Registered number: 08847846

LODDON HOMES LIMITED

DIRECTORS REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

COMPANY INFORMATION

Directors	D Cash D Hunter M Ryatt (appointed 16 March 2022) R D Webber S Conway (appointed 23 June 2022) C R Jones (appointed 23 June 2022) N Kovaleva (appointed 1 April 2022)
Company secretary	E-J Brewerton
Registered number	08847846
Registered office	Council Offices Shute End Wokingham Berkshire RG40 1BN
Independent auditors	Haslers Chartered Accountants & Statutory Auditor Old Station Road Loughton Essex IG10 4PL

CONTENTS

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2022

The directors present their report and the financial statements for the year ended 31 March 2022.

Principal activity

The company's principal activity is the provision of affordable and social residential rental accommodation for the people of Wokingham Borough.

Business review

Loddon Homes is a For-Profit Registered Provider (FPRP) regulated by the Regulator of Social Housing (the regulator), which was registered in June 2016, providing both social and affordable rented housing as well as shared ownership housing.

Loddon Homes sits within a wider group of housing companies (Wokingham Housing Group) that deliver housing products and services to create an income stream through developing and managing different types of housing in the Borough.

Loddon Homes works closely with Wokingham Borough Councils (WBC) Housing Service and their Commercial Property Service who provide housing management & maintenance services and lead on the development of all new homes.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Business Performance

Despite the impact of Covid and wider challenges Loddon Homes has performed well with shared ownership sales and therefore will build on this strength and success.

Value for Money

It is important that Loddon Homes provides 'Value for Money' through its strategic plan and services.

The grid below provides the 'Value for Money' performance against indicators provided in line with the Regulator of Social Housing Guidance.

Value for money metrics Loddon Homes	**2021/22**	**2020/21**
1. Reinvestment %	29.70%	24.20%
2a. New supply delivered (social housing)	44.90%	14.80%
2b. New supply delivered (non-social housing)	0.00%	0.00%
3. Gearing %	36.70%	54.60%
4. EBITDA MRI Cover %	165.40%	62.80%
5. Headline social housing cost per unit	£5,603	£5,647
6a. Operating margin (social housing) %	-13.20%	2.80%
6b. Operating margin (overall) %	16.90%	9.40%
7. Return on capital employed (ROCE) %	2.06%	0.48%

Comments

Metric 1 - Reinvestment: Spend increased from 2020/21
Metric 2a - New supply delivered (social): 23 new homes completed in 2021/22 compared to 13 in 2020/21
Metric 2b - New supply delivered (non-social): None were completed
Metric 3 - Gearing %: Reduction in borrowings
Metric 4 - EBITDA (MRI): The net operating surplus increased due to Shared Owner Ship sales
Metric 5 - Headline social housing costs per unit: The cost per unit decreased in 2021/22 and compares favourably with other local RP partners
Metric 6a - Operating margin (SHL) %: The Operating Margin from Social Housing Lettings decreased during 2021/22
Metric 6b - Operating margin (Overall) %: The overall operating margin increased in 2021/22
Metric 7 - Return on capital employed (ROCE): Value of assets increased in 2021/22 as well as the operating surplus

In respect of the 2020/21 figures, these have been revised to be in line with government guidance.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Loddon Homes has undertaken a comparison of these VFM metrics against the other partner Registered Providers in the area who are significantly larger that Loddon Homes.

Value for money comparisons	Loddon Homes	Loddon Homes	Thames Valley	Sovereign Housing	Catalyst Housing	Silva Homes Ltd	RSH Median
CPU Year	2021/22	2020/21	2019/20	2020/21	2020/21	2020/21	2020/21
Total social housing units owned and/or managed at end of period	158	88	46,455	55,618	28,215	6,643	2,788,083
1. Reinvestment %	29.7%	24.2%	3.9%	4.2%	4.6%	6.2%	5.8%
2a. New supply delivered (social housing)	44.9%	14.8%	1.5%	1.9%	0.9%	1.5%	1.3%
2b. New supply delivered (non-social housing)	0.00%	0.00%	0.04%	0.00%	0.16%	0.03%	0.00%
3. Gearing %	36.7%	54.6%	40.0%	46.1%	41.3%	37.7%	43.9%
4. EBITDA MRI Cover %	165.4%	62.8%	119.3%	218.9%	124.2%	238.9%	183.0%
5. Headline social housing cost per unit	£5,603	£5,647	£4,882	£3,423	£4,586	£4,145	£3,730
6a. Operating margin (social housing) %	-13.2%	2.8%	31.5%	34.2%	29.7%	33.2%	26.3%
6b. Operating margin (overall) %	16.9%	9.4%	24.3%	30.1%	18.3%	32.3%	23.9%
8. Return on capital employed (ROCE) %	2.06%	0.48%	3.0%	3.2%	2.0%	3.2%	3.3%

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Key Performance Indicators

The Board also regularly review a range of key performance indicators which include.

Indicator	Target 2021/22	March 2022	March 2021	March 2020	March 2019
% Rent collected	98%	98%	102 13%	102 37%	100 48%
Rent arrears as % of rent roll	1 6%	0 69% (£4 372)	2 26% (£13 349)	1 69%	2 5%
Average number days to relet property (General Needs)	21	19 3	58 4	22*	No relets
Average number days to relet property (Supported Housing)	28	101	167	66	165
% Repairs completed on first visit	100%	96%	98 0%	96 9%	99 5%
% Emergency repairs completed within target	95%	100%	100%	100%	100%
% All repairs completed within target	98%	100%	98 0%	98 8%	98%
Number reported ASB incidents	N/A	6	1	1	5

*One property only

Loddon Homes has improvement of relet times specifically in supported living. There has been 300% improvement on general needs housing and a 60% improvement for supported living. As of January 22 the number of days to relet supported housing property had reduced to 28 days

Directors

The directors who served during the year were:

D Cash
D Hunter
M Ryatt (appointed 16 March 2022)
R D Webber
S N Bailey (resigned 1 April 2022)
U K Clark (resigned 10 May 2021)
L T H Ferris (resigned 18 July 2021)
N Jorgensen (appointed 21 July 2021, resigned 9 June 2022)
L Newton (resigned 31 March 2022)
S Younis (appointed 21 July 2021, resigned 9 June 2022)

Strategy and Values

Loddon Homes was set up to provide affordable and social residential rental accommodation and low-cost home ownership homes for the people of Wokingham Borough. It currently has a portfolio of 160 housing units consisting of supported housing, shared ownership and social & affordable rents. Customer satisfaction levels are at 91% due to the high-quality design and construction standard.

Loddon Homes' values are as follows:

• We are **Accessible** to our customers

• We are an organisation with **Integrity** who treats our customers fairly

• We strive to be **Efficient** in our service offering and designs

• We are **Collaborative**, working closely with partners and customers

• We deliver **Quality** services, whilst expecting quality services and products from our contractors

Environmental Impact

Loddon Homes has a longstanding programme of property repairs and maintenance to ensure we provide high quality, safe and energy efficient homes that is in line with the government Green Agenda. All homes are built to a high specification and standard to ensure they are energy efficient. The organisation has instructed a full stock condition survey of all properties to take place in the coming year, this will enable us to build an effective long term maintenance programme whilst reviewing the existing condition of our properties.

• 100% of dwellings compliant with the Decent Homes Standard

Health & safety compliance remains a major focus for the Board and the organisation as a whole. At the end of March 2022 performance was as follows:

• 100% in-date LGSR certificates

• 100% in-date Fire Risk Assessments

• 100% in-date Water Risk Assessments

• 100% in-date Asbestos Containing Material Surveys

• 100% in-date Electrical Installation Condition Reports

• 100% in date Lift Safety Inspections

In line with the Council's declaration of a climate emergency and the draft policies in the Local Plan Update it is anticipated that all new homes developed for Loddon Homes will be carbon neutral or as close to carbon neutral as possible. Loddon Homes is also investigating opportunities for using modern methods of construction where appropriate including off-site pre-fabrication. Loddon Homes has commissioned a full review of employers requirements, creating clear guidance and specification for future construction of our properties.

This work together with our maintenance programme provides energy efficient homes for our residents not just making them healthy and warm but also reducing fuel poverty and their impact on the wider environment:

• Average SAP rating for our dwellings remained at 0.84. 99.4% of homes with an EPC rating of C or higher

• No homes with an EPC rating of E or lower

Social Impact

Loddon Homes focus remains on the provision of affordable homes to rent and to buy that meet the identified needs within Wokingham Borough and will work with WBC to reduce homelessness and fight fuel poverty.

Business Environment

The post pandemic period has been a time of uncertainty and further turbulence. Whilst Loddon Homes has worked to overcome this challenge it now also faces the significant impact of Brexit, the Ukrainian war, high inflation, fuel poverty and the rising cost of living coupled with increased construction and labour costs. There is also a shortage of labour in Adult Social Care and construction. These factors have hampered the recovery of a very fragile economy. These challenges are presenting huge risk for the sector and needs careful consideration.

Demand for housing remains high and Loddon Homes will continue to seek opportunity to grow to meet the needs of the local community by working closely with WBC.

In the first half of the financial year Loddon Homes worked with Wokingham Housing and Wokingham Borough Council on the delivery of the first phase of the Gorse Ride Regeneration at Arnett Avenue. Although delayed as a result of Covid-19 we accepted a phased handover from June to October 21 of 43 new houses and flats for social rent and shared ownership. The exceptional quality of these homes was evident in the almost immediate sale within the same financial year of 19 of the 20 shared ownership flats

2021 was our first venture into the Section 106 market with the successful establishment of two new contracting relationships, one with Persimmon to deliver 20 new homes for specialist physical and learning development needs as well as mental health conditions. The second was with local developer Hicks Development for the provision of four, high quality, shared ownership homes delivered within the financial year.

The expansion of our portfolio of properties also extended to the successful bid submission for four Next Steps Accommodation Programme properties with Homes England. These four properties were purchased on the open market and refurbished to meet the requirements of incoming residents. This project delivered in partnership with the Two Saints Charity ended a collective of 100 years rough sleeping for the individuals housed.

Governance

Loddon Homes is 100% owned by WBC (Holdings) Limited. The ultimate parent of the Company is Wokingham Borough Council.

The Board of Directors are responsible for the overall strategy and policies of the Company. This is work which is delegated to the Managing Director who converts this to operational target for her team. The Board of Directors is supported by the Audit and Risk Committee (ARC) who are responsible for managing all business risks including compliance and internal audits.

Stakeholder Engagement

Loddon Homes' business model identifies its primary stakeholders as, communities containing Loddon Homes dwellings, contractors and suppliers, employees, the Regulator of Social Housing (RSH), residents in Loddon Homes dwellings and WBC. When making key decisions the Board considers the impact on each stakeholder. Such decisions include:

• Approval of significant new policies

• Changes to the Business Strategy

• Investment decisions

• Restructurings

Residents play a particularly important part in setting the service agenda for Loddon Homes and holding us to account. At the end of the financial year Loddon Homes launched a recruitment campaign for a new resident board member, one of our shared owners was successfully appointed ready for FY22. The appointment of a new Service Improvement Officer has enabled Loddon Homes to increase its reach and engagement opportunities with residents. Our bi-annual residents survey ensured that feedback was obtained regarding all core consumer standard metrics.

The skills of staff are critical in delivering the wide range of work necessary to keep the organisation performing to a high level. Loddon Homes has a small number of direct employees supported SLAs with specific WBC departments. Loddon Homes works in partnership with a range of suppliers and contractors to deliver specific services for which in-house provision would be uneconomic. These contracts are pro-actively managed to ensure value for money with jointly agreed performance and cost targets. In return Loddon Homes has adopted an ethical set of supply chain and payment practices.

Risk Management

The Audit and Risk Committee (ARC) meet regularly to monitor all risks and place them on the risk register. These risks include:

• Recovery from the COVID-19 Pandemic

• Impact of Fuel Poverty and Inflation

• Implementation of new Regulatory Consumer Standards

• Disaster recovery and Business Continuity

• Failure to secure strong, fully resourced service from WBC for finance and IT services

• Interest rates higher than expected for borrowing

• Compliance – Fire Strategy

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Summary

Loddon Homes is a small 'for profit' RP that is performing well despite the challenges of its working environment. It has key strengths that has helped it gain a good financial position to develop it further to create long term sustainability and financial viability. It will continue to work closely with WBC to support the council to meet the needs of the community to provide good quality affordable homes.

Disclosure of information to auditors

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

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

Small companies' exemption note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006. The directors have also taken advantage of the small companies exemption under section 414B in relation to the preparation of a strategic report.

Auditors

The auditors, Haslers, will be considered for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27 September 2022 and signed on its behalf.

C R Jones
Director

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2022

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

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 International Financial Reporting Standards (IFRS) as adopted by the UK.

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 the 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 they have been prepared in accordance with IFRS as adopted by the UK, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LODDON HOMES LIMITED

Opinion

We have audited the financial statements of Loddon Homes Limited for the year ended 31 March 2022 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies set out on pages 22 - 29. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom.

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 IFRSs as adopted by the United Kingdom; 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. responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. 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. responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the 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 Directors' Report.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 310, 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.

Auditors' responsibilities for the audit of the financial statements

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

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

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

• had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, Housing SORP 2018, Accounting Direction 2019 and tax legislation etc; and

• do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We obtained an understanding of the nature of the company's business and its control environment, and enquired of management about their own identification and assessment of the risks of irregularities and any instances of actual or potential non-compliance.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing this risk we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

• reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

• performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

• reading minutes of meetings of those charged with governance.

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LODDON HOMES LIMITED (CONTINUED)

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. 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 auditors' 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.

Christina Georgiou (Senior Statutory Auditor)

for and on behalf of
Haslers

Chartered Accountants
Statutory Auditor

Old Station Road
Loughton
Essex
IG10 4PL

27 September 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £	*2021 £*
Revenue	6	4,572,034	*1,384,859*
Cost of sales		(2,490,840)	*(454,702)*
Gross profit		2,081,194	*930,157*
Administrative expenses	7,8	(1,436,299)	*(799,976)*
Profit from operations		644,895	*130,181*
Finance income	11	-	*1*
Finance expense	11	(287,612)	*(126,526)*
Profit before tax		357,283	*3,656*
Tax expense	13	(239,637)	*(216)*
Profit for the year		117,646	*3,440*
Total comprehensive income		117,646	*3,440*

The notes on pages 22 to 48 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Note	2022 £	*2021 £*
Assets			
Non-current assets			
Property, plant and equipment	14	31,046,859	*25,005,882*
Trade and other receivables	15	1,511,650	*1,092,150*
Deferred tax assets	13	3,296	*3,142*
		32,561,805	*26,101,174*
Current assets			
Trade and other receivables	15	574,534	*1,824,857*
Cash and cash equivalents	25	3,862,984	*1,492,437*
		4,437,518	*3,317,294*
Assets in disposal groups classified as held for sale	19	567,354	*2,568,785*
Total assets		37,566,677	*31,987,253*
Liabilities			
Non-current liabilities			
Trade and other liabilities	16	31,658,765	*27,420,856*
Loans and borrowings	17	147,820	*159,095*
		31,806,585	*27,579,951*
Current liabilities			
Trade and other liabilities	16	6,333,370	*5,098,560*
Loans and borrowings	17	11,275	*10,942*
		6,344,645	*5,109,502*
Total liabilities		38,151,230	*32,689,453*
Net liabilities		(584,553)	*(702,200)*

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2022

	Note	2022 £	*2021 £*
Issued capital and reserves	21		
Share capital	20	1	*1*
Retained earnings		(584,554)	*(702,201)*
TOTAL EQUITY		(584,553)	*(702,200)*

The financial statements on pages 15 to 48 were approved and authorised for issue by the board of directors on 27 September 2022 and were signed on its behalf by:

C R Jones
Director

The notes on pages 22 to 48 form part of these financial statements.

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

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 April 2021	1	(702,200)	(702,199)
Comprehensive income for the year			
Profit for the year	-	117,646	117,646
Total comprehensive income for the year	-	117,646	117,646
At 31 March 2022	1	(584,554)	(584,553)

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 April 2020	1	(705,640)	(705,639)
Comprehensive income for the year			
Profit for the year	-	3,440	3,440
Total comprehensive income for the year	-	3,440	3,440
At 31 March 2021	1	(702,200)	(702,199)

The notes on pages 22 to 48 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	Note	**2022** £	*2021* £
Cash flows from operating activities			
Profit for the year		117,646	*3,440*
Adjustments for			
Depreciation of property, plant and equipment	14	434,868	*314,782*
Amortisation of grants received		(298,724)	*(247,379)*
Finance income	11	-	*(1)*
Finance expense	11	287,612	*126,526*
Loss on sale of property, plant and equipment		127,929	*-*
Income tax expense	13	237,430	*(216)*
		906,761	*197,152*
Movements in working capital:			
Decrease/(increase) in trade and other receivables		1,250,324	*(86,996)*
Increase in trade and other payables		513,499	*59,774*
Cash generated from operations		2,670,584	*169,930*
Net cash from operating activities		2,670,584	*169,930*
Cash flows from investing activities			
Purchases of property, plant and equipment		(4,471,343)	*(5,485,871)*
Sale of property, plant and equipment		155,000	*-*
Interest received		-	*1*
Net cash used in investing activities		(4,316,343)	*(5,485,870)*

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £	2021 £
Cash flows from financing activities			
(Repayments of)/Proceeds from borrowings		(2,643,303)	*5,151,447*
Proceeds from grants		6,688,870	*513,750*
Payments of lease creditors		(15,892)	*(10,596)*
Interest paid		(13,369)	*(5,307)*
Net cash from financing activities		4,016,306	*5,649,294*
Net cash increase in cash and cash equivalents		2,370,547	*333,354*
Cash and cash equivalents at the beginning of year		1,492,437	*1,159,083*
Cash and cash equivalents at the end of the year	25	3,862,984	*1,492,437*

The notes on pages 22 to 48 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

1. Reporting entity

Loddon Homes Limited (the 'Company') is a limited company incorporated in England and Wales. The Company's registered office is at Council Offices, Shute End, Wokingham, Berkshire, RG40 1BN. The Company's principal activity is the provision of affordable and social residential rental accommodation for the people of Wokingham Borough.

2. Basis of preparation

These financial statements have been prepared in accordance with UK adopted International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) and, where it does not conflict with the IFRSs, the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and company with the Accounting Direction for Private Registered Providers of Social Housing 2019.

The company is a private limited company and is wholly owned subsidiary of Wokingham Borough Council which is required to prepare accounts in accordance with IFRS adapted for the UK public sector by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom Guidance Notes for Practitioners 2021/22 (the Code). Where possible the Company has selected accounting policies consistent with the Code, however where there is a conflict with the Code, UK adopted IFRs and IFIC interpretations have been followed.

Details of the Company's accounting policies are included in note 3.

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas where judgements and estimates have been made in preparing the financial statements and their effects are disclosed in note 5.

2.1 Basis of measurement

The financial statements have been prepared on the historical cost basis.

2.2 Changes in accounting policies

i) New standards, interpretations and amendments effective from 1 April 2021

There have been no new standards, interpretations or amendments which became effective from 1 April 2021 which have had an impact on these financial statements.

2. Basis of preparation (continued)

ii) New standards, interpretations and amendments not yet effective

The following standards and interpretations to published standards are not yet effective:

New standard, interpretation or amendment	Mandatory effective date (period beginning)
Deferred Tax related to Assets and Liabilities arising from a Single Transaction	
Amendments to IAS 12	1 January 2023
Definition of Accounting Estimates Amendments to IAS 8	1 January 2023
Disclosure of Accounting Policies Amendments to IAS 1	
and IFRS Practice Statement 2	1 January 2023

The directors anticipate that the adoption of these Standards, interpretations and amendments in future periods are unlikely to have a material impact on the results and net assets of the Company.

3. Accounting policies

3.1 Going concern

The Company's financial statements have been prepared on the going concern basis which assumes an ability to continue operating for the foreseeable future. The Company has a development plan of new residential development that supports a profitable business plan.

3. Accounting policies (continued)

3.2 Revenue & expenditure

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Activity is accounted for in the year that it takes place and when a right to consideration exists, not simply when cash payments are made or received. In particular:

a) Income

- Fees, charges and rents due from customers are accounted for as income at the date the Company provides the relevant goods or services;

- Revenue is measured at fair value of the consideration received or receivable and recognised when prescribed conditions are met, which depend on the nature of the revenue.

- Where revenue has been recognised by cash has not been received, a debtor for the relevant amount is recorded in the Statement of Financial Position. Where it is doubtful that debts will be

settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected;

- Where payments are received in advance of a service being provided a receipt in advance is recognised as a creditor in the Statement of Financial Position;

- Income in credited to the relevant revenue account, unless it properly represents capital receipts.

b) Expenditure

- Supplies and services are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as prepayments in the Statement of Financial Position;

- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the Statement of Financial Position;

- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;

- Where expenditure has been recognised by cash has not been paid, a creditor for the relevant amount is recorded in the Statement of Financial Position;

- Where payments are made in advance of a service being received a payment in advance is recognised as a debtor in the Statement of Financial Position.

- Expenditure is debited to the relevant expense account, unless it properly represents capital expenditure.

3. Accounting policies (continued)

3.3 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;

The lease liability is included in the 'Loans and borrowings' line in the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Property, Plant and Equipment' and 'Investment Property' lines, as applicable, in the Statement of Financial Position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 3.8.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

3. Accounting policies (continued)

3.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.5 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Social Housing Grants (SHG)

Where developments have been financed wholly or partly by social housing or other grants, the amount of the grant received has been included as deferred income and recognised in revenue over the estimated useful life of the associated asset structure, under the accruals model. Social Housing Grants received for items of non-capital cost are written off in the Statement of Comprehensive Income and included in revenue.

Social Housing Grants must be recycled by the Company under certain conditions, if a property is sold or if another relevant event takes place. In these cases, the Social Housing Grants can be used for projects approved by the original awarding authority and the Homes and Communities Agency. If a grant is not recycled or repair, any unammortised grant is recognised as Revenue or under certain circumstances, may be repayable to the awarding authority

3. Accounting policies (continued)

3.6 Employee benefits

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

3.7 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. Accounting policies (continued)

3.8 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Shared ownership properties

The costs of low cost home ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche is accounted for as the current asset and the sales proceeds shown in Revenue. The remaining element of the shared ownership property is accounted for as a fixed asset and subsequent sales treated as a fixed asset disposal.

Improvements to properties

The company capitalises expenditure on housing properties which adds to the value of the property and extends its useful life. Improvements to property that relate to existing assets and that are separately identifiable are also capitalised but under a category separate from the property.

Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following range:

Unadopted Infrastructure	50 years
Structure	100 years
Roof	55 years
Windows & Doors	35 years
Kitchen	20 years
Bathroom	30 years
Heating Boiler	15 years
Other Heating	20 years
Electrics	30 years
Renewable Energy Assets	20 years
Communal	20 years

3. Accounting policies (continued)

3.9 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease (see note 3.8).

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase (see note 3.8).

3. Accounting policies (continued)

3.10 Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.11 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

3.12 Financial liabilities and equity instruments

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

4. Functional and presentation currency

These financial statements are presented in pounds sterling, which is the Company's functional currency. All amounts have been rounded to the nearest pound, unless otherwise indicated.

5. Accounting estimates and judgements

5.1 Judgement

The preparation of the financial statements require management, using their judgement, to make adjustments, estimates and assumptions that affect the amounts reported in the financial statements. There were no critical judgements made in the Financial Statements.

5.2 Estimates and assumptions

The Statement of Accounts contains estimated figures that are based on assumptions made by Directors about the future or that are otherwise uncertain. Estimates are made taking into accounts historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

There are no items in Loddon Homes Limited's Statement of Financial Position at 31 March 2022 for which there is a significant material adjustment in the forthcoming financial year.

Property, Plant and Equipment

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. In accordance with the guidance under SORP 2018, assets should be disclosed in terms of separable components according to how their life expectancy is predicted. The accounting for assets has assessed existing assets accordingly and an adjustment has been made to separate existing assets into know and quantifiable components.

The accounting for the actual lives of the assets and their residual value is assessed annually and may vary depending on a number of factors. These factors can include technological innovations, product life cycles and maintenance schedules, and these are assessed to determine the consistence of asset life cycles. Residual value assessments consider issues such as future market conditions and remaining useful life and any projected disposal value and associated costs.

Impairments

In assessing potential impairments, the Company assesses the position of each scheme rather than at an individual property level.

6. Revenue

The following is an analysis of the Company's revenue for the year from continuing operations:

	2022	*2021*
	£	*£*
Revenue (see note 7)	4,572,034	*1,384,859*
	4,572,034	*1,384,859*

7. Turnover, Operating Expenditure and Operating Surplus

	Turnover	Cost of Sales	Operating Expenditure	Operating Surplus / (Deficit)
	2021-22	**2021-22**	**2021-22**	**2021-22**
	£	**£**	**£**	**£**
Social Housing Lettings (see note 8)	1,155,771	-	(1,308,345)	(152,574)
First Tranche Shared Ownership Sales	3,231,625	(2,490,840)	-	740,785
Non Social Housing Lettings				
Non Support	19,162	-	(25)	19,137
Government grants on final sale of Shared Ownership properties	165,476	-	(127,929)	37,547
TOTAL	4,572,034	(2,490,840)	(1,436,299)	644,895

Other than depreciation on fixtures and fittings, all other administrative expenses of the company have been allocated against social house lettings.

	Turnover	Cost of Sales	Operating Expenditure	Operating Surplus / (Deficit)
	2020-21	2020-21	2020-21	**2020-21**
	£	**£**	**£**	**£**
Social Housing Lettings (see note 8)	820,950	-	(797,835)	23,115
First Tranche Shared Ownership Sales	559,500	(454,702)	-	104,798
Non Social Housing Lettings				
Non Support	4,409	-	(2,141)	2,268
TOTAL	1,384,859	(454,702)	(799,976)	130,181

8. Turnover and Operating Expenditure from Social Housing Letting

	2022	2021
	£	£
Income		
Rents	637,537	*380,650*
Service Charges	219,510	*192,920*
Amortisation of Grant income	298,724	*247,380*
Turnover from Social Housing Lettings (see note 7)	1,155,771	*820,950*
Expenditure		
Services	69,319	*90,649*
Rental payments	-	*15,752*
Maintenance	96,347	*54,717*
Property Services	178,032	*163,254*
Housing Property Depreciation	423,038	*300,861*
Management charges	235,200	-
Other costs	306,409	*174,602*
Operating Expenditure on Social Housing Lettings	(1,308,345)	*(797,835)*
Operating (Deficit)/Surplus on Social Housing Lettings	(152,574)	*23,115*

Rental and Service Charge Losses from Voids is £27,015 (2021: £54,824).

Other costs include all other administrative expenses of the company excluding depreciation on fixtures and fittings.

Management charges represent charges from the holding company, WBC (Holdings) Limited, in respect of services provided by Wokingham Borough Council over the last four years.

9. Accommodation Owned, Managed and in Development

	2022	2021
	£	£
Units in management		
1.Social rented accommodation	117	*70*
2. Low cost home ownership accommodation	41	*18*
Subtotal Social Housing Accommodation (1+2)	158	*88*
3. Leasehold Accommodation	0	*0*
Total Housing Accommodation (1+2+3)	158	*88*
Under Construction	-	*46*
	158	*134*

10. Employee benefit expenses

	2022	2021
	£	£
Employee benefit expenses (including directors) comprise:		
Wages and salaries	160,864	*101,364*
National insurance	8,487	*3,598*
Defined contribution pension cost	8,308	*5,674*
	177,659	*110,636*

During the year salaries recharged to the fellow subsidiaries of the entity equated to £78,078 (2021: £57,813).

10. Employee benefit expenses (continued)

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including the directors of the Company listed on page 1, and the Financial Controller of the Company .

	2022	2021
	£	£
Salary	43,918	12,000
Defined contribution scheme costs	1,229	-
	45,147	12,000

The monthly average number of persons, including the directors, employed by the Company during the year was as follows:

	2022	2021
	No.	No.
Number of staff	9	9
	9	9

11. Finance income and expense

Recognised in profit or loss

	2022	*2021*
	£	*£*
Finance income		
Other interest receivable	-	*1*
Total finance income	-	*1*
Finance expense		
Bank interest payable	34	*10*
Interest on lease liabilities	4,950	*5,296*
Other loan interest payable	282,628	*121,220*
Total finance expense	287,612	*126,526*
Net finance expense recognised in profit or loss	(287,612)	*(126,525)*

During the year total interest of £154,640 (2021: £165,794) charged on the capital loans was capitalised as part of the housing properties within the property, plant and equipment balance at the year end (see note 14).

12. Auditors Remuneration

	2022	*2021*
	£	*£*
Fees payable to the company's auditor for the audit of the company's annual accounts	8,100	*7,800*
Fees payable to the company's auditors for non audit services, excluding taxation	15,352	*24,422*
Fees payable to the company's auditors for taxation services	810	*810*
	24,262	*33,032*

13. Tax expense

13.1 Income tax recognised in profit or loss

	2022	2021
	£	£
Current tax on profits for the year	239,791	-
Total current tax	239,791	-
Deferred tax expense		
Origination and reversal of timing differences	(154)	216
Total deferred tax	(154)	216
	239,637	216
Total tax expense		
On current profits for the year	239,637	216
	239,637	216

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	2022	2021
	£	£
Profit for the year	117,646	3,439
Income tax expense (including income tax on associate, joint venture and discontinued operations)	239,637	216
Profit before income taxes	357,283	3,655
Tax using the Company's domestic tax rate of 19% (2021:19%)	67,884	694
Expenses not deductible for tax purposes, other than goodwill, amortisation and impairment	(12,887)	(7,105)
Utilisation of tax losses	-	(48,129)
Capital gains	366,649	106,305
Other differences leading to an increase/(decrease) in the tax charge	-	12
Group relief	(182,009)	(51,561)
Total tax expense	239,637	216

13. Tax expense (continued)

13.1 Income tax recognised in profit or loss (continued)

The capital gains element in 2022 and 2021 above is the tax generated on the sale of the housing properties made within the shared ownership scheme.

Changes in tax rates and factors affecting the future tax charges

During March 2021 the UK chancellor announced an expected change to the UK's main corporation tax rates from 19% to 25% which was subsequently enacted into the Finance Act in June 2021. The main rate will increase to 25% from 1 April 2023 and will impact the corporation tax provision of the Company from that date. The deferred tax provision has been adjusted in these financial statements in recognition of this change.

	2022	*2021*
	£	*£*
Current tax liabilities		
Corporation tax payable	239,791	-

13.2 Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the statement of financial position:

	2022	*2021*
	£	*£*
Deferred tax assets	3,296	*3,142*
	3,296	*3,142*

14. Property, plant and equipment

	Housing properties	Fixtures and fittings	Right of use asset	Housing properties under construction	Total
	£	£	£	£	£
Cost or valuation					
At 1 April 2020	16,766,073	23,691	174,737	4,969,686	21,934,187
Additions	-	-	-	6,059,889	6,059,889
Disposals	-	-	-	(426,765)	(426,765)
Re-classified to non-current assets held for sale	-	-	-	(1,529,835)	(1,529,835)
Transfers between classes	3,878,136	-	-	(3,878,136)	-
At 31 March 2021	20,644,209	23,691	174,737	5,194,839	26,037,476
Additions	4,730,613	-	-	4,488,615	9,219,228
Disposals	(268,969)	-	-	(1,922,805)	(2,191,774)
Re-classified to non-current assets held for sale	(280,236)	-	-	(280,494)	(560,730)
Transfers between classes	7,480,155	-	-	(7,480,155)	-
At 31 March 2022	32,305,772	23,691	174,737	-	32,504,200

14. Property, plant and equipment (continued)

	Housing properties	Fixtures and fittings	Right of use asset	Housing properties under construction	Total
	£	£	£	£	£
Accumulated depreciation and impairment					
At 1 April 2020	683,582	21,450	11,780	-	716,812
Charge owned for the year	300,861	2,141	-	-	303,002
Charged financed for the year	-	-	11,780	-	11,780
At 31 March 2021	984,443	23,591	23,560	-	1,031,594
Charge owned for the year	423,063	25	-	-	423,088
Charged financed for the year	-	-	11,780	-	11,780
Disposals	(9,121)	-	-	-	(9,121)
At 31 March 2022	1,398,385	23,616	35,340	-	1,457,341
Net book value					
At 1 April 2020	16,082,491	2,241	162,957	4,969,686	21,217,375
At 31 March 2021	19,659,766	100	151,177	5,194,839	25,005,882
At 31 March 2022	30,907,387	75	139,397	-	31,046,859

Included within Housing properties are completed shared ownership properties with a net book value of £5,557,956 (2021: £2,809,950).

15. Trade and other receivables

	2022 £	*2021 £*
Trade receivables	315,094	*266,010*
Trade receivables - net	315,094	*266,010*
Loans to related parties	232,482	*232,482*
Other loans	1,511,650	*1,092,150*
Total financial assets other than cash and cash equivalents classified as loans and receivables	2,059,226	*1,590,642*
Prepayments and accrued income	18,690	*8,220*
Other receivables	8,268	*1,318,145*
Total trade and other receivables	2,086,184	*2,917,007*
Less: current portion - trade receivables	(315,094)	*(266,010)*
Less: current portion - prepayments and accrued income	(18,690)	*(8,220)*
Less: current portion - other receivables	(8,268)	*(1,318,145)*
Less: current portion - receivables from related parties	(232,482)	*(232,482)*
Total current portion	(574,534)	*(1,824,857)*
Total non-current portion	1,511,650	*1,092,150*

In respect of the other loans of £1,511,650 (2021: £1,092,150), which are equity share scheme loans, the company has obtained security by way of mortgages on the properties to which the loans have been used to acquire.

The loan balance of £1,511,650 does not carry interest and has no fixed repayment date. However, the terms of the loans are such that the repayment of the loan is based on a percentage of the market value of the property at the date of repayment. This percentage is the proportion of the initial loan advanced compared to the market valuation of the property at the date of the initial advance.

These loans are backed by a corresponding loan that was advanced to the entity by Wokingham Borough Council, which have the exact same repayment terms. As the determination of the present value of the loans advanced and received is based on a number of uncertain variables and as both loans advanced and received carry the same terms, the directors consider that the loans should be shown at amortised cost within the financial statements.

16. Trade and other payables

	2022 £	2021 £
Trade payables	146,446	31,075
Payables to related parties	15,334,777	16,520,896
Other payables	50,883	22,767
Accruals	425,620	403,472
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	15,957,726	16,978,210
Other payables - tax and social security payments	244,339	2,880
Deferred grant income	21,790,070	15,538,324
Total trade and other payables	37,992,135	32,519,414
Less: current portion - trade payables	(146,446)	(31,075)
Less: current portion - payables to related parties	(5,048,199)	(4,427,796)
Less: current portion - other payables	(295,222)	(25,648)
Less: current portion - accruals	(425,620)	(403,472)
Less: current portion - deferred grant income	(417,883)	(210,568)
Total current portion	(6,333,370)	(5,098,559)
Total non-current position	31,658,765	27,420,856

17. Loans and borrowings

Included in loans and borrowings are amounts relating to amounts due under right of use assets under IFRS 16 as follows:

	2022 £	2021 £
Non-current		
Lease liabilities	147,820	159,095
Current		
Lease liabilities	11,275	10,942
	11,275	10,942
Total loans and borrowings	159,095	170,037

18. Loans from related parties

	2022 £	2021 £
Secured - at amortised cost		
Loans from related parties - Note 24	8,754,677	*11,001,451*
	8,754,677	*11,001,451*
Unsecured - at amortised cost		
loans from related parties - Note 24	1,531,900	*1,091,650*
	1,531,900	*1,091,650*

Secured - at amortised cost:

The loans are secured by assets as disclosed in note 26. Interest is charged at a fixed rates of 3.5% on these loans.

As the company has no loans where interest is based on LIBOR the company was not impacted by the cessation of LIBOR at the end of 2021.

The carrying value of loans and borrowings classified as financial liabilities measured at amortised cost approximates to their fair value.

Unsecured - at amortised cost:

The loan balance of £1,531,900 represents loans from Wokingham Borough Council in respect of Equity Share Scheme loans advanced by Loddon Homes Limited. The terms of the loans are the same as the loans advanced by the company in note 18.

As the determination of the present value of the loans advanced and received is based on a number of uncertain variables and as both loans advanced and received carry the same terms, the directors consider that the loans should be shown at amortised cost within the financial statements.

19. Assets and liabilities classified as held for sale

(i) Assets and liabilities held for sale

	2022 £	*2021* £
Housing property	567,354	*2,568,785*
Assets held for sale	567,354	*2,568,785*

20. Share capital

Authorised

	2022 Number	**2022 £**	*2021 Number*	*2021 £*
Shares treated as equity				
Ordinary shares shares of £1.00 each	1	1	*1*	*1*
	1	1	*1*	*1*

Issued and fully paid

	2022 Number	**2022 £**	*2021 Number*	*2021 £*
Ordinary shares shares of £1.00 each				
At 1 April and 31 March	1	1	*1*	*1*

21. Reserves

Cumulative amount of share capital issued and retained earnings.

Retained earnings

Cumulative net profit and losses recognised in the Statement of Comprehensive Income net of amounts recognised directly in equity.

22. Leases

(i) Leases as a lessee

The company has a property which it leases on a 21 year lease.

Lease liabilities are due as follows:

	2022	*2021*
	£	*£*
Contractual undiscounted cash flows due		
Not later than one year	15,892	*15,892*
Between one year and five years	63,568	*63,568*
Later than five years	108,595	*124,487*
	188,055	*203,947*
Lease liabilities included in the Statement of Financial Position at 31 March	159,095	*170,037*
Non-current	147,820	*159,095*
Current	11,275	*10,942*

The following amounts in respect of leases have been recognised in profit or loss:

	2022	*2021*
	£	*£*
Interest expense on lease liabilities	4,950	*5,296*

23. Financial instruments - fair values and risk management

23.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 March 2022	ote	Amortised cost	Total
		£	£
Financial assets measured at fair value			
		-	-
Financial assets not measured at fair value			
Trade and other receivables	15	2,059,226	2,059,226
Cash and cash equivalents	25	3,862,984	3,862,984
		5,922,210	5,922,210
Financial liabilities measured at fair value			
		-	-
Financial liabilities not measured at fair value			
Financial lease liabilities	17	(159,095)	(159,095)
Trade and other payables	16	(16,070,142)	(16,070,142)
		(16,229,237)	(16,229,237)

23. Financial instruments - fair values and risk management (continued)

23.1 Accounting classifications and fair values (continued)

31 March 2021	ote	Amortised cost	Total
		£	£
Financial assets measured at fair value			
			-
		-	
Financial assets not measured at fair value			
Trade and other receivables	15	1,590,642	1,590,642
Cash and cash equivalents	25	1,492,437	1,492,437
		3,083,079	3,083,079
Financial liabilities measured at fair value			
			-
		-	
Financial liabilities not measured at fair value			
Financial lease liabilities	17	(170,037)	(170,037)
Trade and other payables	16	(16,978,210)	(16,978,210)
		(17,148,247)	(17,148,247)

23.2 Credit risk management

Credit risks arise from deposits with banks and financial institutions, as well as credit exposures to the Company's customers.

23.3 Liquidity risk management

Wokingham Borough Council as the ultimate parent company has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, Wokingham Borough Council has ready access to borrowing from Money Markets and the Public Works Loans Board. There is no significant risk that Loddon Homes Limited will be unable to raise finance to meet its commitments under financial instruments.

The Company's exposure to a liquidity risk at 31 March 2022 arose from loans from WBC (Holdings) Limited. The loans from WBC (Holdings) Limited are long term and are charged interest at a fixed rate of 5.75% for three years from 1 April 2016 and at a fixed rate of 3.5% thereafter.

24. Related party transactions

The Directors of the Company regard WBC (Holdings) Limited as the immediate parent of the Company.

The Directors of the Company regard Wokingham Borough Council, a local authority in England and Wales, as the ultimate parent of the Company. The Company's results are included in the consolidated financial statements of Wokingham Borough Council. Copies of the Consolidated Group Accounts are available from Wokingham Borough Council, Civic Offices, Shute End, Wokingham, RG40 1BN.

During the year purchases were made from Wokingham Housing Limited of £4,333,975 (2021: £5,880,613).

At 31 March 2022, loans were outstanding (to)/from related parties.

24.1 Loans to related parties

	2022 £	*2021* *£*
Long Term Loans		
WBC (Holdings) Limited - Note 18	(8,754,677)	*(11,001,451)*
Wokingham Borough Council - Note 18	(1,531,900)	*(1,091,650)*
	(10,286,577)	*(12,093,101)*
Short Term Loans		
WBC (Holdings) Limited	(2,249,346)	*(124,563)*
Wokingham Borough Council	(76,150)	*1,197,679*
Wokingham Housing Limited	(2,539,168)	*(4,004,233)*
Berry Brook Homes Limited	48,947	*48,947*
	(15,102,294)	*(14,975,271)*

25. Notes supporting statement of cash flows

	2022 £	*2021* *£*
Cash at bank available on demand	3,862,984	*1,492,437*
Cash and cash equivalents in the statement of financial position	3,862,984	*1,492,437*
Cash and cash equivalents in the statement of cash flows	3,862,984	*1,492,437*

26. Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	2022 £	*2021 £*
Floating charge		
Cash and cash equivalents	3,862,984	*1,492,436*
Receivables	2,059,226	*1,590,642*
Total current assets pledged as security	5,922,210	*3,083,078*
Non-current		
First mortgage		
Leasehold land and property	30,907,387	*24,854,605*
	30,907,387	*24,854,605*
Total non-current assets	30,907,387	*24,854,605*
Total assets pledged as security	36,829,597	*27,937,683*

27. Events after the reporting date

No adjusting or significant non-adjusting events have occurred between the 31 March reporting date and the date of authorisation.

28. Capital management

The Company's capital management objective is to ensure that the appropriate level of capital is available to fulfil the strategic objectives of the company. This is carried out by actively managing their cash reserves as well as obtaining long-term debt finance from its ultimate parent entity, Wokingham Borough Council.

The Company is not subject to any externally imposed capital requirements.