

Society Registration No. 00029069 (England and Wales)

PORTSMOUTH AREA REGENERATION TRUST (IPS) LIMITED

**(A REGISTERED CO-OPERATIVE AND COMMUNITY BENEFIT
SOCIETY)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

PORTSMOUTH AREA REGENERATION TRUST (IPS) LIMITED

SOCIETY INFORMATION

Committee	Linda McCormack Roy Scanlon D'Arcy Myers (Chair) Hereward Drummond (Vice Chair) Dr Elizabeth Rogers Philip Yetman James Culverwell	(Appointed 24 April 2017)
Secretary	SJ Davis	
Society number	00029069	
Registered office	East Wing 1000 Lakeside North Harbour Portsmouth Hampshire PO6 3EN	
Auditors	Jones Avens Limited 53 Kent Road Southsea Portsmouth Hampshire PO5 3HU	
Business address	East Wing 1000 Lakeside North Harbour Portsmouth Hampshire PO6 3EN	
Bankers	Lloyds Bank plc Hedge End Southampton St John's Centre Hedge End Southampton Hampshire SO30 4QU	
Solicitors	Coffin Mew LLP 3rd Floor Cumberland House 15-17 Cumberland Place Southampton Hampshire SO15 2BG	

PORTSMOUTH AREA REGENERATION TRUST (IPS) LIMITED

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PORTSMOUTH AREA REGENERATION TRUST (IPS) LIMITED

COMMITTEE REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The Committee present their report and financial statements for the year ended 31 March 2017.

Principal activities

Portsmouth Area Regeneration Trust (IPS) Limited is constituted as a Co-Operative and Community Benefit Society. It is one of a group of three companies/societies (collectively known as Parity Trust from 1 July 2011) working as a single organisation to help support the regeneration of homes, by providing affordable loans to individuals who cannot access finance from mainstream institutions.

During the year the Society continued to act as an agent for Portsmouth Area Regeneration Trust (PART Charity) which is a registered charity (number 1079454).

A more detailed assessment of the year's activities is set out in the Trustees' Report for PART Charity.

Committee

The committee members who held office during the year and up to the date of signature of the financial statements were as follows:

Linda McCormack

Roy Scanlon

D'Arcy Myers (Chair)

Hereward Drummond (Vice Chair)

Dr Elizabeth Rogers

Philip Yetman

James Culverwell

(Appointed 24 April 2017)

Committee insurance

The Society maintains insurance policies on behalf of all the committee members against liability arising from negligence, breach of duty and breach of trust in relation to the society.

Auditor

In accordance with the society's articles, a resolution proposing that Jones Avens Limited be reappointed as auditor of the society will be put at a General Meeting.

Statement of disclosure to auditor

So far as the Committee is aware, there is no relevant audit information of which the society's auditor are unaware. Additionally, the Committee has taken all the necessary steps that it ought to have taken as a Committee in order to make itself aware of all relevant audit information and to establish that the society's auditors are aware of that information.

This report has been prepared in accordance with the provisions of the Co-operative and Community Benefit Societies Act 2014.

On behalf of the committee

D'Arcy Myers (Chair)

Committee member

3 July 2017

PORTSMOUTH AREA REGENERATION TRUST (IPS) LIMITED

COMMITTEE RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

The Committee is responsible for preparing the Committee Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Committee to prepare financial statements for each financial year. Under that law the Committee has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Committee must not approve the financial statements unless the Committee are satisfied that they give a true and fair view of the state of affairs of the society and of the profit or loss of the society for that period. In preparing these financial statements, the Committee are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the society will continue in business.

The Committee is responsible for keeping adequate accounting records that are sufficient to show and explain the society's transactions and disclose with reasonable accuracy at any time the financial position of the society and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. The Committee is also responsible for safeguarding the assets of the society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PORTSMOUTH AREA REGENERATION TRUST (IPS) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE COMMITTEE OF PORTSMOUTH AREA REGENERATION TRUST (IPS) LIMITED

We have audited the financial statements of Portsmouth Area Regeneration Trust (IPS) Limited for the year ended 31 March 2017 set out on pages 5 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

This report is made solely to the society's members, as a body, in accordance with Co-operative and Community Benefit Society Act 2014. Our audit work has been undertaken so that we might state to the society'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 society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Committee and auditor

As explained more fully in the Committee Responsibilities Statement, the committee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the society's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Society Act 2014.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Committee Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Committee Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the society and its environment obtained in the course of the audit, we have not identified any material misstatements in the Committee Report.

PORTSMOUTH AREA REGENERATION TRUST (IPS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE COMMITTEE OF PORTSMOUTH AREA REGENERATION TRUST (IPS) LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Benefit Society Act 2014 requires us to report to you if, in our opinion:

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

for and on behalf of Jones Avens Limited

3 July 2017

**Chartered Accountants
Statutory Auditor**

53 Kent Road
Southsea
Portsmouth
Hampshire
PO5 3HU

PORTSMOUTH AREA REGENERATION TRUST (IPS) LIMITED

REVENUE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	2016 £
Administrative expenses		(8,452)	(5,875)
Interest receivable and similar income	4	7,500	7,500
Interest payable and similar expenses	5	(1,058)	(1,800)
Loss before taxation		(2,010)	(175)
Taxation	6	-	-
Loss for the financial year		(2,010)	(175)
Total comprehensive income for the year		(2,010)	(175)

The Revenue account has been prepared on the basis that all operations are continuing operations.

PORTSMOUTH AREA REGENERATION TRUST (IPS) LIMITED

BALANCE SHEET

AS AT 31 MARCH 2017

	Notes	2017 £	£	2016 £	£
Current assets					
Debtors falling due after one year	8	338,023		300,000	
Debtors falling due within one year	8	-		39,251	
Cash at bank and in hand		24,191		29,790	
		<u>362,214</u>		<u>369,041</u>	
Creditors: amounts falling due within one year	9	<u>(1,729)</u>		<u>(1,696)</u>	
Net current assets			360,485		367,345
Capital and reserves					
Called up share capital	10		142,555		147,405
Profit and loss reserves			217,930		219,940
Total equity			<u>360,485</u>		<u>367,345</u>

These financial statements have been prepared in accordance with the provisions applicable to societies subject to the Co-operative and Community Benefit Societies Act 2014.

The financial statements were approved by the committee and authorised for issue on 3 July 2017 and are signed on its behalf by:

D'Arcy Myers (Chair)
Committee member

Hereward Drummond (Vice Chair)
Committee member

SJ Davis
Secretary

Company Registration No. 00029069

PORTSMOUTH AREA REGENERATION TRUST (IPS) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2015		147,605	220,115	367,720
Year ended 31 March 2016:				
Loss and total comprehensive income for the year		-	(175)	(175)
Redemption of shares	10	(200)	-	(200)
Balance at 31 March 2016		147,405	219,940	367,345
Year ended 31 March 2017:				
Loss and total comprehensive income for the year		-	(2,010)	(2,010)
Issue of share capital	10	50	-	50
Redemption of shares	10	(4,900)	-	(4,900)
Balance at 31 March 2017		142,555	217,930	360,485

PORTSMOUTH AREA REGENERATION TRUST (IPS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

Company information

Portsmouth Area Regeneration Trust (IPS) Limited is a private society limited by shares incorporated in England and Wales. The registered office is East Wing, 1000 Lakeside, North Harbour, Portsmouth, Hampshire, PO6 3EN.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Co-Operative and Community Benefit Societies Act 2014. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view. The Society is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the society. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

All Incoming resources are recognised in the Revenue Account when the Society is entitled, the amount is measurable, and there is reasonable assurance of receipt.

Grants receivable

Grants receivable are credited to the Revenue Account in the year to which they relate. Deferred income represents amounts received for future periods and is released to incoming resources in the period for which it has been received.

1.2 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

1.3 Financial instruments

The society has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the society's statement of financial position when the society becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

PORTSMOUTH AREA REGENERATION TRUST (IPS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

PORTSMOUTH AREA REGENERATION TRUST (IPS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the society's contractual obligations expire or are discharged or cancelled.

1.4 Equity instruments

Equity instruments issued by the society are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the society.

1.5 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the society is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.6 Retirement benefits

The society operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the revenue account in the year they are payable.

2 Operating loss

	2017	2016
	£	£
Operating loss for the year is stated after charging/(crediting):		
Fees payable to the company's auditors for the audit of the company's financial statements	1,654	1,564
	<u> </u>	<u> </u>

PORTSMOUTH AREA REGENERATION TRUST (IPS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

3 Employees

In total 8 members of staff are employed across the group of companies.

The average monthly number of persons (including members) employed by the society during the year was:

	2017	2016
	Number	Number
Total	1	1
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2017	2016
	£	£
Wages and salaries	5,694	4,007
Social security costs	553	358
Pension costs	172	124
	<u> </u>	<u> </u>
	6,419	4,489
	<u> </u>	<u> </u>

None of the committee (or any person connected with them) received any remuneration during the year. No committee members were reimbursed for expenses during the year.

4 Interest receivable and similar income

	2017	2016
	£	£
Interest receivable and similar income includes the following:		
Income from participating interests	7,500	7,500
	<u> </u>	<u> </u>

Investment income includes loan interest from Portsmouth Area Regeneration Trust (Guarantee) Limited of £7,500 (2016: £7,500).

5 Interest payable and similar expenses

	2017	2016
	£	£
Interest payable and similar expenses includes the following:		
Members share interest	1,058	1,800
	<u> </u>	<u> </u>

6 Taxation

PORTSMOUTH AREA REGENERATION TRUST (IPS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

6 Taxation (Continued)

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
Loss before taxation	(2,010)	(175)

The Society has estimated taxable losses of £356,835 (2016: £355,883) available for carry forward against future taxable profits.

7 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	338,023	339,251
Carrying amount of financial liabilities		
Measured at amortised cost	1,729	1,696

8 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Amounts due from associate undertakings	-	39,251
Amounts falling due after one year:		
Amounts due from associate undertakings	338,023	300,000
Total debtors	338,023	339,251

Long term debtors include a concessionary loan to Portsmouth Area Regeneration Trust (Guarantee) Limited on which interest is charged at Bank of England base rate subject to a minimum rate of 2.5%. There is no repayment of capital until at least five years after the date of the agreement and only on either party providing to the other not less than 90 days notice.

PORTSMOUTH AREA REGENERATION TRUST (IPS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

9 Creditors: amounts falling due within one year

	2017 £	2016 £
Other creditors	1,729	1,696

The Society has the power to borrow and to guarantee or become liable for the payment of money or for the performance of any obligation up to a limit of £10 million.

10 Called up share capital

	2017 £	2016 £
Ordinary share capital Issued and fully paid		
142,555 Ordinary shares of £1 each	142,555	147,405

Reconciliation of movements during the year:

	Ordinary Number
At 1 April 2016	147,405
Issue of fully paid shares	50
Shares redeemed	(4,900)
At 31 March 2017	142,555

The shares of the Society have a nominal value of £1 each and can be withdrawn by members upon giving six months notice, but are not transferable except on death or bankruptcy of members. The minimum shareholding is £1.

Shares may be held jointly by up to four persons, but only if they are held in the name of an unincorporated body.

During the year one Society member redeemed 4,900 shares and another Society member acquired 50 shares.

11 Events after the reporting date

The members have proposed an interest payment of 3% for the year ended 31 March 2017.

12 Related party transactions

PORTSMOUTH AREA REGENERATION TRUST (IPS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

12 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	2017
	Balance
	£
Amounts owed by related parties	
Portsmouth Area Regeneration Trust (Guarantee) Limited	338,023
	<u> </u>
	<u> </u>
	2016
	Balance
	£
Amounts owed in previous period	
Portsmouth Area Regeneration Trust (Guarantee) Limited	300,000
Portsmouth Area Regeneration Trust	39,251
	<u> </u>
	<u> </u>
	339,251
	<u> </u>
	<u> </u>