

Company Registration No. 03977373 (England and Wales)

**PORTSMOUTH AREA REGENERATION TRUST (GUARANTEE) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

# PORTSMOUTH AREA REGENERATION TRUST (GUARANTEE) LIMITED

## COMPANY INFORMATION

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**Directors** Linda McCormack  
Roy Scanlon  
D'Arcy Myers (Chair)  
Hereward Drummond (Vice Chair)  
Dr Elizabeth Rogers  
Philip Yetman  
James Culverwell (Appointed 24 April 2017)

**Secretary** S J Davis

**Company number** 03977373

**Registered office** East Wing  
1000 Lakeside  
North Harbour  
Portsmouth  
Hampshire  
PO6 3EN

**Auditor** 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

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# PORTSMOUTH AREA REGENERATION TRUST (GUARANTEE) LIMITED

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# PORTSMOUTH AREA REGENERATION TRUST (GUARANTEE) LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2017

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

#### Principal activities

The purpose of the company is to provide mortgage finance. Specifically to those unable to access lending from mainstream providers. This is primarily via home improvement lending, largely in partnership with local authorities depending on the location and types of works undertaken.

The company is wholly owned by Portsmouth Area Regeneration Trust (hereinafter referred to as "PART Charity") and has received loans to the value of £220,000 from PART Charity and £300,000 from Portsmouth Area Regeneration Trust (IPS) Limited.

#### FCA Registration and product development

In June 2010, the former Financial Services Authority (FSA) approved the company's application for FSA registration which enabled the company to take a first mortgage and offer shared equity products. The FSA was superseded by the new Financial Conduct Authority in April 2013.

In 2015 the company's application for FCA registration for Second charge mortgages were approved.

In 2016, the company was fully compliant to all new regulations under the Mortgage Credit Directive ahead of the deadline for implication.

A new product was launched in 2016, in response to the amount of interest only mortgages maturing that could not be repaid and homeowners could not extend their terms with mainstream lenders. This Mortgage Extension Product had a successful soft launch and will be grown in outreach in the next financial year. Other products are also scheduled for national roll out when new funding is secured. This reinforces commitment to innovation in the provision of mortgage products across tenures helping marginalised demographics achieve their home ownership ambitions.

#### Directors

The directors 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)

#### Auditor

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

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

# PORTSMOUTH AREA REGENERATION TRUST (GUARANTEE) LIMITED

## DIRECTORS' REPORT (CONTINUED)

*FOR THE YEAR ENDED 31 MARCH 2017*

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This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

D'Arcy Myers (Chair)

**Director**

3 July 2017

# **PORTSMOUTH AREA REGENERATION TRUST (GUARANTEE) LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 MARCH 2017***

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The directors are responsible for preparing the annual 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 the directors have 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 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 surplus or deficit 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# PORTSMOUTH AREA REGENERATION TRUST (GUARANTEE) LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF PORTSMOUTH AREA REGENERATION TRUST (GUARANTEE) LIMITED

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We have audited the financial statements of Portsmouth Area Regeneration Trust (Guarantee) Limited for the year ended 31 March 2017 set out on pages 6 to 16. 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 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.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors 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, including APB Ethical Standard - Provisions Available for Small Entities (Revised), in the circumstances set out in note 16 to the financial statements.

#### **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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; 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 surplus 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 Companies Act 2006.

#### **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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Directors' Report has been prepared in accordance with applicable legal requirements.

# PORTSMOUTH AREA REGENERATION TRUST (GUARANTEE) LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF PORTSMOUTH AREA REGENERATION TRUST (GUARANTEE) LIMITED

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#### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

**Timothy Millett ACA (Senior Statutory Auditor)**  
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 (GUARANTEE) LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

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	Notes	2017 £	2016 £
<b>Income</b>		329,618	391,771
Administrative expenses		(316,059)	(251,887)
Other operating income		32,200	-
		<hr/>	<hr/>
<b>Operating surplus</b>	<b>2</b>	45,759	139,884
Interest receivable and similar income		-	171
Interest payable and similar expenses	<b>4</b>	(22,051)	(20,487)
		<hr/>	<hr/>
<b>Surplus before taxation</b>		23,708	119,568
Taxation	<b>5</b>	(1,741)	(3,705)
		<hr/>	<hr/>
<b>Surplus for the financial year</b>		<u>21,967</u>	<u>115,863</u>

# PORTSMOUTH AREA REGENERATION TRUST (GUARANTEE) LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2017

	Notes	2017		2016	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	6		13,156		5,479
<b>Current assets</b>					
Debtors falling due after one year	7	2,264,177		2,388,058	
Debtors falling due within one year	7	151,277		183,203	
Cash at bank and in hand		256,821		235,628	
		<u>2,672,275</u>		<u>2,806,889</u>	
<b>Creditors: amounts falling due within one year</b>	8	<u>(46,896)</u>		<u>(496,081)</u>	
<b>Net current assets</b>			2,625,379		2,310,808
<b>Total assets less current liabilities</b>			2,638,535		2,316,287
<b>Creditors: amounts falling due after more than one year</b>	9		(2,199,382)		(1,797,319)
<b>Provisions for liabilities</b>			(2,631)		(1,096)
<b>Deferred income</b>	10		(350,005)		(438,322)
<b>Net assets</b>			<u>86,517</u>		<u>79,550</u>
<b>Reserves</b>					
Income and expenditure account			86,517		79,550

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

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

D'Arcy Myers (Chair)  
Director

Hereward Drummond (Vice Chair)  
Director

Company Registration No. 03977373

# PORTSMOUTH AREA REGENERATION TRUST (GUARANTEE) LIMITED

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

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	Notes	Profit and loss reserves £
<b>Balance at 1 April 2015</b>		64,559
<b>Period ended 31 March 2016:</b>		
Surplus and total comprehensive income for the year		115,863
Charitable donations - covenanted		(100,872)
<b>Balance at 31 March 2016</b>		79,550
<b>Period ended 31 March 2017:</b>		
Surplus and total comprehensive income for the year		21,967
Charitable donations - covenanted		(15,000)
<b>Balance at 31 March 2017</b>		86,517

# PORTSMOUTH AREA REGENERATION TRUST (GUARANTEE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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### 1 Accounting policies

#### Company information

Portsmouth Area Regeneration Trust (Guarantee) Limited is a private company limited by guarantee 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 Companies Act 2006 as applicable to companies subject to the small companies regime. 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 company is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the company. 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.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Portsmouth Area Regeneration Trust (Guarantee) Limited is a wholly owned subsidiary of Portsmouth Area Regeneration Trust

#### 1.2 Income and expenditure

Income and expenses are included in the financial statements as they become receivable or due.

Expenses include VAT where applicable as the company cannot reclaim it.

#### 1.3 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	25% Reducing balance
Computer equipment	14.28% - 33.33% Straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to surplus or deficit.

#### 1.4 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

# PORTSMOUTH AREA REGENERATION TRUST (GUARANTEE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

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### 1 Accounting policies

(Continued)

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

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

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.5 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.

#### 1.6 Financial instruments

The company 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 company's balance sheet when the company 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.

##### **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 surplus or deficit, 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.

# PORTSMOUTH AREA REGENERATION TRUST (GUARANTEE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

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### 1 Accounting policies

(Continued)

#### ***Impairment of financial assets***

Financial assets, other than those held at fair value through surplus and deficit, 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 surplus or deficit.

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 surplus or deficit.

#### ***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***

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.

#### ***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 surplus or deficit 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.

# PORTSMOUTH AREA REGENERATION TRUST (GUARANTEE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

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### 1 Accounting policies

(Continued)

#### ***Derecognition of financial liabilities***

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### **1.7 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 company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.8 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.9 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

#### **1.10 Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

### 2 Operating surplus

	2017	2016
	£	£
Operating surplus for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	6,280	4,968
	<u>          </u>	<u>          </u>

### 3 Employees

The average monthly number of persons (including directors) employed by the company during the year was 6 (2016 - 5). In total 8 (2016: 7) members of staff are employed across the group of companies.

# PORTSMOUTH AREA REGENERATION TRUST (GUARANTEE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

### 4 Interest payable and similar expenses

	2017	2016
	£	£
Interest payable and similar expenses includes the following:		
Interest payable to group undertakings	18,333	12,250
	<u>18,333</u>	<u>12,250</u>

### 5 Taxation

	2017	2016
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	206	4,115
<b>Deferred tax</b>		
Origination and reversal of timing differences	1,535	(410)
	<u>1,741</u>	<u>3,705</u>
Total tax charge	<u>1,741</u>	<u>3,705</u>

### 6 Tangible fixed assets

	Plant and machinery etc
	£
<b>Cost</b>	
At 1 April 2016	10,580
Additions	9,662
	<u>20,242</u>
At 31 March 2017	<u>20,242</u>
<b>Depreciation and impairment</b>	
At 1 April 2016	5,103
Depreciation charged in the year	1,983
	<u>7,086</u>
At 31 March 2017	<u>7,086</u>
<b>Carrying amount</b>	
At 31 March 2017	<u>13,156</u>
At 31 March 2016	<u>5,479</u>

# PORTSMOUTH AREA REGENERATION TRUST (GUARANTEE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

### 7 Debtors

	2017	2016
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	26,652	93,399
Asset backed customer loans	117,292	82,000
Prepayments and accrued income	7,333	7,804
	<u>151,277</u>	<u>183,203</u>
<b>Amounts falling due after one year:</b>		
Asset backed customers loans	<u>2,264,177</u>	<u>2,388,058</u>
<b>Total debtors</b>	<u>2,415,454</u>	<u>2,571,261</u>

Asset backed customer loans relate to concessionary loans outstanding at the year end.

### 8 Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	15,787	1,207
Amounts due to group undertakings	-	468,155
Corporation tax	206	4,115
Other taxation and social security	14,849	15,635
Other creditors	16,054	6,969
	<u>46,896</u>	<u>496,081</u>

# PORTSMOUTH AREA REGENERATION TRUST (GUARANTEE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

### 9 Creditors: amounts falling due after more than one year

	2017	2016
	£	£
Amounts due to group undertakings	889,995	520,000
Other creditors	1,309,387	1,277,319
	<u>2,199,382</u>	<u>1,797,319</u>

Amounts due to group undertakings include unsecured subordinated loans of £520,000, split between Portsmouth Area Regeneration Trust of £220,000 and Portsmouth Area Regeneration Trust (IPS) Limited of £300,000. Both amounts do not require repayment until at least five years after the date of the agreement and only on either party providing not less than 90 days notice. Interest is charged at Bank of England base rate subject to a minimum rate of 2.5%.

Other creditors include loans from various local authorities committed to invest in loan capital with an interest rate of 0% for the provision of affordable finance to individuals who own properties but cannot access funds on the commercial market. The capital is provided with no defined repayment date.

Amounts included above which fall due after five years are as follows:

Payable by instalments	100,000	-
Payable other than by instalments	1,209,387	1,277,319
	<u>1,309,387</u>	<u>1,277,319</u>

### 10 Government grants

Deferred income relates to government grants for management fees from local authorities for the forthcoming year, and upfront Home Improvements Loan interest subsidies which are released to the profit and loss account in accordance with the company's accounting policy.

### 11 Members' liability

The company is limited by guarantee, not having a share capital and consequently the liability of members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the company on winding up such amounts as may be required not exceeding £1.

### 12 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2017	2016
	£	£
	<u>32,625</u>	<u>50,996</u>

# PORTSMOUTH AREA REGENERATION TRUST (GUARANTEE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 31 MARCH 2017*

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### **13 Related party transactions**

At the year end the company owned its parent company Portsmouth Area Regeneration Trust £551,972 (2016: £688,155) on intercompany balances. In addition it owed Portsmouth Area Regeneration Trust (IPS) Limited, an associated company, £338,023 (2016: £300,000).

### **14 Parent company**

The parent company of Portsmouth Area Regeneration Trust (Guarantee) Limited is Portsmouth Area Regeneration Trust, a charitable company registered in England and Wales whose registered office and principal place of business is East Wing, 1000 Lakeside, North Harbour, Portsmouth, Hampshire, PO6 3EN.

### **15 Credit facilities**

In addition to the borrowings disclosed on the balance sheet the company has access to further funds as follows:

- Local authority capital undrawn at the balance sheet date is available of £1,214,597. This will be drawn when required for onward lending.

### **16 Non-audit services provided by auditor**

In common with many businesses of our size and nature we use our auditor to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

**PORTSMOUTH AREA REGENERATION TRUST (GUARANTEE) LIMITED**

**MANAGEMENT INFORMATION**

**FOR THE YEAR ENDED 31 MARCH 2017**

# PORTSMOUTH AREA REGENERATION TRUST (GUARANTEE) LIMITED

## DETAILED TRADING AND INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2017

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	2017		2016	
	£	£	£	£
<b>Income</b>				
<u>Management fees</u>				
Brighton & Hove City Council	6,304		6,651	
Chichester District Council	3,750		7,125	
Eastleigh Borough Council	4,400		4,702	
Gosport Borough Council	5,850		6,175	
Wealden District Council	5,000		3,500	
Hastings Borough Council	4,750		4,500	
Lewes District Council	5,700		5,700	
Eastbourne Borough Council	4,750		4,750	
Basingstoke & Deane Borough Council	7,000		7,000	
Working Borough Council	4,750		4,750	
Elmbridge Borough Council	5,225		5,225	
Guildford Borough Council	6,175		6,175	
Hart Borough Council	5,225		5,225	
Rushmoor Borough Council	4,750		4,750	
Runnymede Borough Council	4,750		7,800	
		78,379		84,028
<u>Earned income</u>				
Customer loan interest	78,645		96,206	
Shared ownership mortgage interest	32,375		34,139	
Home loan subsidy pot	130,274		171,717	
		241,294		302,062
<u>Other income</u>				
Portsmouth CC financial assessment service	4,823		2,058	
Other	5,122		3,623	
		9,945		5,681
		329,618		391,771
<b>Other operating income</b>				
Grants receivable and released		32,200		-
<b>Administrative expenses</b>		(316,059)		(251,887)
<b>Operating surplus</b>		45,759		139,884
<b>Investment revenues</b>				
Bank interest received	-		171	
		-		171

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# PORTSMOUTH AREA REGENERATION TRUST (GUARANTEE) LIMITED

## DETAILED TRADING AND INCOME AND EXPENDITURE ACCOUNT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

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	£	2017	£	£	2016	£
<b>Interest payable and similar expenses</b>						
Non bank interest on loans	3,718			8,237		
Interest payable to group/associated companies	18,333			12,250		
			(22,051)			(20,487)
<b>Surplus before taxation</b>	7.19%	23,708		30.52%	119,568	

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# PORTSMOUTH AREA REGENERATION TRUST (GUARANTEE) LIMITED

## SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 MARCH 2017

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	2017	2016
	£	£
<b>Administrative expenses</b>		
Wages and salaries	169,274	141,259
Social security costs	15,393	11,538
Staff recruitment costs	161	1,267
Staff training	3,046	-
Staff pension costs defined contribution	4,897	4,761
Service charge	6,022	4,239
Rent re operating leases	16,025	14,556
Rates	1,298	1,586
Cleaning	704	733
Power, light and heat	2,605	3,057
Property repairs and maintenance	1,075	187
Premises insurance	956	433
Computer running costs	2,692	1,530
Travelling expenses	7,456	5,299
Accommodation and subsistence	-	692
Postage, courier and delivery charges	1,067	317
Professional subscriptions	7,803	6,404
Professional fees	15,161	29,044
Consultancy fees	32,200	-
Company secretary costs	1,038	2,557
Audit fees	6,280	4,968
Charitable donations	-	(30)
Bank charges	187	355
Insurances (not premises)	1,679	2,813
Printing and stationery	6,721	4,783
Fundraising and publicity	7,138	1,026
Telecommunications	3,815	5,305
Sundry expenses	(3,459)	(1,525)
Loan related costs	2,842	2,855
Depreciation	1,983	2,053
Profit or loss on sale of tangible assets (non exceptional)	-	(175)
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	316,059	251,887
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