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# **BHT Sussex**

**Report and Financial Statements**  
**For the Year ended 31<sup>st</sup> March 2022**

Companies House Number 01618610

Charity Commission Number 284839

Regulator of Social Housing Number H1696

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## Reference and Administrative Details

### Board of Trustees

Joan Mortimer - Chair, Resigned 13/12/2021  
Sarah Butler  
Leona Daniel - Resigned 13/12/2021  
Melanie Davis  
Peter Freeman - Resigned 23/09/2022  
Roger Hinton - Resigned 19/06/2022  
Kelvin MacDonald, Chair from 13/12/2021  
Gerald Main  
Ian Millar  
Mary Tawiah  
Paul Williams - Resigned 06/09/2021  
Paul Featherstone  
Nicholas Willmore - Resigned 23/09/2022  
Lawrence Santcross - Appointed 13/12/2021  
Angeline Walker - Appointed 13/12/2021  
Andrew Rose - Appointed 13/12/2021

### Governance Committee

Joan Mortimer  
Peter Freeman  
Melanie Davis  
Kelvin MacDonald, Chair

### Finance, Audit and Risk Committee

Peter Freeman, Chair  
Leona Daniel  
Roger Hinton  
Mary Tawiah  
Paul Williams  
Sarah Butler  
Lawrence Santcross  
Angeline Walker  
Andrew Rose

### Operations & Personnel Committee

Melanie Davis, Chair  
Sarah Butler  
Gerald Main  
Ian Millar  
Joan Mortimer  
Kelvin MacDonald  
Nicholas Willmore  
Paul Featherstone

### Remuneration Committee

Melanie Davis, Chair  
Sarah Butler  
Kelvin MacDonald  
Gerald Main  
Ian Millar  
Joan Mortimer  
Paul Featherstone  
Nicholas Willmore

### Executive Management

Andy Winter  
Chief Executive  
  
David Chaffey  
Director of Housing & Property  
  
Sunil Desai  
Director of Finance & Resources  
  
Nikki Homewood  
Director of Advice & Support Services  
  
Rachael Kenny  
Director of Mental Health & Support Services

### Company Secretary & Registered Office

Sunil Desai  
144 London Road  
Brighton  
BN1 4PH

### Principal Solicitors

DMH Stallard LLP  
1 Jubilee Street  
Brighton  
East Sussex  
BN1 1GE

### Bankers

Royal Bank of Scotland  
PO Box 300  
Brighton  
East Sussex

### Auditors

BDO LLP  
2 City Place  
Beehive Ring Road  
Gatwick  
West Sussex  
RH6 0PA

## Chair's Report

I have had the honour of being the Chair of BHT Sussex from December 2021, having been on the Board for four and a half years. I realised when I joined the Board that I had started on a journey of learning day by day about the extraordinary work that BHT Sussex does and the many ways in which it changes individual lives.

This Annual Report sets out in statistics and in client stories how we have aided, guided, advised and housed.

I find the pure breadth of this work hard to take in – ranging as it does from specialist housing, benefits and immigration advice services to supporting those in their journey out of addiction; from assisting people into decent housing and into employment to helping people deal with the consequences of sleeping rough; from mental health and wellbeing services to being a housing association with 766 properties.

In doing all this, BHT Sussex is driven by a way of working that puts our clients and tenants first and listens to their needs and aspirations before accompanying them on their journey of change. Our experience shows that those with whom we work may well have a variety of challenges that they face – 2,788 of our clients identified as disabled, for example – and the range of services that we offer and the pure professionalism of the staff that deliver them means that we can address complex challenges in a holistic way, notably through taking a psychologically informed approach – a fact about which I am tremendously proud.

It would be invidious for me to focus on any one measure of the work we do as all are equally important. However, when I see from this report that, for example, we have provided services for 9,702 unique clients – a 50% increase from two years ago, that we have prevented homelessness in 1,777 cases or that our welfare benefit advisers have raised £4.7 million for 581 clients, I think of the lives that we have touched – not only of our clients and tenants, but of their colleagues, friends and families.

These figures are impressive enough in themselves, but it has also been yet another year of overall change for BHT Sussex. Having merged with Sussex Oakleaf in 2020, in 2021 BHT Sussex secured its largest ever contract, valued at £3.8 million per annum, to deliver the East Sussex Floating Support service, supporting 6,000 people in their own homes. With this contract, 93 new members of staff joined BHT Sussex.

All this work has carried on whilst dealing with the global pandemic and I want to particularly mark the dedication and professionalism of all the staff and volunteers who have worked unsparingly to minimise the effects that this has had on our staff and on the delivery of our services. Thank you to you all.

Thank you also to Joan Mortimer, my predecessor, and my fellow Board members who have willingly given their time and their wisdom to guide BHT Sussex in all that it does.

The figures set out in this Annual Report clearly demonstrate the vital work that BHT Sussex for those most in need. I write this Chair's report as the real impacts of rising prices and costs, notably in energy prices, are becoming clear. The cost of living crisis – and it is a crisis – is already hitting the poorest and most vulnerable in society the hardest. BHT Sussex's services will be needed more than ever but our ability to provide them faced as we are too with rising costs will be severely challenged.

Finally, this is the final Annual Report to be produced under the direction of our Chief Executive, Andy Winter, who is to retire in January 2023 after 37 years, 20 as its Chief Executive. BHT Sussex's debt to Andy is immeasurable and, more importantly, so is the debt owed by many thousands of our clients and our tenants. This report is not the place to set out in full our thanks to Andy and these will be recorded elsewhere.

Kelvin MacDonald  
Chair of the Board



Date – 23/09/2022

## Report of the Board of Trustees

The Trustees are pleased to present their Annual Report and the Financial Statements of BHT Sussex for the year ended 31<sup>st</sup> March 2022.

### AIMS AND OBJECTIVES

Our overall Mission is to combat homelessness, create opportunities for our clients and tenants, and to promote change. In order to do this, we have established six Strategic Objectives. These Objectives are:

- *Empowering Clients and Tenants:* Clients and tenants are supported to take greater control over their own lives. This includes helping people come to terms with mental health problems, thereby reducing hospital admissions and allowing people to live more independently. People with addictions are supported into abstinence and recovery, thereby increasing life choices around education, training and employment, as well as sustainable housing.
- *Prevention of Homelessness:* Those facing homelessness were supported by the Advice Centres where we prevented 688 (2021: 453) households from becoming homeless, with all the negative consequences to their lives and those of their children. Those with a limited or no history of employment are supported to gain work experience, undertake education and training, and secure employment. The reduction in the number of prevention cases was due to the government's moratorium on evictions.
- *Improving Our Services:* All services are reviewed on an annual basis and teams prepare improvement plans to ensure that their services remain relevant to client needs and meet local strategic priorities. We retained our *Investors in People* Silver rating. We review and act on feedback received from tenants and clients to improve services. This includes reviewing learning from complaints received.
- *Increasing Our Influence:* By promoting the experience of our clients and tenants, we attract attention from policymakers, commissioners and other opinion makers. We remain a 'Go To' organisation for the media and have had input into various policy reviews at a local and national level. Through our leadership of the Fulfilling Lives Partnership in the south-east, the <https://www.bht.org.uk/ripple-effect-overview-systems-principles-and-methods.pdf> sets out a number of measures to improve and strengthen services offered to those who have multiple and complex needs.
- *Improving Our Financial Strength:* By retaining a clear focus on the financial performance of the organisation and seeking opportunities to grow as well as spreading costs more widely, we improve our financial strength. The merger with Sussex Oakleaf saw us extend our services into Mid Sussex and Crawley, and the successful tender for the East Sussex Floating Support Service consolidated our position as a major service provider throughout East Sussex.
- *Seeking Quality Growth:* Notwithstanding the Covid-19 pandemic, we have achieved significant growth during the period since March 2020 with the merger and new contracts. Our staff numbers have increased from 250 to over 350 and our turnover has increased from £14m to £15m and is expected to be £17m by March 2023.

This has already led to new opportunities in both Mid Sussex and Crawley. A review of existing assets has presented opportunities for the redevelopment of sites to increase the number of homes that we provide.



## Strategic Report from the Board of Trustees (continued) for the year ended 31<sup>st</sup> March 2022

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### OUR BUSINESS MODEL

Our business model is based on five core principles:

- Recruiting and Retaining Quality Staff: We have continued to have a workforce equipped to deliver services of excellence. Our salaries and employment terms remain competitive locally so that we can attract quality applicants and we do not lose key staff to partners and competitors. More difficulties have been experienced in recruitment although there is a recognition that salary levels for staff who transferred from the former Sussex Oakleaf has posed a few recruitment challenges. While staff turnover has been higher than anticipated, no underlying negative causes have been identified. We are aiming to increase our Investors in People accreditation to Gold, evidence that we are an organisation that seeks continuous improvement in our employment practices.
- Maximising Income Streams: Income from rents and service charges continued to make up over 50% of our income. Void rent loss increased to 8% compared to a target of 5%. This adverse trend was due to higher voids in Supported Housing as a result of the restrictions due to the continuation of the pandemic. This is not an ongoing issue as restrictions are lifted, nor does it reflect an underlying problem. Increased loss of income through void properties was offset, in part, by better rent collection. Arrears were 4.9% (£389k) on 31<sup>st</sup> March 2022 compared to a forecast of 5.8% (£458k). This reflects strong performance in both Housing Services and Supported Housing. While high levels of bad debt write offs can disguise poor performance in rent collection, bad debts to 31<sup>st</sup> March 2022 were higher for Supported Housing £31k (2021: £15k) and lower for Housing Services £12k (2021: £12k). Other income streams were on or near target, although Legal Service income was £664k against a target of £729k due to restrictions during the Covid pandemic as there were fewer clients and referrals from the courts.
- Delivering Value for Money: BHT Sussex continues to have a focus on Social Value (SV) and Value for Money (VfM) as part of its continuous improvement process and has developed its own SV and VfM Statement. We regularly monitor these by reviewing service usage, a focus on our income and expenditure, measuring both strategic and operational key performance indicators and we use our SV and VfM Statement to focus on outcomes for our clients and tenants.
- Maintaining Liquidity: Our cash balance as at 31<sup>st</sup> March 2022 remained healthy, at £3.6m, (2021: £2.7m). Our minimum cash balance target of £1.7m continues to be exceeded. A continued challenge over the next five years to ensure that sufficient funds are generated to allow us to meet the investment needs set out in our Asset Management Strategy, which averages £550k per annum.
- Securing Profitable Growth: As mentioned above, the merger with Sussex Oakleaf has already led to new opportunities in both Mid Sussex and Crawley. A review of existing assets has presented opportunities for the redevelopment of two sites owned by BHT Sussex to increase the number of homes that we provide.

### FINANCIAL RESULTS

A net operating surplus of £348k (2021: £379k) was generated during the year. A priority moving forward is to increase surplus levels, to strengthen our financial viability, invest in current and new services, and allow us to invest in our major works programme.

Income: Total income of £15.0m (2021: £13.7m) was received during the year. The increase from the previous year was due to new contracts and additional income for our Legal Advice Services.

## Strategic Report from the Board of Trustees (continued) for the year ended 31<sup>st</sup> March 2022

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Expenditure: Total expenditure of £14.6m (2021: £13.3m) was made during the year. Overall, expenditure was £786k less than expected. Lower staffing and related costs accounted for most of this underspend. There were also lower costs for Repairs and Maintenance, lower overhead costs, and there were some overspends and underspend compensating for each other.

While others in our peer group have reported significant increases in arrears as a result of Covid-19 and the roll-out of Universal Credit, we have been able to maintain arrears levels notwithstanding a modest increase in arrears of those tenants who have migrated to the new benefit. A refocusing of staff resources has resulted in this risk being successfully mitigated.

Our Financial Position also continues to be healthy with Total Net Assets of £11.4m (2021: £11.0m), supported by Income and Expenditure Reserves of £10.8m (2021: £10.1m) and Restricted Reserves of £0.6m (2021: £0.9m).

### DEVELOPMENT AND PERFORMANCE IN THE FINANCIAL YEAR

The Board of Trustees received quarterly reports to monitor performance within the organisation. The performance measures included financial and operational performance indicators, including:

- Cash management – cash flows and average cash balances increased during the year with cash at bank and in hand as at 31<sup>st</sup> March 2022 – £3.6m (2021: £2.7m).
- Void loss in Supported Housing – voids as a % of gross rents of 10.6% (2021: 8.7%), target: 3.9%.
- Void loss in Housing Services – voids as a % of gross rents of 2.5% (2021: 2.0%), target: 3.9%.
- Bad debts in Supported Housing – bad debts as a % of rents receivable of 0.6% (2021: 0.3%), target: 1.5%.
- Bad debts in Housing Services – bad debts as a % of rents receivable of 0.4% (2021: 0.4%), target: 1.5%.
- Gas safety certificates – units with a valid safety certificate 100.0% (2021: 100%), target: 100%.
- Staff sickness – working days lost per FTE employee 10.8 days (2021: 6.2 days), target: 7.0 days.

### FUTURE PROSPECTS

Notwithstanding the concern of funding our Asset Management Plans going forward, the challenges successfully faced to date as a result of the Covid-19 pandemic demonstrates an organisation that is well-governed and well-managed, able to flex its operations according to circumstances, not least ones that could not be foreseen.

Covid-19 itself will result in new opportunities as our communities and economy recovers from the financial and psychological injuries caused by the pandemic.

Our staff are our biggest asset, they support the delivery of our charitable and strategic objectives. We continue to invest in the recruitment and retention of quality staff at all levels. Like many organisations, we have had difficulties over the past year, but staff continue to work with dedication and resilience.

Governance arrangements have been reviewed and strengthened in recent years. All governing documents have also been reviewed and updated. The appointment of three new members has further strengthen the range and expertise of Board of Trustees.

### HEALTH AND SAFETY

Health and Safety continues to be one of our key priorities and we have a Working Group set up that looks at strategic health and safety issues, including the Fire Safety Act 2021 and the 2022 Regulations.

## **Strategic Report from the Board of Trustees (continued) for the year ended 31<sup>st</sup> March 2022**

### **Health and Safety (continued)**

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Health and Safety is also monitored quarterly via our Strategic Risk Register. During the year we continued the Health and Safety / Fire risk assessments of all properties, carrying out additional remedial tasks to improve fire safety at a cost of £204k (£197k).

Gas Safety Inspections: our performance for the final quarter of 2021/22 was 100% (100%), where gas safety inspections were completed in time and the relevant certificate was on file. There were some issues during the year due to access to properties and the continuation of the Covid-19 pandemic,

### **SAFEGUARDING**

Following failings in some international aid agencies, along with safeguarding failures in domestic charities, BHT Sussex has considered the robustness of its own policies and procedures in this and other areas. The Board acknowledges the general alert issued in June 2021 by the Charity Commission regarding this, particularly at a time where governance and management arrangements might be compromised by the Covid-19 pandemic.

BHT Sussex has robust processes and reporting arrangements in place, including our Whistleblowing procedure, that are widely publicised including on our website. Clients and tenants are asked specific questions in surveys regarding their confidence in the organisation's policies and procedures. Training on safeguarding is part of the mandatory training for staff.

### **STAFFING**

Our staff are our most valuable resource. Through them we deliver our strategic objectives, not least excellent services. We have strengthened capacity at a senior level through the creation of a Director of Mental Health and Support Services and designated another senior employee as Head of Business Development. These additions will help to provide strategic management capacity within the enlarged organisation going forward. Staff sickness management continues to be an area we are working on. There was an average of 10.8 days absence per employee during the year (6.0 days excluding long term sickness cases), which is above the target of an average of 7 days.

### **BOARD MEMBERSHIP**

BHT Sussex seeks to appoint and retain Board members who have the skills, knowledge, business acumen, integrity, values and commitment to lead the organisation with drive, ambition and enthusiasm. We recruit new board members through open advertisement and the effective use of our wide sector networks. Three new board members were appointed during the year and three members resigned. All new members receive a full induction programme.

We have two tenants as independent members of the Board, correcting an area of deficit that had previously been identified.

Board members are appointed on a voluntary basis and receive out-of-pocket expenses. No other payments are made to the chair or individual board members.

The Board and its Committees undertake annual reviews and appraisals of their activities helping ensure that we comply with the National Housing Federation's Code of Governance 2020.

The policy for delegated levels of decision-making between the Board and Executive Management Team is clearly defined within Standing Orders and a separate Schedule of Delegation, which is reviewed and approved by the Board on a regular basis.

The Chair of the Board undertakes individual reviews with all Board members.



## Strategic Report from the Board of Trustees (continued) for the year ended 31<sup>st</sup> March 2022

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### COVID-19

Despite the continuation of the Covid-19 pandemic and its restrictions, BHT Sussex has succeeded in carrying on its much needed work over the last year. Notwithstanding the national easing of restrictions, the approach we will be taking within BHT Sussex will be characterised by a 'slow and steady' approach.

We wish to be prudent in the way we plan our work and, as always, our priority is to try to keep all members of staff, clients and tenants as safe as possible. Our Covid Task Team continued to meet twice a week during last year and the team considered social distancing, the numbers who can return to the office, the ongoing necessity to wear face masks, etc.

The majority of our staff have continued to work face-to-face with their clients. We recognise the increased risk that this has had, without this dedication we would not have been able to ensure that all our services continued to be delivered throughout the pandemic.

The measures that BHT Sussex had in place throughout the pandemic are not being lifted for the time being. Basic hygiene, physical distancing, and good ventilation requirements will continue in place. Trustees recognise that all members of staff have successfully kept infections within the organisation to very low levels.

### RISKS, UNCERTAINTIES AND OPPORTUNITIES

The Covid-19 pandemic is providing both opportunities and challenges moving forward. There is uncertainty regarding the public finances due to the impact of inflation and rising energy costs. Both of these will reduce our ability to significantly increase our surplus, at least in the short term. The financial and psychological injury caused by Covid -19 may result in new demands for services, not least in areas such as Crawley and Mid Sussex which will be particularly impacted by the effect the pandemic is having on the aviation industry.

The organisation has a well-developed and mature approach to strategic risk management. Our Strategic Risk Register provides the Board with clear information on three key areas, which are improving our financial strength, our operating environment and increasing our influence / reputation. Underneath these three areas, there are ten specific risks identified.

These risks are reviewed on a quarterly basis by the Executive Management Team and reported on a regular basis to both the Finance, Audit and Risk Committee and the full Board. Detailed information provided includes the quantification of individual risks, the management strategy for mitigating their likelihood and impact, and a recovery strategy should one or more risks impact at the same time.

### GOING CONCERN

Following an assessment of our financial position and resources available, including the cashflow position for the next eighteen months, the Board believes that the BHT Sussex can manage its business risks, financial forecast (including monthly cashflow forecasts with sensitivity analysis). We have a reasonable expectation that BHT Sussex has adequate resources to continue operating for the foreseeable future. For this reason, we continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Notwithstanding the risks and uncertainties that we face, we are confident that BHT Sussex has a positive future. We have reached this conclusion by reference to:

- Over 50% of our income comes from rental and service charge income, a relatively secure income stream and one which is well managed within the organisation. 87.8% of this income is paid directly to BHT Sussex from Housing Benefits, Universal Credit and Adult Social Care, which provides confidence in future payments of this stream of income.

## Strategic Report from the Board of Trustees (continued) for the year ended 31<sup>st</sup> March 2022

### Going Concern (continued)

- For 2022/23, over 80% for our contracted income is secure, most other income is secure during the lifetime of contracts, and should these contracts be terminated, and we can flex costs accordingly.
- Notwithstanding current challenges relating to charitable fundraising, any shortfall is likely to be temporary and is not expected to have a material impact on our assessment of going concern.
- Controls we have on inflationary aspects of our salary and reward structures, although we recognise that this will be a challenge going forward.
- Our cash balances, at the point of signing these accounts, is almost 100% greater than the £1.7 million head room agreed as policy. We have also undertaken a cashflow forecast for the next three years (April 2022 to March 2025) and this shows we will be able to maintain a healthy £2.5m cash balance. Sensitivity analysis for higher levels of inflation and loss of a contract on this forecast shows that we would continue to maintain cashflows above our £1.7 million target.
- Our very limited exposure to fluctuations in the money markets, our limited borrowing is at a fixed rate and our non-involvement in developing properties for sale.
- Our ability to withdraw from activities with reasonable notice, should they become an unacceptable drain on the cash resources of the organisation.

Based on this assessment, the Board has concluded that a material uncertainty does not exist, and the organisation is expected to continue to operate for the foreseeable future.

### PENSIONS

BHT Sussex participates in the Scottish Widows Pension Scheme, the NHS Pension Scheme, Local Government Pension Scheme, and a Social Housing Pension Scheme, Growth Plan Scheme with TPT Retirement Solutions, please see note 22 to the Financial Statements for more details.

The TPT scheme is a multi-employer scheme which provides benefits to some 638 non-associated participating employers (see note 22) and applies to 32 former employees of Sussex Oakleaf.

This scheme is classified as a 'last-man standing arrangement'; therefore, because of the merger, BHT Sussex has inherited the potential liabilities of Sussex Oakleaf for other participating employers' obligations, if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme.

Participating employers of the TPT scheme are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme. During 2021/22 BHT Sussex contributed £9,904 towards the pension deficit. The Board considers that the contribution rate demanded of the scheme is affordable.

All members contributing to Series 3 were switched to Growth Plan Series 4 in 2013, and any new employee contributions were made into Series 4 from the closure date onwards. Growth Plan Series 4 is a defined contribution scheme in which the assets are held separately from those of the entity in independently administered funds. Further Details are in Note 22.

### COMPLIANCE WITH GOVERNANCE AND FINANCIAL VIABILITY STANDARD

The Board has reviewed our compliance with the Regulator of Social Housing's Governance and Financial Viability Standard and has concluded that BHT Sussex complies with the Standard. BHT Sussex has reviewed its Assets and Liabilities Register to ensure that it meets the requirements. There is ongoing work on this Register to ensure that it remains accurate and complete, and that timely adjustments are made as circumstances require.

## Strategic Report from the Board of Trustees (continued) for the year ended 31<sup>st</sup> March 2022

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### INTERNAL CONTROLS

In accordance with the regulatory expectations of the Regulator of Social Housing, the Board is required to conduct an annual review of the effectiveness of the systems of internal control, and to issue a formal statement within the annual report and accounts on the outcome of this review.

The Board acknowledges its ultimate responsibility for the system of internal controls, for reviewing the effectiveness of those controls and for managing the risk of fraud within BHT Sussex. The Board also acknowledges that risk management and control processes should operate continuously and should be embedded within and across all activities. It should be recognised that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and provide reasonable assurance that key business objectives will be achieved, and to give reasonable assurance about the preparation and reliability of financial information and the safeguarding of the assets of BHT Sussex.

BHT Sussex has adopted the National Housing Federation Code of Governance 2020. A review of the Code has been undertaken. The Board is confident it complies with the Code but continues to set a maximum period of nine years for non-executive directors.

The processes for identifying, evaluating, and managing the significant risks faced by BHT Sussex are ongoing and are regularly reviewed by the Board. They have been in place during 2021/22 and up to the date of the approval of the annual report and accounts. The elements of the control framework, incorporating the key sources of evidence utilised by the Board in reviewing the effectiveness of the system of internal control, include:

- ✓ a comprehensive risk management framework which identifies key risks to the business on a regular basis and seeks to mitigate and monitor the risks and the associated mitigation.
- ✓ An organisational structure with clearly defined lines of responsibility and delegation of authority set out in the BHT Sussex standing orders and financial regulations.
- ✓ a Code of Ethics supported by a framework of policies and procedures, with which employees must comply.
- ✓ a three year risk-based strategic internal audit plan and the consideration by the Finance, Audit and Risk Committee of all internal audit reports produced during the year.
- ✓ the monitoring of action plans arising from audits to ensure that recommendations have been implemented.
- ✓ the review of audit reports undertaken by regulators, funders, and commissioning bodies.
- ✓ approval of the annual budgets and the Strategic Business Plan by the Board.
- ✓ comprehensive budgetary control arrangements which identify variances and their underlying causes.
- ✓ a performance reporting framework which involves the setting of a suite of Strategic and Operational Key Performance Indicator (SPIs and KPIs) targets and the measurement of achievement against these KPIs.
- ✓ a new developments and opportunities policy which requires Board approval of proposals meeting certain financial and non-financial criteria combined with quarterly reporting to the Board.

## Strategic Report from the Board of Trustees (continued) for the year ended 31<sup>st</sup> March 2022

### Internal Controls (continued)

- ✓ a whistleblowing policy providing staff and third parties with confidential channels of communication to report unlawful, improper, or suspicious activity.
- ✓ maintenance of a fraud register, with reporting to the Board if fraud occurs.

The Board's review of the effectiveness of the BHT Sussex system of internal controls has identified no significant failings, weaknesses or instances of fraudulent activity which has resulted in material misstatement or loss that require disclosure.

This applies to the financial statements for the year ended 31<sup>st</sup> March 2022, and up to the date of signing these financial statements.

### VALUE FOR MONEY

BHT Sussex continues to have a focus on Social Value (SV) and Value for Money (VfM) as part of its continuous improvement process and has developed its own SV and VfM Statement.

#### What SV and VfM means at BHT Sussex

We exist for a social purpose and our efforts are focused on changing lives across Sussex. Our Mission and Values drive us forward, seeking to continuously learn and improve how we engage with our local communities and deliver our services.

Our Mission is to combat homelessness, create opportunities for our clients and tenants to improve their wellbeing and to promote positive change.

We are conscious that a robust approach to VfM is a regulatory requirement, but we would want to do it anyway. We aim to make a difference by the outcomes we achieve for our clients, tenants, and the communities in which we work, and by being mindful of staff wellbeing.

The outcomes we achieve represent both the SV and VfM services that we provide as a viable and sustainable organisation. SV and VfM, therefore, aims to maximise our outcomes and make a bigger difference than if we had not taken a focused approach to it. Achieving VfM is at the heart of being a successful and effective social organisation.

#### What are the Outcomes we want to achieve?

Over the past 50 years BHT Sussex has developed a diverse menu of services to support people who are homeless, or at risk of homelessness, and people who have complex needs.

Prevention is the cornerstone of what we do:

- Preventing homelessness
- Preventing escalation of mental health issues across a broad spectrum - from admissions to psychiatric hospitals to the need to access secondary mental health services
- Preventing negative consequences of addictions
- Providing specialist housing, benefit and immigration advice to prevent homelessness
- Providing work, learning and employment opportunities to prevent unemployment and poverty
- Where prevention has not been achieved, we look to mitigate the impact on individuals by providing effective, VfM services aimed at changing lives
- BHT Sussex Housing Services provides homes for over 450 residents in Brighton and Hove, Eastbourne and Hastings. We provide good quality, safe and secure general needs housing at sub-market rents for those who cannot afford to rent or buy their own home.



**Strategic Report from the Board of Trustees (continued)**  
**for the year ended 31<sup>st</sup> March 2022**

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**Value for Money (continued)**

We are very conscious of our role in our local communities. In addition, many of our tenants represent positive move-ons from our support and addiction work, sustaining tenancies is key to securing long-term positive change.

Why do we provide our services and who benefits from our outcomes?

- Our clients and tenants are amongst the most marginalised and vulnerable in our society and therefore we provide:
  - good quality short and long-term accommodation for a range of needs to provide a stable base on which to build a future
  - a range of support to improve wellbeing, independence and secure lasting change
  - specialist legal advice spanning housing and homelessness, immigration and welfare benefits to ensure that individuals' rights are fairly represented
- Family and friends of clients benefit from knowing that their loved one is getting the targeted support they need to make positive changes, contributing in turn, to their wellbeing and peace of mind.
- Wider community – our services are sensitive to the wider community in which our clients and tenants live. We invest in those communities and collaborate with others to help make places work socially, economically and environmentally.
- Local authorities, other local service providers and government – through growth and service provision, we contribute to local and national housing strategies whilst also addressing important agendas such as supporting the most vulnerable, homelessness, poverty, inequality and the environment. Our support services take pressure off health, social services, police and other local services. Increasingly, our work falls under the remit of Integrated Care Partnerships (ICPs): local joint commissioning bodies comprising local authorities, health and the wider Voluntary, Community and Social Enterprise (VCSE) sector - effectively a stakeholder in its own right.

When setting our strategic and enabling objectives, the BHT Sussex Board seeks to balance the legitimate, and sometimes competing, expectations of our stakeholders with the finite resources at our disposal.

- Total rent received in Supported Housing – rent received as a % of amounts due 97.7%, (2021: 100.2%) (target: 98.5%).
- Total rent received In Housing Services – rent received as a % of amounts due 98.8%, (2021: 100.6%) (target: 98.5%).
- Arrears management Supported Housing – gross arrears as a % of annual rent roll of 2.0% (2021: 1.6%) (target: 2.5%).
- Arrears management Housing Services– gross arrears as a % of annual rent roll of 3.4% (2021: 3.5%) (target: 5.8%).

**Strategic Report from the Board of Trustees (continued)  
for the year ended 31<sup>st</sup> March 2022**

The Regulator for Social Housing has issued value for money metrics and BHT Sussex figures are shown below:

<b>Value for Money Metrics</b>	<b>Acuity Median 2021/22</b>	<b>BHT Sussex 2021/22</b>	<b>BHT Sussex 2020/21</b>
Reinvestment	2.30%	<b>6.77%</b>	5.22%
New Supply Delivered - units	0	<b>2</b>	0
Gearing	37.43%	<b>1.72%</b>	2.13%
EBITDA Major Repairs Included Interest Cover	182%	<b>4.47%</b>	5.66%
Headline Social Housing Cost per Unit	£4,880	<b>£3,784</b>	£4,366
Operating Margin	16.68%	<b>2.60%</b>	3.14%
Return on Capital Employed	1.87%	<b>1.59%</b>	1.78%

These types of metrics are generally used by larger housing associations with development portfolios and all of these metrics are not applicable to BHT Sussex as its primary focus is on Combating Homelessness, Creating Opportunities and Promoting Change. We have compared our performance against these metrics by using the Acuity benchmarking group data for small housing providers in the South East and London, as shown above. This table above shows that BHT Sussex compares favourably on Reinvestment, Gearing and Social Housing Cost per Unit and there is improvement needed on our Operating Margin and rate of Return on Capital Employed.

In the future, alongside the metrics above, BHT Sussex will define and show value, by drawing on our strategic objectives, our impact on clients and tenants, and from the other Acuity benchmarking information available.

#### USE OF RESERVES

Accumulated reserves are deployed to achieve our principal objective of supporting homeless and vulnerable people. After setting aside an amount to cover day to day financial commitments, reserves are mainly invested in properties that provide accommodation and services. At the end of 2021/22 we had total reserves of £11.4m (2020: (£11.1m) of which under £600k were restricted reserves.

The primary purpose of the BHT Sussex Reserves Policy is to ensure that adequate funds exist to ensure its long-term viability.

The policy is designed to ensure that BHT Sussex can:

- Continue to meet its financial commitments.
- Deploy funds promptly, in a planned way, and react to new opportunities.
- Avoid erosion of its asset base, maintain and upgrade the homes of our tenants.
- Balance sound investment with good liquidity management; and
- Is not forced into short term decisions to the detriment of its long-term vision.

To achieve this, BHT Sussex has adopted target measures for key reserves indicators. The BHT Sussex policy aims to:

- Hold a minimum of £500k in free reserves, to protect its charitable work from the risk of disruption.
- Hold a minimum of 1.5 months of operating cash outflow requirements in cash, or short-term investments, to manage short term volatility in income or liquidity. This equates to £1.7m for the current BHT Sussex cash outflows.

On 31<sup>st</sup> March 2022 BHT Sussex held £3.6m as cash or short-term investments.

**Strategic Report from the Board of Trustees (continued)**  
**for the year ended 31<sup>st</sup> March 2022**

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**Use of Reserves (continued)**

As at 31<sup>st</sup> March 2022, BHT Sussex had cash cover of 2.11 months (2021: 1.59) compared to a target of 1.7.

The Board of Trustees has identified the main financial risks to the organisation to be:

- Failure to meet income targets in Supported Housing and Housing Services
- Failure to meet income targets for Advice Services
- Impact on income from Universal Credit
- The impact of increasing inflation
- Further cuts to the value of advice and support contracts
- Failure to achieve profitable growth.

In the light of these risks, and to meet future investment opportunities, the Board has identified the need to strengthen the reserves of the organisation. Free Reserves as at 31<sup>st</sup> March 2022 were £1.3m (2021: £1.1m).

**POST BALANCE SHEET EVENTS**

Since the year end there have been significant price increases in the cost of labour, raw materials, fuel and energy bills. The Government has announced temporary relief measures for charities, details of which are not yet known. BHT Sussex has been and will be affected particularly when our existing fixed-term energy contracts end. It should also be noted that our current Chief Executive Andy Winter will be retiring in January 2023 after thirty seven years of dedicated service.

**BOARD MEMBERS' RESPONSIBILITIES**

The Board is responsible for preparing the strategic report, annual report and the financial statements in accordance with applicable law and regulations. Company law and social housing legislation requires the Board to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Board must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the association and of the surplus or deficit of the association for that period.

In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State Ex applicable UK Accounting Standards and the Statement of Recommended Practice Accounting by registered social housing providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the charitable company will continue in business.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the BHT Sussex transactions and disclose, with reasonable accuracy at any time, the financial position of the association, and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It is also responsible for safeguarding the assets of the association and therefore taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Strategic Report from the Board of Trustees (continued)**  
**for the year ended 31<sup>st</sup> March 2022**

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

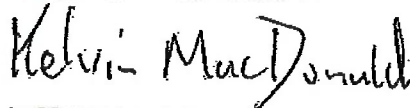
Financial statements are published on the BHT Sussex website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the organisation's website is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

**Auditors**

Current Board members have taken all the steps that they ought to have taken to make themselves aware of any information needed by our auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Executive Management Team are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed its willingness to continue and a recommendation for the re-appointment of BDO LLP as auditors of BHT Sussex is to be presented at a forthcoming Board Meeting.

On behalf of the Board



**K MacDonald**  
Chair of the Board

Date – 23/09/22



## Independent Auditor's Report to the Members of BHT Sussex

### Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the BHT Sussex affairs as at 31<sup>st</sup> March 2021 and of the BHT Sussex incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

We have audited the financial statements of BHT Sussex ("the Association") for the year ended 31<sup>st</sup> March 2021 which comprise the Association statement of comprehensive income, the Association statement of financial position, the Association statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remain independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

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

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

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

### Other information

The Board are responsible for the other information. The other information comprises the information included in the Chair's Report and the Strategic Report from the Board of Trustees, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information including the Chair's Report and the Strategic Report from the Board of Trustees and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

## **Independent Auditor's Report to the Members of BHT Sussex (continued)**

### **Other Companies Act 2006 reporting**

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

- the information given in the Strategic report from the Board of Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report from the Board of Trustees has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report from the Board of Trustees.

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

### **Responsibilities of the Board**

As explained more fully in the Board members' responsibilities statement set out on page 16, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

Based on our understanding of the Association and the industry in which it operates, we identified that the principal laws and regulations that directly affect the financial statements to be the Companies Act 2006, the Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

In addition, the Association is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation.

## **Independent Auditor's Report to the Members of BHT Sussex (continued)**

We identified the following areas as those most likely to have such an effect: employment law, data protection and health and safety legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence if any.

Audit procedures performed by the engagement team included:

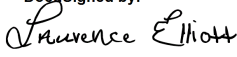
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud
- Reading minutes of meeting of those charged with governance, and reviewing correspondence with HMRC
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to the impairment of housing properties, depreciation on tangible fixed assets (including component accounting); dilapidations and bad debt provisions
- In addressing the risk of fraud, including the management override of controls and improper income recognition on grants and contracts, we tested the appropriateness of certain manual journals, reviewed the application of judgements associated with accounting estimates for the indication of potential bias and tested the application of cut-off and revenue recognition.

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

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

### **Use of our report**

This report is made solely to the members of the Association, as a body, in accordance with the Housing and Regeneration Act 2008 and Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Association's Trustees 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 Association and the members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
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**Laurence Elliott (Senior Statutory Auditor)**  
For and on behalf of BDO LLP, statutory auditor  
London,  
United Kingdom

Date: 29 September 2022

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

**Statement of Comprehensive Income for the year ended 31<sup>st</sup> March 2022**

	<b>Note</b>	<b>2022 £</b>	<b>2021 £</b>
Turnover	4	14,975,090	13,748,861
Operating costs	4	(14,586,229)	(13,322,552)
<b>Operating surplus</b>	4,8	<b>388,861</b>	<b>426,309</b>
Gift of Assets from Sussex Oakleaf Transfer	31	-	665,735
Interest receivable and similar income	12	1,317	5,209
Interest and financing costs	13	(41,871)	(52,199)
Surplus before taxation		<b>348,307</b>	1,045,054
Taxation on surplus		-	-
<b>Surplus before and after taxation</b>		<b>348,307</b>	<b>1,045,054</b>
<b>Surplus before and after taxation and total comprehensive income for the financial year</b>		<b>348,307</b>	<b>1,045,054</b>

All activities relate to continuing operations.

The notes on pages 24 to 44 form part of these financial statements.



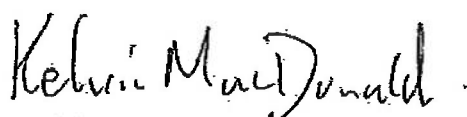
# Statement of Financial Position at 31<sup>st</sup> March 2022

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible fixed assets - housing properties	14	20,317,044	19,668,804
Tangible fixed assets - other	15	1,848,345	1,755,321
		22,165,389	21,424,125
<b>Current assets</b>			
Debtors - receivable within one year	16	4,628,177	2,116,704
Cash and cash equivalents		3,584,692	2,696,691
		8,212,869	4,813,395
<b>Creditors: amounts falling due within one year</b>	17	(5,977,523)	(2,012,576)
<b>Net current assets</b>		2,235,346	2,800,819
<b>Total assets less current liabilities</b>		24,400,735	24,224,944
<b>Creditors: amounts falling due after more than one year</b>	18	(12,631,883)	(12,866,892)
<b>Provision or liabilities - other provisions</b>	21	(384,590)	(322,098)
<b>Total Net assets</b>		11,384,262	11,035,954
<b>Capital and reserves</b>			
Restricted Reserves	28	556,876	892,833
Income and Expenditure Reserves	28	10,827,386	10,143,121
<b>Total Reserves</b>		11,384,262	11,035,954

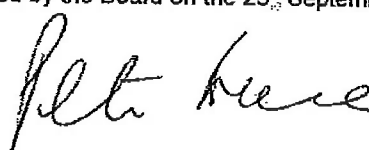
The notes on pages 24 to 44 form part of these financial statements.

Company Number No.01618610  
Registered Charity No.284839

The financial statements were approved and authorised by the Board on the 23<sup>rd</sup> September 2022 and were signed on the Board's behalf by:



**K MACDONALD**  
Chair of the Board



**P FREEMAN**  
Chair of Finance, Audit and Risk Committee

**Statement of Changes in Reserves for the year ended 31<sup>st</sup> March 2022**

	Note	Restricted Reserves	Income and Expenditure Reserves	Total
		£	£	£
Balance at 1 <sup>st</sup> April 2021		892,833	10,143,122	11,035,955
Surplus for the year		128,583	219,724	348,307
		1,021,416	10,362,846	11,384,262
<b>Reserves Transfers:</b>				
Transfer from Restricted Reserves	28	(464,540)	464,540	-
Balance at 31 <sup>st</sup> March 2022		556,876	10,827,386	11,384,262

**Statement of Changes in Reserves for the year ended 31<sup>st</sup> March 2021**

		Restricted Reserves	Income and Expenditure Reserves	Total
		£	£	£
Balance at 1 <sup>st</sup> April 2020		808,954	9,181,946	9,990,900
Surplus for the year		488,234	556,821	1,045,055
		1,297,188	9,738,767	11,035,955
<b>Reserves Transfers:</b>				
Transfer from reserves		(404,355)	404,355	-
Balance at 31 <sup>st</sup> March 2021		892,833	10,143,122	11,035,955

The notes on pages 24 to 44 form part of these financial statements.

**Statement of Cash Flows for the year ended 31<sup>st</sup> March 2022**

	Note	2022 £	2021 £
<b>Cash flows from operating activities</b>			
<b>Surplus for the financial year</b>		<b>348,307</b>	<b>1,045,054</b>
Adjustments for:			
Depreciation of fixed assets - housing properties	8,14	<b>423,519</b>	388,823
Depreciation of fixed assets - other	8,15	<b>145,103</b>	103,261
Amortised grant	5	<b>(172,354)</b>	(161,268)
Gift of Assets	31	-	(665,735)
Interest payable and finance costs	13	<b>41,871</b>	52,199
Interest received	12	<b>(1,317)</b>	(5,209)
Accelerated depreciation (Social Housing and Non-Social housing)	5,14,15	<b>7,878</b>	4,761
Sale of land		-	4,178
Ex Sussex Oakleaf recoded to revenue		-	12,855
Increase in trade and other debtors	16,29	<b>(2,511,473)</b>	(479,559)
Increase/(decrease) in trade creditors and other creditors	17,29	<b>3,927,288</b>	(115,788)
Gain on revaluation of Pension	18	<b>(22,529)</b>	-
Increase in provisions	21	<b>62,492</b>	49,309
<b>Net cash generated from operating activities</b>		<b>2,248,785</b>	<b>232,881</b>
<b>Cash flows from/(used) in investing activities</b>			
Interest received	12	<b>1,317</b>	5,209
Purchases of fixed assets - housing properties	14	<b>(695,483)</b>	(508,623)
Purchase of new housing property – Rapley Court	14	<b>(383,658)</b>	-
Purchases of fixed assets - other	15	<b>(238,622)</b>	(128,290)
Cash received relating to gift		-	272,396
Receipt of grant	19	<b>67,500</b>	71,359
<b>Net cash used in investing activities</b>		<b>(1,248,946)</b>	<b>(287,949)</b>
<b>Cash flows used in financing activities</b>			
Interest paid	13	<b>(41,871)</b>	(52,199)
Repayment of loans – other	20	<b>(69,967)</b>	(68,352)
<b>Net cash used in financing activities</b>		<b>(111,838)</b>	<b>(120,551)</b>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>		<b>888,001</b>	<b>(175,619)</b>
Cash and cash equivalents at beginning of year		<b>2,696,691</b>	2,872,310
<b>Cash and cash equivalents at end of year</b>		<b>3,584,692</b>	<b>2,696,691</b>

The notes on page 24 to 44 form part of these financial statements.

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## 1. Legal Status

BHT Sussex is registered with the Financial Conduct Authority and is registered with the Regulator for Social Housing as a social housing provider. BHT Sussex is a charitable housing association, a company limited by guarantee under the Companies Act 2006 and is governed by its Articles of Association. BHT Sussex is also registered with the Charity Commission and as such is governed by applicable Charities Act legislation. BHT Sussex is a public benefit entity registered in England with Charity number 284839, Regulator of Social Housing number H1696 and Company number 01618610. The Registered Office is 144 London Road, Brighton, East Sussex BN1 4PH.

## 2. Accounting Policies

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for BHT Sussex includes FRS 102 "the Financial Reporting Standard applicable in the United Kingdom, the Republic of Ireland" the Statement of Recommended Practice (SORP) for Registered Social Housing Providers, "Accounting by registered social housing providers" 2018, the Accounting Direction for Private Registered Providers of Social Housing 2019, and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies. These estimates and judgements are outlined in Note 3.

The following principal accounting policies have been applied:

### Going Concern

Following assessment of the BHT Sussex financial position and resources available going forward, including the cashflow position for the next eighteen months, the Board believes that BHT Sussex can manage its business risks, financial forecast (including monthly cashflow forecasts with sensitivity analysis), and has a reasonable expectation that BHT Sussex has adequate resources to continue operating for the foreseeable future. For this reason, BHT Sussex continues to adopt the going concern basis of accounting, in the preparation of the annual financial statements. Based on this assessment the Board has concluded that a material uncertainty does not exist, and BHT Sussex is expected to continue to operate for the foreseeable future.

Notwithstanding the risks and uncertainties that we face, we are confident that BHT Sussex has a positive future. We have reached this conclusion by reference to:

- Over 50% of our income comes from rental and service charges, a relatively secure income stream and one which is well managed within the organisation. 83.4% of this income is paid directly to BHT Sussex from Housing benefits, Universal Credit and Adult Social Care, which provides confidence in future payments of this stream of income.
- For 2021/22, 62% of our contracted income is secure, most other income is secure during the lifetime of contracts, and should these contracts be terminated, we can flex costs accordingly.
- Notwithstanding current challenges relating to charitable fundraising, any shortfall is likely to be temporary and would not have a material impact on our assessment of going concern.
- Controls we have on inflationary aspects of our salary and reward structures.
- Our cash balances, at the point of signing these accounts, is almost 100% greater than the £1.5 million head room agreed as policy. We have also undertaken a cashflow forecast for the next 18 months (April 2022 to September 2023) and this shows we will be able to maintain a healthy £3m cash balance. Sensitivity analysis for higher levels of inflation on this forecast show that we would continue to maintain cashflows above our £1.5 million target.
- Our very limited exposure to fluctuations in the money markets. Where we have borrowing, this is at a fixed rate. We have no involvement in developing properties for sale.
- Our ability to withdraw from activities with reasonable notice should they become an unacceptable drain on the cash resources of the organisation.

### Income

Income is measured at the fair value of the consideration received or receivable. BHT Sussex generates the following material income streams:

- rental income receivable (after deducting lost rent from void properties available for letting);
- service charges receivable.
- revenue grants from statutory and other authorities; and
- legal Aid Association income.

### Rental Income

Rental income from residential properties is recognised in the Statement of Comprehensive Income when it falls due.

**2. Accounting policies (continued)**

**Supported Housing Schemes**

BHT Sussex receives Supporting People grants from a number of Boroughs and County Councils. The grants received in the period, as well as costs incurred by BHT Sussex in the provision of support services, have been included in the Statement of Comprehensive Income. Any excess of cost over the grant received is borne by BHT Sussex, where it is not recoverable from tenants.

**Service Charges**

BHT Sussex adopts the fixed method for calculating and charging service charges to its tenants and leaseholders. Expenditure is recorded when a service is provided and charged to the relevant service charge account. Income is recorded based on the estimated amounts chargeable.

**Legal Aid Association Income**

Legal Aid income is accounted for when earned. Income is recognised at agreed rates for all work carried out up to the balance sheet date. Any income earned, where full settlement will not be received until the case is closed, is accrued, and stated at the lower of cost and net realisable value.

**Expenditure**

All expenditure is accounted for on an accruals basis and allocated to the appropriate heading in the accounts.

Costs of generating income comprise the costs associated with generating donations, attracting fundraising, delivering services that are funded by grants, providing advice services funded by the Legal Aid Agency and providing housing services funded by rent and service charge income.

Charitable activities comprise all costs incurred in the pursuit of the charitable objectives of BHT Sussex. These costs, where not wholly attributable, are apportioned between the categories of charitable expenditure in addition to the direct costs. The total costs of each category of charitable expenditure therefore include support costs and an apportionment of overheads, as show in note 5.

Support costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of BHT Sussex.

**Management of Units Owned by Others**

Rent and grant income receivable are included in income. The costs of carrying out the management of contracts and rechargeable expenses are included in operating costs.

**Schemes Managed by Agents**

Income from these schemes is included within rent receivable. The costs associated with these properties relate to depreciation and loan interest. No management fees are charged by the agents.

**Finance Costs**

Interest is incurred on loans held by BHT Sussex and is charged to the Statement of Comprehensive Income.

**Current and Deferred Taxation**

BHT Sussex is a Charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly, it is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

No tax charge arose in the period.

**Impairment of Fixed Assets**

The housing property portfolio for BHT Sussex is assessed for indicators of impairment at each balance sheet date. Where indicators are identified, a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts. An options appraisal is carried out to determine the option which produces the highest net realisable value. Valuations on rental return, or potential sale proceeds, are obtained and used to inform the options. BHT Sussex looks at the net realisable value, from the options available, when considering the recoverable amount for the purposes of impairment assessment. The recoverable amount is taken to be the higher of the fair value, less costs to sell or value, in use of an asset or cash generating unit. The assessment of value in use may involve considerations of the service potential of the assets or cash generating units concerned, or the present value of future cash flows to be derived from them appropriately adjusted to account for any restrictions on their use.

**2. Accounting policies - Impairment of Fixed Assets (continued)**

No properties have been valued at Value in Use – Service Potential (VIU-SP).

BHT Sussex defines cash generating units as schemes, except where its schemes are not sufficiently large enough in size or where it is geographically sensible to group schemes into larger cash generating units. Where the recoverable amount of an asset, or cash generating unit, is lower than its carrying value, an impairment is recorded through a charge to income and expenditure.

**Value Added Tax**

BHT Sussex charges Value Added Tax (VAT) on a small proportion of its income relating to legal and IT services and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by BHT Sussex and is not recoverable from HM Revenue and Customs. Recoverable VAT arises from partially exempt activities and is credited to the Statement of Comprehensive Income.

**Pension Costs**

BHT Sussex operates a defined contribution pension scheme with Scottish Widows and 2 (2021: 2) staff members belong to the NHS pension scheme. The assets of the schemes are held separately from those of BHT Sussex. Contributions to the schemes are charged to the profit and loss in the year in which they become payable.

As part of the Sussex Oakleaf gift, BHT Sussex took over its Defined Benefit scheme held with TPT – the Growth Plan. This scheme is closed to new members. The scheme is a multi-employer defined benefit pension scheme. Sufficient information is not available to enable BHT Sussex to identify its share of assets and liabilities and as a result, and in accordance with FRS102, these financial statements account for the scheme as if it were a defined contribution scheme.

Where a recovery plan is in place to address the deficit, BHT Sussex recognise, as a liability, its commitment to make contributions under the terms of that recovery plan with changes to the value of this commitment recognised within the Statement of Comprehensive Income.

As part of our successful tender of the East Sussex Floating Support Service, 4 (2021: nil) members of staff are in the Local Government Pension Scheme (LGPS) for which BHT Sussex will pay a fixed contribution rates for the duration of the contract. All other staff that TUPE'd with the new service are in our Scottish Widows pension scheme.

**Tangible Fixed Assets - Housing Properties**

All housing properties are stated at cost together with incidental costs of acquisition less depreciation and impairment (where applicable).

Expenditure on major refurbishment to properties is capitalised where the works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. All other repair and replacement expenditure is charged to the Statement of Comprehensive Income.

**Depreciation of Housing Property**

Housing land and property is split between land, structure and other major components that are expected to require replacement over time.

Land is not depreciated on account of its indefinite useful economic life.

The cost of all other housing property (net of accumulated depreciation to date and impairment, where applicable) and components is depreciated over the useful economic lives of the assets on the following basis:

Housing properties are split between the structure and the major components which require periodic replacement. The costs of replacement or restoration of these components are capitalised and depreciated over the determined average useful economic life as follows:

Description	Economic useful life (years)
Structure	100
Kitchen	20
Bathroom	30
Roofs	60
External doors	30
Boilers	15
Heating	30
External windows	30

Leasehold properties are depreciated over the length of the lease except where the expected useful economic life of properties is shorter than the lease, when the lease and building elements are depreciated separately over their expected useful economic lives.

## 2. Accounting policies (continued)

### Tangible fixed assets – Other

Other tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

BHT Sussex adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the organisation. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

### Depreciation of Other Tangible Fixed Assets

Land is not depreciated. Depreciation on other assets is charged, so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Description	Economic useful life (years)
Leasehold properties and improvements	Lease term
Freehold non-housing properties (excluding land)	100
Fixtures, fittings, tools and equipment	5
Computers	4

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

### Government Grants

Grants are carried as deferred income in the balance sheet and released to the income and expenditure account on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with the Housing SORP 2018, the useful economic life of the housing property structure has been selected (see table of useful economic lives above).

Where a social housing grant (SHG) funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets, any unamortised grant remaining within creditors is released and recognised as income within the income and expenditure account.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once performance related conditions have been met.

Grants due from government organisations or received in advance are included as current assets or liabilities. During the year, we tried to minimise the number of people on the government's Job Retention Scheme.

### Debtors and Creditors

Debtors and creditors with no stated interest rate, that are receivable or payable within one year, are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of comprehensive income in other operating expenses.

### Recoverable Amount of Rental and Other Trade Receivables

BHT Sussex estimates the recoverable value of rental, and other receivables, and impairs the debtor by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt, historical collection rates and the class of debt.

### Financial Liabilities and Equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

### Loans

All loans held by BHT Sussex are classified as basic financial instruments in accordance with FRS102. These instruments are initially recorded at the transaction price. FRS102 requires that basic financial instruments are subsequently measured at amortised cost.

## **2. Accounting policies (continued)**

### **Cash and Cash Equivalents**

Cash and cash equivalents in the Statement of Financial Position consists of cash at bank, in hand, deposits and short-term investments with an original maturity of three months or less.

### **Leased Assets - Lessee**

All leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives received to enter into operating lease agreements are released to profit or loss over the term of the lease.

### **Provision for Liabilities**

BHT Sussex has recognised provisions for liabilities of uncertain timing or amounts including those for major repairs on stock transfers and leaseholders, dilapidations, restructuring.

Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at the present value using a discount rate. The unwinding of the discount is recognised as a finance cost in income and expenditure in the period it arises.

### **Contingent Liabilities**

A contingent liability is recognised for a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources, or for a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or when a sufficiently reliable estimate of the amount cannot be made.

A contingent liability exists on grant repayment which is dependent on the disposal of related property.

### **Reserves**

Income received, and expenditure incurred, for restricted purposes is separately accounted for within restricted funds. Realised and unrealised gains and losses on assets held by these funds are also allocated to the fund.

### **Gift of Assets**

All assets and liabilities transferred are recognised at fair value.

## **3. Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparing these financial statements key judgements have been made in respect of the following:

- Covid-19 has not triggered any reductions for BHT Sussex property values as net rental inflows are broadly not affected, due to both ongoing high demand for social housing, the limited impact on future cash flows due to highly certain rental streams, and the impact of rising bad debts/arrears being limited; and
- Whether there are indicators of impairment of tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and, where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. BHT Sussex has considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH or depreciated replacement cost. BHT Sussex has also considered impairment based on their assumptions to define cash or asset generating units.

### **Other key sources of estimation uncertainty**

- *Tangible fixed assets (see note 14 and 15)*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives, taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed periodically and may vary depending on a number of factors. In re-assessing asset lives, factors such as asset and market condition are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.



**Notes Forming Part of the Financial Statements for the year ended 31<sup>st</sup> March 2022 (continued)**

**Other key sources of estimation uncertainty (continued)**

Housing property assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

- *Rental and other trade receivables (debtors) (see note 16)*

The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

Provision of potential rental bad debts is based on 100% or former tenant arrears balances and for current balances, a variable percentage specific to each service based on past write-off levels.

**4 Particulars of Turnover, Cost of Sales, Operating Costs and Operating Surplus**

	Turnover	Operating Costs	Operating Surplus/ (Deficit)
	2022	2022	2022
	£	£	£
<b>Social Housing Lettings (Note 5)</b>	<b>7,438,043</b>	<b>(6,464,598)</b>	<b>973,445</b>
<b>Other Social Housing Activities</b>			
Supporting people	1,165,986	(1,134,602)	31,384
Residential Care and Other grants	1,235,687	(1,201,728)	33,959
<b>Total Social Housing</b>	<b>9,839,716</b>	<b>(8,800,928)</b>	<b>1,038,788</b>
<b>Activities other than Social Housing Activities (Note 6)</b>			
Legal Advisory Services	1,289,253	(1,267,445)	21,808
Day Centre	412,024	(444,684)	(32,660)
Non-housing rent income	40,012	(40,012)	-
Other activities	3,394,085	(4,033,160)	(639,075)
<b>Total Activities other than Social Housing</b>	<b>5,135,374</b>	<b>(5,785,301)</b>	<b>(649,927)</b>
<b>Total</b>	<b>14,975,090</b>	<b>(14,586,229)</b>	<b>388,861</b>

	Turnover	Operating Costs	Operating Surplus/ (Deficit)
	2021	2021	2021
	£	£	£
<b>Social Housing Lettings (Note 5)</b>	<b>7,532,948</b>	<b>(6,235,698)</b>	<b>1,297,250</b>
<b>Other Social Housing Activities</b>			
Supporting people	1,180,663	(1,083,883)	96,780
Residential Care and Other grants	1,158,980	(1,063,977)	95,003
<b>Total Social Housing</b>	<b>9,872,591</b>	<b>(8,383,558)</b>	<b>1,489,033</b>
<b>Activities other than Social Housing Activities (Note 6)</b>			
Legal Advisory Services	1,006,928	(1,261,361)	(254,433)
Day Centre	364,473	(510,013)	(145,540)
Non-housing rent income	22,626	(28,457)	(5,831)
Other activities	2,482,243	(3,139,163)	(656,920)
<b>Total Activities other than Social Housing</b>	<b>3,876,270</b>	<b>(4,938,994)</b>	<b>(1,062,724)</b>
<b>Total</b>	<b>13,748,861</b>	<b>(13,322,552)</b>	<b>426,309</b>

## 5 Income and Expenditure from Social Housing Lettings

	General Needs £	Supported Housing £	Temporary Social Housing £	Total 2022 £	Total 2021 £
<b>Income</b>					
Rents net of identifiable service charges	2,369,098	2,171,344	322,253	4,862,695	4,932,376
Service charge income	522,888	1,703,217	131,684	2,357,789	2,361,667
Release of government capital grants	110,514	61,840	-	172,354	161,268
Other income	-	45,205	-	45,205	77,637
<b>Turnover from social housing lettings</b>	<b>3,002,500</b>	<b>3,981,606</b>	<b>453,937</b>	<b>7,438,043</b>	<b>7,532,948</b>
<b>Expenditure</b>					
Management	(42,080)	(276,193)	(20,660)	(338,933)	(325,478)
Service charge costs	(1,109,602)	(3,298,892)	(317,720)	(4,726,214)	(4,630,836)
Routine maintenance	(446,146)	(203,086)	(27,410)	(676,642)	(505,372)
Planned maintenance	(83,141)	(36,298)	(2,556)	(121,995)	(199,673)
Major repairs expenditure	(94,530)	(28,302)	103	(122,729)	(152,602)
Bad debts	(27,988)	(31,666)	(1,211)	(60,865)	(28,153)
Depreciation of housing properties:					
- annual charge	(187,474)	(220,778)	(15,267)	(423,519)	(388,823)
- accelerated depreciation	8,113	(1,814)	-	6,299	(4,761)
<b>Operating expenditure on social housing lettings</b>	<b>(1,982,848)</b>	<b>(4,097,029)</b>	<b>(384,721)</b>	<b>(6,464,598)</b>	<b>(6,235,698)</b>
<b>Operating surplus/deficit on social housing lettings</b>	<b>1,019,652</b>	<b>(115,423)</b>	<b>69,216</b>	<b>973,445</b>	<b>1,297,250</b>
<b>Void losses (memorandum only)</b>	<b>(74,627)</b>	<b>(486,718)</b>	<b>(28,320)</b>	<b>(589,665)</b>	<b>(477,197)</b>

The difference between £2,094,394 and £1,079,141 (both Note 14) is repairs and maintenance costs. The difference of £1,015,253 is repairs and maintenance expenditure. This amount has been split between Social Housing (£921,366) as detailed in note 5 and supporting people (£93,887). It should also be noted that within accelerated depreciation, there is a gain of sale of land for the value of £14,176.

## 6 Particulars of Turnover from Non-Social Housing Activities

	2022 £	2021 £
<b>Advice Services:</b>		
Legal aid including costs & disbursements recovered	728,944	553,089
Grant contract incomes	515,269	431,410
Donations, fundraising and other income	45,040	22,429
<b>Total for Advice Services</b>	<b>1,289,253</b>	<b>1,006,928</b>
	2022 £	2021 £
<b>Day Centre</b>		
Grant contract incomes	316,763	253,485
Lunches	-	150
Donations, fundraising & other income	95,261	110,838
<b>Total for Day Centre</b>	<b>412,024</b>	<b>364,473</b>

**6 Particulars of Turnover from Non-Social Housing Activities (continued)**

	2022 £	2021 £
<b>Non-housing rent income</b>		
Renaissance House	40,012	22,626
<b>Total for Non-housing rent Income</b>	<b>40,012</b>	<b>22,626</b>
	2022 £	2021 £
<b>Other Activities</b>		
Grant contract incomes	3,117,889	2,057,638
BHT Sussex IT Solutions	124,998	124,998
Donations & fundraising	17,908	(7,886)
Furlough (job retention scheme)	-	107,721
Other Income	133,290	199,772
<b>Total for other activities</b>	<b>3,394,085</b>	<b>2,482,243</b>
<b>Turnover from non-social housing activities</b>	<b>5,135,374</b>	<b>3,876,270</b>

**7 Units of Housing Stock**

	2022 Number	2021 Number
General needs social housing	305	305
Supported housing	132	130
<b>Total social housing units</b>	<b>437</b>	<b>435</b>
<b>Total owned</b>	<b>437</b>	<b>435</b>
Accommodation managed for others	323	324
<b>Total managed accommodation</b>	<b>760</b>	<b>759</b>
Units managed by other Trusts	6	6
<b>Total owned and managed accommodation</b>	<b>766</b>	<b>765</b>

The increase in the number of units Owned Supported Accommodation from 130 to 132 is a result of the purchase of two flats.

## 8 Operating Surplus

	2022 £	2021 £
The operating surplus is arrived at after charging:		
Depreciation of housing properties - annual charge	423,519	388,823
Depreciation of other tangible fixed assets	145,103	103,261
Operating lease charges – land, building and vehicles	1,605,202	1,638,396
Auditor's remuneration (Including VAT):		
- fees payable for the audit of the annual accounts of the Trust	29,280	29,280

## 9 Employees

	2022 £	2021 £
Staff costs (including Executive Management Team) consist of:		
Wages and salaries	7,301,355	6,434,707
Social security costs	599,476	534,561
Cost of defined contribution scheme	334,856	308,781
	<b>8,235,687</b>	<b>7,278,049</b>

The average number of employees (including Executive Management Team) expressed as full time equivalents (calculated based on a standard working week of 37 hours) during the year was as follows:

	2022 £'000	2021 £'000
Administration	75	71
Housing, Support and Care	195	163
	<b>270</b>	<b>234</b>

The full time equivalent number of staff receiving remuneration, including company pension contribution, in excess of £60,000 was:

	2022 No.	2021 No.
£60,000 - £69,999	3	3
£70,000 - £79,999	1	1
£80,000 - £89,999	0	0
£90,000 - £99,999	1	1

## 10 Directors and Senior Executive Remuneration

The directors are defined as the members of the Board of Trustees (the Board), the Chief Executive and the Executive Management Team (EMT) disclosed on page 2.

Key management personnel are defined as members of the EMT. Their remuneration is disclosed below:

	2022 £	2021 £
Executive directors' emoluments	356,907	345,217
Contributions to money purchase pension schemes	19,562	18,493
<b>Total</b>	<b>376,469</b>	<b>363,710</b>

No members of the Board of Trustees received any emoluments in 2022: nil (2021: nil). The Board of Trustees received £40 (2021: £35) for Board expenses during the year.

The total amount payable to the Chief Executive, who was also the highest paid director in respect of emoluments, was £87,670 (2021 - £86,802). Additionally, pension contributions of £4,822 (2021: £4,774) were made to a defined contribution pension scheme on his behalf as an ordinary member of the scheme.

As a member of the company pension scheme, the pension entitlement of the Chief Executive is identical to those of other members.

There were 5 directors in the defined contribution pension scheme (2021: 5).

## 11 Board Members

Board Members	Member of -					Board
	Remuneration Committee	Finance Audit & Risk Committee	Operations & Personnel Committee	Governance Committee		
Joan Mortimer	√		√	√		√
Leona Daniel		√				√
Peter Freeman		√		√		√
Sarah Butler	√	√	√			√
Ian Millar	√		√			√
Melanie Davis	√		√	√		√
Roger Hinton		√				√
Kelvin MacDonald			√			√
Gerald Main	√		√			√
Mary Tawiah		√				√
Paul Williams		√				√
Paul Featherstone	√		√			√
Nicholas Willmore	√		√			√
Lawrence Santcross		√				√
Angeline Walker		√				√
Andrew Rose		√				√

No remuneration was paid to Board members. (2021: nil).



**Notes Forming Part of the Financial Statements for the year ended 31<sup>st</sup> March 2022 (continued)**

**12 Interest Receivable and Income from Investments**

	2022 £	2021 £
Interest receivable and similar income	1,317	5,209

**13 Interest Payable and Similar Charges**

	2022 £	2021 £
Interest on loans and overdrafts	41,871	52,199

**14 Tangible Fixed Assets – Housing Properties**

	General Needs £	Supported Housing £	Total £
<b>Cost</b>			
At 1 <sup>st</sup> April 2021	15,378,406	10,664,314	26,042,720
<b>Additions:</b>			
- replaced components	256,604	144,368	400,972
- other	206,803	87,708	294,511
- Purchase of new property – Rapley Court	-	383,658	383,658
<b>Disposals:</b>			
- replaced components	(54,659)	(13,910)	(68,569)
<b>At 31<sup>st</sup> March 2022</b>	<b>15,787,154</b>	<b>11,266,138</b>	<b>27,053,292</b>
<b>Depreciation:</b>			
At 1 <sup>st</sup> April 2021	(3,561,141)	(2,812,775)	(6,373,916)
Charge for the year	(187,475)	(236,044)	(423,519)
Eliminated on disposals:			
- replaced components	48,596	12,591	61,187
<b>At 31<sup>st</sup> March 2022</b>	<b>(3,700,020)</b>	<b>(3,036,228)</b>	<b>(6,736,248)</b>
<b>Net book value at 31<sup>st</sup> March 2022</b>	<b>12,087,134</b>	<b>8,229,910</b>	<b>20,317,044</b>
<b>Net book value at 31<sup>st</sup> March 2021</b>	<b>11,817,265</b>	<b>7,851,539</b>	<b>19,668,804</b>

The net book value of housing properties may be further analysed as:

	2022 £	2021 £
Freehold	17,045,369	16,373,464
Long Leasehold	2,492,132	2,500,956
Leasehold Improvements	779,543	794,384
	<b>20,317,044</b>	<b>19,668,804</b>

**Notes Forming Part of the Financial Statements for the year ended 31<sup>st</sup> March 2022 (continued)**

Note 14 (continued)

Total Social Housing Grant received is as follow:

	2022 £	2021 £
Capital Grant – Housing Properties	15,941,108	15,873,608

Total Trust expenditure during the year on works to existing properties was £2,094,394 (2021: £1,373,521) of which £1,079,141 (2021: £508,623) has been capitalised. The difference between £2,094,394 and £1,079,141 is repairs and maintenance costs. This amount has been split between Social Housing £921,366 (2021: £857,647) (as detailed in note 5) and supporting people £93,887 (2021: £7,251). Of the amounts capitalised, £400,972 (2021: £329,285) relates to the replacement of components £294,511 (2021: £179,338) relates to the enhancement of properties and £383,658 (2021: nil) was for the purchase of Land and Building.

**15 Tangible Fixed Assets – Other**

	Non-Housing Property £	Fixtures, Fittings and Equipment £	IT Equipment and Software £	Total £
<b>Cost or valuation</b>				
At 1 <sup>st</sup> April 2021	2,107,767	147,420	207,715	2,462,902
Additions	11,386	97,977	129,259	238,622
Disposals	-	(5,201)	(63,446)	(68,647)
<b>At 31<sup>st</sup> March 2022</b>	<b>2,119,153</b>	<b>240,196</b>	<b>273,528</b>	<b>2,632,877</b>
<b>Depreciation</b>				
At 1 <sup>st</sup> April 2021	(512,108)	(56,775)	(138,698)	(707,581)
Charge for year	(30,862)	(44,233)	(70,008)	(145,103)
Disposal		4,706	63,446	68,152
<b>At 31<sup>st</sup> March 2022</b>	<b>(542,970)</b>	<b>(96,302)</b>	<b>(145,260)</b>	<b>(784,532)</b>
<b>Net book value at 31<sup>st</sup> March 2022</b>	<b>1,576,183</b>	<b>143,894</b>	<b>128,268</b>	<b>1,848,345</b>
<b>Net book value at 31<sup>st</sup> March 2021</b>	<b>1,595,659</b>	<b>90,645</b>	<b>69,017</b>	<b>1,755,321</b>

Total Capital Grant received is as follows:

	2022 £	2021 £
Capital Grant – Freehold Non-Housing Properties	680,000	680,000

The net book value of non-housing property may be further analysed as:

	2022 £	2021 £
Freehold	1,443,869	1,460,949
Long Leasehold	132,314	134,710
<b>At 31<sup>st</sup> March</b>	<b>1,576,183</b>	<b>1,595,659</b>

**Notes Forming Part of the Financial Statements for the year ended 31<sup>st</sup> March 2022 (continued)**

**16 Debtors**

	2022 £	2021 £
<b>Due within one year</b>		
Rent and service charge arrears	469,885	284,764
Less: Provision for doubtful debts	(129,972)	(99,475)
	339,913	185,289
Other debtors	3,168,039	912,532
Prepayments and accrued income	1,120,225	1,018,883
	4,628,177	2,116,704

**17 Creditors: Amounts Falling Due Within One Year**

	2022 £	2021 £
Loans and borrowings (Note 20)	36,390	69,556
Trade creditors	587,808	399,939
Taxation and social security	200,622	154,131
Other creditors	89,596	162,688
Accruals and deferred income	4,802,942	1,036,922
Deferred Capital Grant (note 19)	260,165	189,340
	5,977,523	2,012,576

Included within Other creditors is £9,103 relating to TPT Pension Liability due within one year.

Accruals and deferred income increases in 2021/22 are due to new contract with East Sussex County Council which runs from November to October, with an annual value of £3.8m.

**18 Creditors: Amounts Falling Due After One Year**

	2022 £	2021 £
Loans and borrowings (Note 20)	312,834	349,635
Deferred Capital Grant (Note 19)	12,312,344	12,488,023
TPT Pension Liability	6,705	29,234
	12,631,883	12,866,892

**19 Deferred Capital Grant**

	2022 £	2021 £
At 1 <sup>st</sup> April 2021	12,677,363	12,767,272
Addition	67,500	71,359
Released to income during year	(172,354)	(161,268)
At 31 <sup>st</sup> March	12,572,509	12,677,363

**Notes Forming Part of the Financial Statements for the year ended 31<sup>st</sup> March 2022 (continued)**

**Note 19 (continued)**

	2022 £	2021 £
In one year or less, or on demand	260,165	189,340
In more than one year but not more than two years	260,165	189,340
In more than two years but not more than five years	568,020	568,020
In five years or more	11,484,159	11,730,663
	<b>12,572,509</b>	<b>12,677,363</b>

**20 Loans and Borrowings**

Maturity of debt:

	Bank Loans 2022 £	Bank Loans 2021 £
In one year or less, or on demand	36,390	69,556
In more than one year but not more than two years	1,959	36,812
In more than two years but not more than five years	7,224	6,510
In five years or more	303,651	306,313
	<b>349,224</b>	<b>419,191</b>

Loans are secured by specific charges on the housing properties of BHT Sussex. The loans bear interest at fixed rates ranging from 9.25% to 13.375% or at variable rates calculated at a margin above the London Inter Bank Offer Rate. There were no issue costs associated with the loans.

**21 Provisions for Liabilities**

	Dilapidations 2022 £	2021 £
At 1 <sup>st</sup> April 2021	322,098	206,244
Transferred from Sussex Oakleaf	-	66,545
Released to income and expense	62,492	49,309
Charged as at 31 <sup>st</sup> March	<b>384,590</b>	<b>322,098</b>

Maintenance costs of returning properties, under operating leases, to their landlords in a lettable state. These costs are subject to the lease conditions; includes only client/tenant damage and excludes landlord responsibility repairs.

**22 Pensions**

**Defined Contribution Scheme**

A defined contribution pension scheme is operated by BHT Sussex on behalf of the employees. The assets of the scheme are held separately from those of BHT Sussex in an independently administered fund provided by Scottish Widows. The pension charge represents 5.5% (2021: 5.5%) of pensionable salary contributions payable by BHT Sussex to the fund and amounted to £310,260 (2021: £281,961). Contributions totalling £0 (2021: £40,356) were payable to the fund at the year end.

BHT Sussex also operates a defined contribution pension scheme for the ex-Sussex Oakleaf employees who TUPE'd to BHT Sussex. The assets of the scheme are held separately from those of BHT Sussex in an independently administered fund provided by TPT. The pension charge represents contributions payable by BHT Sussex to the fund and amounted to £29,073 (2021: £26,820).

**Pensions (continued)**

In November 2021, BHT Sussex TUPE'd seven staff from South East Independent Living Limited (SEILL) and made contributions payable to the Local Government Pension Fund (LGPS) of £8,990

Two (2021: 2) staff belong to the NHS pension scheme. Membership of this scheme is not open to other BHT Sussex members of staff. BHT Sussex contributes 14.38% (2021: 14.38%) of their pensionable salaries of members to this scheme.

**Defined Benefit Scheme**

TPT Retirement Solutions – The Growth Plan

The company participates in the scheme, a multi-employer scheme which provides benefits to some 638 (2021: 950) non-associated participating employers. The scheme is a defined benefit scheme in the UK (now closed). It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out on 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

**Deficit contributions**

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<b>From 1 April 2019 to 31 January 2025:</b>	<b>£3,312,000 per annum</b>	<b>(payable monthly)</b>
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Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

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<b>From 1 April 2016 to 30 September 2025:</b>	<b>£11,243,000 per annum</b>	<b>(payable monthly and increasing by 3% each on 1<sup>st</sup> April)</b>
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	31 March 2022 (£s)	31 March 2021 (£s)	31 March 2020 (£s)
Present value of provision	10,548	39,137	46,372

The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.



**PRESENT VAULES OF PROVISION**

	<b>Period Ending 31 March 2022 (£s)</b>	<b>Period Ending 31 March 2021 (£s)</b>
Provision at start of period	39,137	46,372
Unwinding of the discount factor (interest expense)	226	1,042
Deficit contribution paid	(9,904)	(9,615)
Remeasurements - impact of any change in assumptions	(242)	1,338
Remeasurements - amendments to the contribution schedule	(18,669)	-
Provision at end of period	10,548	39,137

**INCOME AND EXPENDITURE IMPACT**

	<b>Period Ending 31 March 2022 (£s)</b>	<b>Period Ending 31 March 2021 (£s)</b>
Interest expense	226	1,042
Remeasurements – impact of any change in assumptions	(242)	1,338
Remeasurements – amendments to the contribution schedule	(18,669)	-
Contributions paid in respect of future service*	*	*
Costs recognised in income and expenditure account	*	*

Includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes.

**Assumptions**

	<b>31 March 2022 % per annum</b>	<b>31 March 2021 % per annum</b>	<b>31 March 2020 % per annum</b>
Rate of discount	2.35	0.66	2.53

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

**ADDITIONAL INFORMATION**

FOR THE PERIOD ENDING 31<sup>st</sup> March 2022

COMPANY: BHT Sussex

SCHEME: TPT Retirement Solutions – The Growth Plan

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

**DEFICIT CONTRIBUTIONS SCHEDULE**

Year ending	31 March 2022 (£s)	31 March 2021 (£s)	31 March 2020 (£s)
Year 1	3,843	9,904	9,615
Year 2	3,843	10,201	9,904
Year 3	3,302	10,507	10,201
Year 4	-	9,018	10,507
Year 5	-	-	9,018
Year 6	-	-	-

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises. It is these contributions that have been used to derive the company's balance sheet liability.

## **23 Contingent Liabilities**

BHT Sussex received Social Housing Grants which were used to fund the acquisition and development of housing properties and their components. A grant of £4,015,378 (2021: £3,857,266) was received in respect of housing properties held at 31<sup>st</sup> March 2022 in respect of adoption of historic cost. BHT Sussex has a future obligation to recycle such grants once the properties are disposed of. At 31<sup>st</sup> March 2021, the value of grants received in respect of these properties that had not been disposed of was £11,799,845 (2021: £11,957,997).

A grant of £67,500 (2021: nil) was received from Homes England Grant received in respect of housing properties in 2021-22. At 31<sup>st</sup> March 2022, the value of grant received in respect of these properties that had not been disposed of was £66,825.

In addition, non-social housing grants of £639,200 (2021: £639,200) had been received in respect of properties that had not been disposed of.

BHT Sussex has no plans to sell properties, so no provision has been recognised in these financial statements.

Grant received in respect of the Archway project for improvements is nil (2021: £22,431).

Total infection control grants received for housing properties is nil (2021: £48,928).

## 24 Operating Leases

BHT Sussex had minimum lease payments under non-cancellable operating leases as set out below:

Amounts Payable as Lessee		
	2022 £	2021 £
Not later than 1 year	1,605,202	1,638,396
Later than 1 year and not later than 5 years	2,348,425	3,195,291
Later than 5 years	1,599,725	2,974,345
<b>Total</b>	<b>5,553,352</b>	<b>7,808,032</b>

Amounts Receivable as Lessor		
	2022 £	2021 £
Not later than 1 year	46,591	44,292
Later than 1 year and not later than 5 years	92,203	113,099
<b>Total</b>	<b>138,794</b>	<b>157,391</b>
<b>Average rents receivable from tenants per week</b>	<b>159,509</b>	<b>149,195</b>

## 25 Capital Commitments

There were capital commitments contracted for nine properties to the values of £324,589 as at 31<sup>st</sup> March 2022 (2021: nil).

## 26 Related Party Disclosures

Two members of our Board are also tenants of BHT Sussex. These Board members pay rent and service charges and these transactions have taken place at arm's length. The average rent charge for the type of property rented is £110 (2021: £108) per week including service charges. The rent charge paid by both Board members is £110 (2021: £108) per week.

One Board member whose partner is member of The Board of Sussex Interpreting Services, who are a supplier of Services to BHT Sussex Advice, there was 1 (2021: 1) transaction and the sum paid was £414 (2021: £417).

There is also a further Board member who is a Trustee of BHT Charitable Trust. There were no transactions (2021: nil) with BHT Charitable Trust.

There were no other related party transactions in the year to 31<sup>st</sup> March 2022.

## 27 Members' Liability

BHT Sussex has no share capital, and the liability of the members is limited by guarantee as set out in the provisions of the Articles of Association.

Each of the 14 (2021: 15) members has undertaken to contribute £1 in the event of BHT Sussex being wound up.

## 28 Capital and Reserves

### Restricted Reserves

	1 April 2021	Transfer from Sussex Oakleaf	Income	Expenditure	Released to General Reserves	31 March 2022
	£	£	£	£	£	£
Advice Plus	(7,388)	-	-	(3,750)	11,138	-
The Academy	105,875	-	95,268	-	-	201,143
Reaching Communities /First Impressions	(7,268)	-	-	-	7,268	-
Fulfilling Lives	762,338	-	1,040,827	(1,010,918)	(487,682)	304,565
East Brighton Gateway	(3,116)	-	-	(1,620)	4,736	-
East Sussex Floating Support Designated Reserves	-	-	1,201,147	(1,192,371)	-	8,776
Development	2,896	-	-	-	-	2,896
Property Maintenance Reserve	37,000	-	-	-	-	37,000
Property Revaluation Reserve	-	-	-	-	-	-
Restricted Reserves	2,496	-	-	-	-	2,496
Revaluation Investment Reserve	-	-	-	-	-	-
<b>Total Restricted Reserves</b>	<b>892,833</b>	<b>-</b>	<b>2,337,242</b>	<b>(2,208,659)</b>	<b>(464,540)</b>	<b>556,876</b>
Unrestricted Reserves*	10,143,122	-	12,637,849	(12,418,124)	464,540	10,827,387
<b>Total Reserves</b>	<b>11,035,955</b>	<b>-</b>	<b>14,975,091</b>	<b>(14,626,783)</b>	<b>-</b>	<b>11,384,263</b>

	1 April 2020	Transfer from Sussex Oakleaf	Income	Expenditure	Released to General Reserves	31 March 2021
	£	£	£	£	£	£
Advice Plus	(3,676)	-	-	(3,712)	-	(7,388)
The Academy	85,766	-	71,288	(51,179)	-	105,875
Reaching Communities /First Impressions	(7,268)	-	-	-	-	(7,268)
Fulfilling Lives	737,248	-	1,234,787	(1,209,697)	-	762,338
East Brighton Gateway	(3,116)	-	-	-	-	(3,116)
East Sussex Floating Support Designated Reserves	-	-	-	-	-	-
Development	-	2,896	-	-	-	2,896
Property Maintenance Reserve	-	37,000	-	-	-	37,000
Property Revaluation Reserve	-	295,524	-	-	(295,524)	-
Restricted Reserves	-	3,958	-	-	(1,462)	2,496
Revaluation Investment Reserve	-	107,369	-	-	(107,369)	-
<b>Total Restricted Reserves</b>	<b>808,954</b>	<b>446,747</b>	<b>1,306,075</b>	<b>(1,264,588)</b>	<b>(404,355)</b>	<b>892,833</b>
Unrestricted Reserves*	9,181,946	218,990	12,447,995	(12,110,163)	404,355	10,143,122
<b>Total Reserves</b>	<b>9,990,900</b>	<b>665,737</b>	<b>13,754,070</b>	<b>(13,374,751)</b>	<b>-</b>	<b>11,035,955</b>

\*The opening balance for Unrestricted Reserves has been restated to the 2021 signed accounts for Statement of Changes in equity and the Financial Position.

Note 28 (continued)

Reserve	Purpose and restriction in use
Advice Plus	Local advice services in East Sussex
The Academy	Helping homeless people move into employment and accommodation
Reaching Communities /First Impressions	Helping homeless people overcome barriers to employment
Fulfilling Lives	Promoting change with people with multiple and complex needs
Eastbourne Housing Access	Support for individuals to access private rented sector in Eastbourne
Hastings Housing Access	Support for individuals to access private rented sector in Hastings
East Brighton Gateway	Partnership based learning and education activities
Designated Reserves - Development	Transferred from Sussex Oakleaf and is for Millhaven Fund
Property Maintenance Reserve	Transferred from Sussex Oakleaf and is for Capital Major Works
Property Revaluation Reserve	Transferred from Sussex Oakleaf
Restricted Reserves	Transferred from Sussex Oakleaf and is for Children in Need
Revaluation Investment Reserve	Transferred from Sussex Oakleaf
East Sussex Floating Support	The provision of a Housing related Floating Support Services to support people to live well and independently in their own homes in East Sussex

Release of Restricted Reserves to General Reserves is the result of funding for specific projects coming to an end and the funder confirming that no future liability exists. During 2021/22, a total sum of £487,683 (2021: £404,355) was released from Restricted Reserves to General Reserves.

## 29 Financial Instruments

The financial instruments may be analysed as follows:

	2022 £	2021 £
<b>Financial Assets</b>		
Financial assets measured at historical cost		
- Trade receivables	339,913	185,289
- Other receivables	4,288,264	1,931,415
- Cash and cash equivalents	3,584,692	2,696,691
<b>Total financial assets</b>	<b>8,212,869</b>	<b>4,813,395</b>
	2022 £	2021 £
<b>Financial Liabilities</b>		
Financial liabilities measured at amortised cost		
- Loans payable	349,224	419,191
Financial liabilities measured at historical cost		
- Trade creditors	587,808	399,939
- Other creditors	5,093,160	1,353,741
<b>Total financial liabilities at historic cost</b>	<b>5,680,968</b>	<b>1,753,680</b>
<b>Total financial liabilities</b>	<b>6,030,192</b>	<b>2,172,871</b>



### 30 Net Fund Reconciliation

	1 April 2021 £	Cashflows £	31 March 2022 £
Cash at Bank and in Hand	2,696,694	887,998	3,584,692
Bank Loans	(419,191)	69,967	(349,224)
<b>TOTAL</b>	<b>2,277,503</b>	<b>957,965</b>	<b>3,235,468</b>

### 31 Gift of Assets and Liabilities

Gift of Assets and liabilities in 2021/22 was nil. BHT Sussex completed the transfer in of Sussex Oakleaf on 1<sup>st</sup> April 2020. The business transfer into BHT Sussex has been treated as a gift of assets and liabilities for nil consideration as a net fair value of £665,735.

On 1<sup>st</sup> April 2020, BHT Sussex transferred in the assets and liabilities of Sussex Oakleaf at nil consideration. The book value of the assets and liabilities transferred is equal to the fair value as shown below -

	Fair value 2021 £000s
<b><u>Fixed Assets</u></b>	
Tangible assets - Housing Properties	347
Tangible assets - Fixtures, Fitting and IT equipment	29
<b><u>Current Assets</u></b>	
Cash at Bank and In Hand	272
Debtors	244
<b>Total assets</b>	<b>892</b>
<b><u>Creditors</u></b>	
Due within one year	(159)
Due after one year	(67)
<b>Total Gift of Assets &amp; Liabilities on transfer into BHT Sussex - Net Assets</b>	<b>666</b>
Cash and cash equivalents inflows from business transfer	272