropriate controls over operational and employment systems;
- detection – the Company has implemented comprehensive systems and procedures to detect evidence of fraud and to facilitate and encourage the reporting of fraud;
- investigation – the Company follows a comprehensive Company policy on fraud investigation and reporting; and
- insurance – the Company has appropriate insurance cover in place to mitigate the potential financial losses associated with fraud.

By order of the Board

DocuSigned by:

Hilary Gardner

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Hilary Gardner
Director

1 December 2022

Sanctuary Management Services Limited**Directors' report for the year ended 31 March 2022**

The Directors present their annual report and audited financial statements of Sanctuary Management Services Limited (the Company) for the year ended 31 March 2022.

Directors

The Directors of the Company who have served during the year and to the date of signing the financial statements unless otherwise stated were as follows:

Simon Clark	(resigned 25 May 2022)
Sarah Clarke-Kuehn	(appointed 25 May 2022)
Hilary Gardner	(Chairperson)
Ed Lunt	
Samuel McMillan	(appointed 21 September 2021)
Craig Moule	
Alan West	(resigned 21 September 2021)

Company Secretary

Nicole Seymour

Employee involvement

It is Group policy to involve all employees in matters affecting their functions. At a formal level this takes place through the Staff Council where management consult with elected staff representatives. At an operational level a team briefing system is in place to keep all employees updated on core Group business issues.

This year the Group launched its People Strategy which shows our ambition as a Company to create a positive, inclusive culture and to be recognised as an employer of choice. At the heart of the strategy is creating an environment where our people and Society can thrive, and the strategy describes some of the actions we are taking to help create an inclusive culture through our behaviour and ways we work.

Working in conjunction with our equality, diversity and inclusion commitments, the strategy will drive our Company forward and has four key priorities to measure our progress – Advance, Invest, Engage and Grow.

Wellbeing and connection are an integral part of our work to ensure an engaged, motivated and high performing workforce. Ensuring staff feel their wellbeing is supported helps them flourish in their roles.

Inclusion for All

The Group aims to be a diverse and inclusive Company, where our people thrive and respond to the needs of our customers with fairness and empathy. Our Equality, Diversity and Inclusion Strategy, Inclusion for All, outlines our commitment to embedding an inclusive environment for colleagues and customers by 2024.

The Group has made great progress against the strategy in the last 12 months. Three new employee networks have been launched – The Parent Network, PRISM LGBTQ+ Network and Race Equality Network – led by staff with lived experience of diversity, and we have established a group of Equality, Diversity and Inclusion Leaders in each business operation. We have also launched a new diversity and inclusion e-learning training package to help educate staff, and have developed and are delivering a calendar of staff inclusion events and communications including Black History Month, International Day of Persons with Disabilities and International Women's Day. We will continue to hold ourselves accountable for the change we want to see in our business as part of our diversity and inclusion journey.

Sanctuary Management Services Limited

Directors' report for the year ended 31 March 2022 continued

Political and charitable donations

The Company made no donations to political or charitable organisations (2021: £nil).

Going concern

The Directors confirm that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company also has the continued support of its ultimate parent, Sanctuary Housing Association, who has provided a letter of support to the Company to confirm that it intends to provide financial and other support as required for a period of at least 12 months from the date of these financial statements. Accordingly, the Company continues to adopt the going concern basis in its financial statements. Further details are given in note 1.

Statement of Directors' responsibilities in respect of the Strategic Report, Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Disclosure of information to auditor

In the case of each Director in office at the date the Directors' report is approved:

- (a) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (b) they 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 Company's auditor is aware of that information.

Sanctuary Management Services Limited

Directors' report for the year ended 31 March 2022 continued

Independent auditor

KPMG LLP has indicated its willingness to continue in office and a resolution concerning the appointment of the auditor will be proposed at the next Annual General Meeting.

By order of the Board.

DocuSigned by:

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Hilary Gardner
Director

1 December 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANCTUARY MANAGEMENT SERVICES LIMITED

Opinion

We have audited the financial statements of Sanctuary Management Services Limited (the Company) for the year ended 31 March 2022 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANCTUARY MANAGEMENT SERVICES LIMITED CONTINUED

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors, internal audit and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company does not operate in an industry that would create an inherent revenue risk, the revenue transactions do not contain estimates, there is no history of significant or a high number of audit misstatements in relation to revenue and management is not incentivised on revenue directly.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors (as required by auditing standards) and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANCTUARY MANAGEMENT SERVICES LIMITED CONTINUED

Fraud and breaches of laws and regulations – ability to detect continued

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Directors' report

The Directors are responsible for the Directors' Report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Directors' Report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5 and 6, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANCTUARY MANAGEMENT SERVICES LIMITED CONTINUED

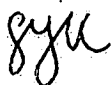
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

The purpose of our audit work and to whom we owe our responsibilities

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.



Sarah Tannock-Kitchen (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

One Snowhill

Snow Hill Queensway

Birmingham

B4 6GH

Date: 5 December 2022

Sanctuary Management Services Limited**Profit and Loss Account for the year ended 31 March 2022**

	Notes	2022 £'000	2021 £'000
Revenue		5,271	5,261
Operating expenditure	2	<u>(5,060)</u>	<u>(5,886)</u>
Operating profit/(loss)		<u>211</u>	<u>(625)</u>
Profit/(loss) before taxation		211	(625)
Taxation	5	<u>-</u>	<u>-</u>
Profit/(loss) for the financial year		<u>211</u>	<u>(625)</u>

The results for the current and prior years relate wholly to continuing activities.

There is no material difference between the result before taxation and the result stated above and their historical cost equivalents.

There are no recognised gains and losses other than those included in the Profit and Loss Account above.

The notes on pages 15 to 19 form part of these financial statements.

Sanctuary Management Services Limited**Balance Sheet as at 31 March 2022**

	Notes	2022 £'000	2021 £'000
Current assets			
Debtors	6	311	495
Cash at bank and in hand		332	112
		<u>643</u>	<u>607</u>
Creditors : amounts falling due within one year	7	<u>(472)</u>	<u>(553)</u>
Net current assets		171	54
Total assets less current liabilities		171	54
Provision for liabilities and charges	8	(585)	(679)
Net liabilities		(414)	(625)
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account		(414)	(625)
Shareholders' deficit		(414)	(625)

The notes on pages 15 to 19 form part of these financial statements.

The financial statements on pages 12 to 19 were approved and authorised by the Board of Directors on 1 December 2022 and signed on its behalf by:

DocuSigned by:
Hilary Gardner
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Hilary Gardner
Director

Sanctuary Management Services Limited**Statement of Changes in Equity as at 31 March 2022**

	Share capital £'000	Profit and Loss Account £'000	Total £'000
At 1 April 2020	-	-	-
Loss for the financial year	-	(625)	(625)
Total comprehensive income	-	(625)	(625)
At 31 March 2021	-	(625)	(625)
At 1 April 2021	-	(625)	(625)
Profit for the financial year	-	211	211
Total comprehensive income	-	(414)	(414)
At 31 March 2022	-	(414)	(414)

The notes on pages 15 to 19 form part of these financial statements.

Sanctuary Management Services Limited**Notes to the financial statements for the year ended 31 March 2022****1. Principal accounting policies**

Sanctuary Management Services Limited is a Company incorporated and domiciled in the UK.

The financial statements are presented in pounds sterling, which is the Company's functional currency. Unless otherwise stated, amounts are denominated in thousands (£'000) rounded to the nearest thousand.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards (IFRS) but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Sanctuary Housing Association, includes the Company in its consolidated financial statements. The consolidated financial statements of Sanctuary Housing Association are prepared in accordance with IFRS and are available to the public and may be obtained from Sanctuary Housing Association, Chamber Court, Castle Street, Worcester WR1 3ZQ.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- disclosures in respect of transactions with wholly owned subsidiaries;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of Key Management Personnel;
- disclosures of transactions with a management entity that provides key management personnel services to the Company; and
- certain disclosures required by IFRS 15.

As the consolidated financial statements of Sanctuary Housing Association include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

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

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

The Company's principal activities, together with factors likely to affect its future performance, are set out on page 3.

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

Sanctuary Management Services Limited**Notes to the financial statements for the year ended 31 March 2022 continued****1. Principal accounting policies continued****Going concern continued**

The Directors have prepared a going concern assessment, based on consideration of cash flow forecasts, for a period of at least 12 months from the date of approval of these financial statements (the going concern assessment period), taking account of a number of plausible downside scenarios. In forming their view the Directors have taken into consideration that Sanctuary Housing Association, the Company's ultimate parent, has provided a letter of support to the Directors of the Company to confirm that it intends, should the need arise, to provide financial and/or other support to the Company, including, if required, not seeking repayment of amounts currently made available (note 7 - £12,000 at 31 March 2022 (2021: £11,000)), for the period covered by the forecasts. Based on these considerations it has been concluded that the Company will have sufficient funds to meet its liabilities as they fall due for the period of assessment.

As with any Company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have therefore prepared the financial statements on a going concern basis.

Employee benefits*Defined contribution plans*

For the defined contribution arrangements, the cost charged to the Profit and Loss Account represents the Company's accrued contributions to the scheme in the period in which they fall due.

Note 8 contains further information.

Revenue

Revenue for the year represents income receivable from facilities management contracts (net of VAT) and services performed for other Group entities. Customers consume the benefits of performance simultaneously with the Company performing and so all revenue is recognised over time.

Value Added Tax (VAT)

The majority of the Company's turnover generated from facilities management contracts is subject to VAT. Revenue generated from works performed for other Group entities is exempt from VAT. Revenue and costs are stated excluding any recoverable VAT.

Corporation tax

Tax on the profit or loss for the year comprises current tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Provisions for liabilities and charges

A provision is recognised in the Balance Sheet when the Company has a present legal or constructive obligation as a result of a past event; that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions, by their nature, have a degree of uncertainty over the timing or amount of the future expenditure required in settlement. Management determines the level of obligation by considering the range of possible outcomes and estimating the probable financial effect of settlement using judgement based on past experience.

Sanctuary Management Services Limited**Notes to the financial statements for the year ended 31 March 2022 continued****1. Principal accounting policies continued****Provisions for liabilities and charges continued**

Estimates of the level of obligation have been adjusted to reflect the probable impact of Covid-19 on future operations. Details of the provisions held within the Company are included in note 7.

2. Auditor's remuneration

Included in operating expenditure are the following:

	2022 £'000	2021 £'000
Auditor's remuneration – audit services	<u>1</u>	<u>1</u>

No non-audit services were provided to the Company during the year or prior year. Auditor's remuneration is borne by the parent and is not recharged.

3. Staff numbers and costs

The average monthly number of persons employed by the Company (including Directors) during the year expressed in full time equivalents, analysed by category, was as follows:

	Number of employees 2022	2021
Site based staff	92	96
Office based staff	93	106
	<u>185</u>	<u>202</u>

The aggregate payroll costs of these persons were as follows:

	2022 £'000	2021 £'000
Wages and salaries	4,742	5,083
Social security costs	381	402
Contributions to pension scheme	189	206
	<u>5,312</u>	<u>5,691</u>

4. Directors' remuneration

All of the Directors receive salaries in their capacity as employees of the ultimate parent undertaking, Sanctuary Housing Association. Consequently, any expenses payable are also borne by the ultimate parent undertaking as they are incidental to their services provided to other Sanctuary Group companies. Expenses borne by the ultimate parent undertaking in respect of the Directors are negligible.

5. Tax on profit

(a) Analysis of tax charge in year:

	2022 £'000	2021 £'000
Current tax:		
UK corporation tax on profits of the year	<u>-</u>	<u>-</u>

Sanctuary Management Services Limited**Notes to the financial statements for the year ended 31 March 2022 continued****5. Tax on profit continued****(b) Factors affecting the tax charge in year:**

The tax charge for the year is less than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £'000	2021 £'000
Profit/(loss) before taxation	211	(625)
Profit multiplied by the main rate of corporation tax in the UK of 19% (2021: 19%)	40	(119)
Surrendered for Group relief for nil consideration	-	95
Deferred tax asset not recognised	-	24
Brought forward losses utilised	(28)	-
Group relief claimed for nil consideration	(12)	-
	<u>-</u>	<u>-</u>

(c) Factors affecting future tax charge

The Finance Act 2021 was substantively enacted on 24 May 2021. Following enactment, the rate of corporation tax will remain at 19 per cent for 2022/2023 but will increase to a main rate of 25 per cent for profits over £250,000 from April 2023. Companies with profits below £50,000 will be subject to a small profits rate of 19 per cent, while profits between £50,000 and £250,000 will be subject to corporation tax at the main rate reduced by a marginal relief, providing a gradual increase in the effective corporation tax rate.

6. Debtors

	2022 £'000	2021 £'000
Trade debtors	122	157
Other debtors and prepayments	23	20
Amounts owed by group undertakings	166	318
	<u>311</u>	<u>495</u>

All of the amounts disclosed as owed by group undertakings are trading in nature, repayable on demand and do not incur interest.

Sanctuary Management Services Limited**Notes to the financial statements for the year ended 31 March 2022 continued****7. Creditors: amounts falling due within one year**

	2022 £'000	2021 £'000
Trade creditors	11	12
Amounts owed to group undertakings	12	11
Other creditors	213	181
Accruals and deferred income	236	349
	<u>472</u>	<u>553</u>

Amounts owed to group undertakings are trading in nature, repayable on demand and do not incur interest.

8. Provisions

	2022 £'000	2021 £'000
Onerous Contract	<u>585</u>	<u>679</u>

The Company holds a provision of £585,000 (2021: £679,000) regarding one of its non-cancellable management contracts. The provision reflects potential future trading losses over the remaining five year life of the contract, due to competitive market conditions, new entrants to the market and the residual impact of Covid-19 on operations.

9. Employee benefits*Defined contribution scheme*

The Company participates in a defined contribution scheme for members of staff. Contributions by the employer to the defined contribution scheme during the year amounted to £nil (2021: £10,000). At 31 March 2022, an amount of £nil (2021: £nil) is included within creditors, being accrued contributions.

10. Share capital

	2022 £	2021 £
Authorised, allotted, issued and fully paid: 2 (2021: 2) ordinary shares of £1 each	<u>2</u>	<u>2</u>

All share capital is classified as part of shareholders' funds.

11. Ultimate parent Company

The ultimate parent undertaking and controlling party is Sanctuary Housing Association being the largest group to consolidate these financial statements, registered in England as a Registered Society (Number 19059R) and with the Regulator of Social Housing (Number L0247). A copy of the Group financial statements can be obtained from Sanctuary Housing Association, Chamber Court, Castle Street, Worcester, WR1 3ZQ.

12. Post balance sheet events

There are no post balance sheet events to report.