

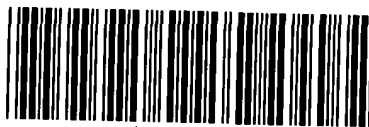
SANCTUARY MAINTENANCE CONTRACTORS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

Company Number: 6822831

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Sanctuary Maintenance Contractors Limited

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Sanctuary Maintenance Contractors Limited

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

Directors

Simon Clark
Ed Lunt
Craig Moule (Chair)
James Whitmore

Company Secretary

Nicole Seymour

Registered office

Chamber Court
Castle Street
Worcester
WR1 3ZQ

Independent statutory auditor

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Internal auditor

PricewaterhouseCoopers LLP
One Chamberlain Square
Birmingham
B3 3AX

Legal advisor

Gowling WLG (UK) LLP
Two Snowhill
Birmingham
B4 6WR

Banker

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

Registered number

Company Number: 6822831

Sanctuary Maintenance Contractors Limited

Strategic Report for the year ended 31 March 2021

Review of the business and future developments

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

The Company provides a wide range of property and facilities maintenance services to an extensive portfolio of properties owned by other businesses within the Group, as well as providing services to external clients. Services include responsive repairs, planned maintenance, estate services, compliance servicing and repair, and reinvestment works.

The Company has seen a slight decline in performance during the year as a result of ensuring our residents and their families, along with our own colleagues, have been kept safe during the pandemic. This is reflected in a reduction in the use of our internal maintenance staff to 79% (2020: 82%) and an increase in the average cost per repair to £139 (2020: £122). Despite this the Company has seen improving customer satisfaction levels and completion times in the year.

The Company will maximise the use of the in-house maintenance and reinvestment services to successfully deliver the five-year reinvestment programme ensuring continued compliance with Decent Homes and Scottish Housing Quality standards.

Utilising knowledge from asset performance, both residents and operations will make sure our properties continue to offer a safe, comfortable and energy-efficient place for people to live by complying with the latest legislation on fire protection and health and safety.

Our continued investment in technology will support operational improvements and efficiency through increased customer self-service and integrated materials management.

During the first part of the year the operations completed emergency and urgent repairs only (with Scotland restricted to emergency only), due to the Covid-19 pandemic. It is expected the continued ongoing challenges brought about by the pandemic coupled with the catch up of routine repairs will put pressure on future performance.

Results and financial position

The Company achieved a profit before taxation for the financial year of £457,000 (2020: £698,000). The profit relates entirely to the provision of external services during the year; no profit is made on the provision of services to the Group.

At the year end, following the transfer of retained profit through gift aid, the Company had a profit and loss account of £nil (2020: £nil).

Key performance indicators

	2021	2020
Percentage of repairs carried out by own operatives	79%	82%
Urgent and routine jobs completed on time	75%	88%
Maintenance first time fix	87%	81%
Repairs satisfaction	95%	94%
Average cost per responsive repair	£139	£122
Average cost per responsive repair (internally delivered works)	£127	£110
Responsive jobs completed	176,000	227,000

Sanctuary Maintenance Contractors Limited**Strategic Report for the year ended 31 March 2021 continued****Principal risks**

The Group operates a comprehensive risk mapping process as part of its annual business planning cycle. This process identifies a number of factors which affect both the Group and the Company. These factors include the Group's ability to increase the fees charged to customers due to the restrictions of inflation; this has a consequent impact on future income levels. Other risks highlighted and mitigated include the delivery of compliance activities, meeting contractual obligations and compliance with health and safety procedures.

The Executive Committee and Group Audit and Risk Committee review and scrutinise the risk maps for all Group entities. The Group Board approves the Group risk map.

Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The Board consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year.

In doing this, section 172 requires a director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- desirability of the Company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the Company.

Detailed below is how the Board has maintained its commitment to promoting the success of the Company.

Consequences of decisions

The Board promotes a strong culture of governance within the Company, and continually monitors performance through the use of KPIs. As described on page 3 in the review of business. The maintenance service has an in-house fire services team, which provides fire safety, servicing and routine repairs, and more recently saw the roll out of security services further reducing our reliance on external contractors.

The long-term strategy of the Company is embedded in the strategy of the Group; detail of the Group's Corporate Strategy 2020-2023 can be found on the Sanctuary Group website at <https://www.sanctuary-group.co.uk/about-us/our-corporate-strategy>

Employees

Our employee satisfaction is monitored through employee engagement surveys, and employees are involved in matters affecting their functions. Refer to page 6 for additional details.

Business relationships

The Company is continually improving its use of technology and investing in systems to drive efficiencies and improve the quality of service and the strength of the supply chain.

Community & environment

The impact of the Company's operations on the community is inherent in the activities of the Company and the Sanctuary Group of entities. Sanctuary Group is a strong investor in communities, investing over a million pounds in cash, time and resources each year. Further details on our environment and sustainability activities are included on page 7.

Sanctuary Maintenance Contractors Limited

Strategic Report for the year ended 31 March 2021 continued


High standard of conduct

The Company meets standards for its internal and external customers through continuous internal and external monitoring of services and performance, whilst ensuring regulatory standards are met. The services provided by the Company are also scrutinised and shaped by customers through the National Resident Scrutiny panel.

Act fairly between members

The Company's sole member is its parent undertaking Sanctuary Housing Association. Members of the Group Executive team spend time each month with staff on the frontline, so they have a complete understanding of our operations. We encourage honest conversations between staff and managers at all levels, and through these conversations we work together even more effectively.

By order of the Board of Directors.

DocuSigned by:

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Craig Moule
Chair

23 September 2021

Sanctuary Maintenance Contractors Limited

Directors' Report for the year ended 31 March 2021

The Directors present the Annual Report and financial statements of the Company for the year ended 31 March 2021.

Principal activities

The Company was registered on 18 February 2009 under the Companies Act 2006 number 6822831, with the purpose of providing a wide range of property and facilities maintenance services. Further details of activities are included within the Strategic Report on page 3.

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

Going Concern

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

Gift aid payments

The Directors approve a Gift Aid payment of £457,000 (2020: £698,000) to the Company's parent undertaking, Sanctuary Housing Association.

Employee involvement

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

Ethical business

The Group and the Company are committed to conducting their business in an ethical and responsible manner. This involves making decisions which take into account not only economic considerations but social and environmental impacts too. It also means running our operations efficiently, supporting the communities where we work, providing training and employment opportunities and ensuring that the homes we own and operate are energy efficient. We understand that the work we do affects people's lives and we are working hard to ensure that the difference we make is a positive one.

Equality, diversity and inclusion

We want to be a diverse, inclusive organisation where our people thrive and respond to the needs of our customers with fairness and empathy. Therefore, the Group has launched a new Equality, Diversity and Inclusion Strategy, Inclusion for All, that outlines how we plan to embed an inclusive environment for the benefit of both colleagues and customers over the next three years. The policy can be found on the Group website at www.sanctuary-group.co.uk.

Health and safety

It is the clear intention of the Group and the Company to ensure, as far as reasonably practicable, the health, safety and welfare at work of all its employees. The Group and the Company undertakes to comply, as a minimum, with the provisions of the Health and Safety at Work Act 1974 and other relevant legislation to meet the objective of achieving the highest possible standards.

Sanctuary Maintenance Contractors Limited

Directors' Report for the year ended 31 March 2021 continued

Investment in technology

The Group and the Company are committed that everyone has the necessary tools and technology to do their job to the best of their ability and is investing in systems to drive efficiencies in both back office work and transactional processes. Focus is being placed on standardising and streamlining ways of working to deliver Value for Money and better working practices.

Environment and Sustainability

The UK faces the challenge of becoming a net zero-carbon economy by 2050 and decarbonisation of the housing sector forms an integral part of this. As a large employer, and provider of property maintenance services, we can't overlook our environmental impact.

In the past year, we have made considerable progress towards understanding and tackling our environmental impact. The Group recently launched its first Environment and Climate Change Strategy, which presents initial plans for action and achievements so far. Our future efforts will focus on five themes: assets, data, evaluation, people, and procurement. To be both ambitious and realistic, our strategy will be updated annually.

It is likely that 2021 will be a defining year for sustainability. As Glasgow's COP26 climate talks approach, the ESG investment sector is growing exponentially, and a global green recovery is an important part of the roadmap out of Covid-19. While exciting developments are also planned in our Environment and Climate Change Strategy for the coming year, this is only the beginning of the journey for Sanctuary Maintenance.

The Company's energy consumption and associated carbon emissions are reported below in line with the Government's Streamlined Energy and Carbon Reporting (SECR) regulations.

The following tables show the Company's energy usage for the year, together with associated greenhouse gas emissions, as well as the target for 2022.

UK energy use	2021	2020
Electricity (kWh)	61,984	67,018
Gas (kWh)	25,342	40,613
Transport (kWh)	22,382,152	26,859,704
Associated greenhouse gas emissions (GHG)		
Electricity (Tonnes of CO ₂ e)	14.0	19.0
Gas (Tonnes of CO ₂ e)	4.6	7.0
Transport (Tonnes of CO ₂ e)	5,447	6,570
Intensity ratios		
Tonnes of CO ₂ e per £m of revenue	40.0	44.4
	2022 Target	2021 Target
Tonnes of CO ₂ e per £m of revenue	39.0	43.5

Sanctuary Maintenance Contractors Limited**Directors' Report for the year ended 31 March 2021 continued****Environment and Sustainability continued**

Energy data, where relevant, was captured using consumption reports from our group gas and electricity providers. This relates to the depots, industrial units, and warehouses operated by Sanctuary Maintenance Contractors Limited. Transport energy consumption relates to litres of fuel consumed by fleet vehicles owned by Sanctuary, with the inclusion of business miles carried out by employees in personal vehicles. Fuel and mileage data were collated using SAP Housing Management and Key2 Fleet Management software. Greenhouse gas emissions were calculated with the Department for Business, Energy & Industrial Strategy's 2020 Conversion Factors.

Specific measures to reduce our carbon footprint associated with our maintenance processes include:

- We have removed our old Mercedes vehicle models to fit with city region carbon emissions legislation.
- We are switching out petrol lawnmowers and low-mileage vehicles for electric alternatives.
- Pop-up stores and a van stock application are supporting operatives to make fewer journeys to building merchant sites through better preparation and local availability of goods.
- Hub offices in our housing schemes are being implemented, aiming to reduce travel to inconvenient office sites and reduce gas and electricity.

We recognise that some of our emissions reductions have stemmed from restrictions which will continue to ease over the coming year as well as employees working from home and the positive impact of increased renewable generation in the UK electricity fuel mix within the conversion factors. We will therefore be realistic about what is achievable following this unprecedented period, aiming to avoid unnecessary increases in emissions following previous lockdowns and setting a revised baseline in the coming year to understand what a 'new normal' will look like. Emissions reductions will be achieved through appropriate, sustainable change initiatives, detailed in our new Environment and Climate Change Strategy.

Political and charitable donations

The Company made no donations to political or charitable organisations (2020: none).

Directors

The Directors, who have served during the year and to the date of the financial statements being approved, unless otherwise stated, were:

Simon Clark
Ed Lunt
Craig Moule (Chair)
James Whitmore

Company Secretary

Nicole Seymour

Sanctuary Maintenance Contractors Limited

Directors' Report for the year ended 31 March 2021 continued

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.


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

- (a) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (b) they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent Auditor

A resolution concerning the appointment of the auditor will be proposed at the Annual General Meeting.

By order of the Board of Directors.

DocuSigned by:

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Craig Moule
 Chair

23 September 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANCTUARY MAINTENANCE CONTRACTORS LIMITED

Opinion

We have audited the financial statements of Sanctuary Maintenance Contractors Limited ("the Company") for the year ended 31 March 2021 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

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

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANCTUARY MAINTENANCE CONTRACTORS LIMITED

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

Identifying and responding to risks of material misstatement due to fraud continued

- Reading board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

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

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

We did not identify any additional fraud risks.

We performed procedures including:

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

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

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

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

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

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

Secondly, the Company 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. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANCTUARY MAINTENANCE CONTRACTORS LIMITED CONTINUED

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

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

Other information

The Directors are responsible for the other information, which comprises the Strategic report and the Directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

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

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Annual Report, which constitutes the Strategic report and the Directors' report for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 9, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANCTUARY MAINTENANCE
CONTRACTORS LIMITED CONTINUED**

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

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Sarah Tannock-Kitchen (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
Date: 27 September 2021

Sanctuary Maintenance Contractors Limited**Profit and Loss Account for the year ended 31 March 2021**

	Notes	2021 £'000	2020 £'000
Revenue			
Group intercompany revenue		129,139	145,371
External revenue		3,176	3,324
Other income	2	4,322	-
		<u>136,637</u>	<u>148,695</u>
Cost of sales		<u>(130,115)</u>	<u>(143,748)</u>
Gross profit		6,522	4,947
Operating expenses		<u>(6,061)</u>	<u>(4,282)</u>
Operating profit		461	665
Interest receivable	4	4	33
Interest payable	5	(8)	-
		<u></u>	<u></u>
Profit before taxation		457	698
Taxation	6	<u>(87)</u>	<u>(133)</u>
Profit for the financial year	3	370	565
		<u><u></u></u>	<u><u></u></u>

The profit for the current and prior years relates wholly to continuing activities.

There is no material difference between the profit before taxation and the profit for the financial year stated above and their historical cost equivalents.

There are no recognised gains and losses other than those included in the Profit and Loss Account above, and therefore no Statement of Other Comprehensive Income has been presented.

The notes on pages 17 to 24 form part of these financial statements.

Sanctuary Maintenance Contractors Limited**Balance Sheet as at 31 March 2021**

	Notes	2021 £'000	2020 £'000
Current assets			
Stocks	9	1,382	1,567
Debtors	10	15,825	6,637
Cash at bank and in hand		1,101	5,500
		<u>18,308</u>	<u>13,704</u>
Creditors: amounts falling due within one year	11	<u>(18,026)</u>	<u>(13,422)</u>
Net current assets		<u>282</u>	<u>282</u>
Net assets		<u>282</u>	<u>282</u>
Capital and reserves			
Called up share capital	12	282	282
Profit and loss account		-	-
Total shareholders' funds		<u>282</u>	<u>282</u>

The notes on pages 17 to 24 form part of these financial statements.

The financial statements were approved by the Board of Directors on 23 September 2021 and signed on its behalf by:

DocuSigned by:

 C98A9FA75D3F4E5...
 Craig Moule
 Chair

Sanctuary Maintenance Contractors Limited

A member of
**Sanctuary
 Group**

Statement of Changes in Equity 31 March 2021

	Share capital	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000
At 1 April 2019	282	-	282
Comprehensive income			
Profit for the year	-	565	565
Total comprehensive income	-	565	565
Transactions with owners			
Gift aid	-	(698)	(698)
Tax credit on gift aid	-	133	133
Total transactions with owners	-	(565)	(565)
At 31 March 2020	282	-	282
At 1 April 2020	282	-	282
Comprehensive income			
Profit for the year	-	370	370
Total comprehensive income	-	370	370
Transactions with owners			
Gift aid	-	(457)	(457)
Tax credit on gift aid	-	87	87
Total transactions with owners	-	(370)	(370)
At 31 March 2021	282	-	282

The notes on pages 17 to 24 form part of these financial statements.

Sanctuary Maintenance Contractors Limited**Notes to the financial statements for the year ended 31 March 2021****1. Principal accounting policies****General information**

Sanctuary Maintenance Contractors Limited (the Company) is a Company incorporated and domiciled in the UK.

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

Basis of accounting

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

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Accounting Standards in conformity with the requirements of applicable law (IFRS), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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

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

- Cash Flow Statement and related notes;
- disclosures in respect of transactions with wholly owned subsidiaries of the Group;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of Key Management Personnel;
- certain disclosures required by IFRS 15.

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

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

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

Sanctuary Maintenance Contractors Limited

Notes to the financial statements for the year ended 31 March 2021 continued

1. Principal accounting policies continued

Going concern

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

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

The Directors have prepared a going concern assessment, based on consideration of cash flow forecasts, for a period of at least 12 months from the date of approval of these financial statements (the going concern assessment period), taking account of severe but plausible downside scenarios that take into consideration the current economic environment due to Covid-19. In forming their view the Directors have taken into consideration that Sanctuary Housing Association, the Company's ultimate parent, has provided a letter of support to the Directors of the Company to confirm that it intends, should the need arise, to provide financial and/or other support to the Company, including, if required, not seeking repayment of amounts currently made available (note 11 - £243,000 at 31 March 2021), for the period covered by the forecasts. Based on these considerations it has been concluded that the Company will have sufficient funds to meet its liabilities as they fall due for the period of assessment.

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

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

Critical accounting estimates, judgements and assumptions

The Directors have not been required to make any judgements which have a significant impact upon the financial statements, nor have they been required to make any significant estimates or assumptions which could result in a significant risk of material adjustments in future periods.

Group intercompany revenue

Group revenue comprises amounts charged to Group undertakings for maintenance and reinvestment services as well as the provision of management staff and a consultancy function. Group charges are not subject to value added tax (VAT) due to VAT grouping arrangements. Turnover is measured at the fair value of the consideration received or receivable, net of discounts. Where charges are billed in advance these are recorded as deferred income.

External revenue

External revenue comprises third party fees receivable for maintenance services as well as the provision of call centre services and management staff. Turnover is measured at the fair value of the consideration received or receivable, net of discounts, VAT and other sales related taxes. Where charges are billed in advance these are recorded as deferred income.

Sanctuary Maintenance Contractors Limited**Notes to the financial statements for the year ended 31 March 2021 continued****1. Principal accounting policies continued****Non-Capital Grants**

The Company has received Government funding during the year ending 31 March 2021 through the Coronavirus Job Retention Scheme.

In accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, the Company considers this funding to constitute income related grants and has presented them as other income. Where conditions are yet to be met, the amount is deferred and included within accruals and deferred income. There is a degree of estimation uncertainty required in determining the appropriate deferral with respect to this.

Cost of sales and operating expenses

Costs directly relating to the provision of services are shown as cost of sales; these include raw materials, direct staff costs, subcontractor costs and commercial vehicle running costs. General overheads and indirect staff costs are shown as operating expenses.

Value Added Tax

The majority of the Company's turnover is not subject to VAT. However, certain activities are subject to VAT and give rise to VAT recovery on related input costs. Where appropriate, costs are stated including irrecoverable VAT.

Corporation tax

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

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

Gift Aid

Where Gift Aid payments are made to the Company's parent undertaking, Sanctuary Housing Association, these are treated as a distribution of reserves.

Stocks

Stock is valued at the lower of cost and net realisable value and comprises consumables used in maintenance operations. Net realisable value represents estimated selling price less any anticipated selling costs.

Sanctuary Maintenance Contractors Limited



Notes to the financial statements for the year ended 31 March 2021 continued

1. Principal accounting policies continued

Retirement benefits

The Company participates in defined contribution schemes and a defined benefit scheme.

Defined benefit scheme

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The underlying assets and liabilities of the defined benefit scheme operated by the Company are not separately identifiable. Therefore, under the provisions of International Accounting Standard 19 – Employee Benefits, the scheme is accounted for as a defined contribution scheme.

Where it is not possible to separately identify the share of the underlying assets and liabilities of a defined benefit scheme the amount charged to the Profit and Loss Account represents the contributions payable in the year.

The Company has determined that it is not possible to identify the share of underlying assets and liabilities for the following main reasons:

- Scheme assets are not allocated to individual employers;
- Contributions are the same for all employers irrespective of underlying assets; and
- Residual (orphan) members whose employer has withdrawn from the scheme cannot be allocated to specific remaining employers.

All of the above reduce the accuracy with which an individual employer's liability could be calculated.

Note 13 contains further information.

Defined contribution schemes

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

Sanctuary Maintenance Contractors Limited
Notes to the financial statements for the year ended 31 March 2021 continued
2. Other income

	2021 £'000	2020 £'000
Non-capital grants received	4,322	-

Non-capital grants received relate to the coronavirus job retention scheme funding to support property and maintenance facility services with the provision of a safe service during the pandemic.

3. Profit for the financial year

	2021 £'000	2020 £'000
Profit for the financial year is stated after charging:		
Land and buildings rent charges	34	50
Vehicles rent charges	4,271	4,288
Auditor's remuneration for audit services	23	23

No non-audit services were provided in the current or prior year.

4. Interest receivable

	2021 £'000	2020 £'000
Bank interest receivable	4	33

5. Interest payable

	2021 £'000	2020 £'000
Interest on intercompany loans	8	-

Sanctuary Housing Association provided short-term working capital loans to the Company on which interest was charged at a variable rate of LIBOR plus 3%.

6. Directors' emoluments

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

Sanctuary Maintenance Contractors Limited
Notes to the financial statements for the year ended 31 March 2021 continued
7. Employee information

Employee costs charged during the year amounted to:

	2021 £'000	2020 £'000
Wages and salaries	45,500	44,183
Social security costs	4,289	4,129
Other pension costs	1,348	1,313
	<u>51,137</u>	<u>49,625</u>

The average monthly number of persons employed during the year expressed in full time equivalents was:

	2021 Number	2020 Number
Maintenance staff	1,271	1,282
Office based staff	230	226
	<u>1,501</u>	<u>1,508</u>

Full-time equivalents have been calculated based on hours worked compared to the standard level of working hours per week for an equivalent employee in the same business area.

8. Taxation
a) Analysis of tax charge in the year

	2021 £'000	2020 £'000
Current tax:		
UK corporation tax charge on profits	87	133
Tax on profit	<u>87</u>	<u>133</u>

b) Factors affecting the tax charge in the year.

The current tax charge for the year is at the main rate of corporation tax in the UK of 19% (2020: 19%).

	2021 £'000	2020 £'000
Profit before tax	457	698
Profit before tax multiplied by main rate of corporation tax in the UK of 19% (2020: 19%)	87	133
Total tax charge for the year	<u>87</u>	<u>133</u>

Due to the charitable allowance of gift aid the overall expectant tax charge payable to HMRC will be £nil.

Sanctuary Maintenance Contractors Limited
Notes to the financial statements for the year ended 31 March 2021 continued
8. Taxation continued
(c) Factors affecting future tax charge

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

9. Stocks

	2021 £'000	2020 £'000
Raw materials and consumables	1,382	1,567
	<u>1,382</u>	<u>1,567</u>

In 2021, stock of £222,000 (2020: £151,000) were recognised as an expense during the year and included in cost of sales.

10. Debtors

	2021 £'000	2020 £'000
Trade debtors	470	384
Amounts due from parent undertaking	7,287	345
Amounts due from fellow group undertakings	2,221	2,469
Other debtors	48	32
Prepayments and accrued income	5,799	3,407
	<u>15,825</u>	<u>6,637</u>

Amounts disclosed as due from parent undertaking and due from fellow group undertakings are trading in nature, repayable on demand and do not bear interest.

11. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	3,321	1,827
Amounts owed to fellow group undertakings	243	157
Other taxation and social security	1,007	1,043
Other creditors	230	586
Accruals	13,225	9,809
	<u>18,026</u>	<u>13,422</u>

Amounts owed to fellow group undertakings, shown above, are trading in nature, repayable on demand and do not bear interest.

Sanctuary Maintenance Contractors Limited
Notes to the financial statements for the year ended 31 March 2021 continued
12. Called up share capital

All shares are owned by the parent undertaking.

	2021 £'000	2020 £'000
Authorised, allotted, issued and fully paid:		
282,001 (2020: 282,001) ordinary shares of £1 each		
At 1 April	282	282
At 31 March	<u>282</u>	<u>282</u>

13. Retirement benefits
Defined benefit schemes

During the year, the Company made contributions to the Cheshire County Council Pension Fund, a local government pension scheme; these included payments in relation to maintenance staff employed by Sanctuary Housing Association, but recharged to the Company. Contributions made by the Company during the year totalled £627,000 (2020: £637,000). Sanctuary Housing Association is solely responsible for any surplus or deficit on the scheme. The deficit on the scheme at 31 March 2021 attributed to Sanctuary Group as a whole, and disclosed as such in its financial statements, is £9,439,000 (2020: £57,000).

Defined contribution schemes

The Company also participates in a defined contribution scheme for members of staff. Contributions made by the Company to the defined contribution scheme during the year amounted to £1,231,000 (2020: £1,216,000). At 31 March 2021, there were £104,000 (2020: £101,000) of accrued contributions due for payment after the year end.

14. Post balance sheet events

There are no post balance sheet events to report.

15. Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is Sanctuary Housing Association being the smallest and largest group to consolidate these financial statements, registered in England as a Registered Society (Number 19059R) and with the Regulator of Social Housing (Number L0247).