Registered Provider of Social Housing No: LH0870
Registered Co-operative and Community Benefit Society No: 16849R

Gravesend Churches Housing Association Limited

Financial Statements

for the year ended 31 March 2021

Gravesend Churches Housing Association Limited

Board information

The Board	Stephen Harriott	Chair
	Ronak Kantaria	
	Monika Ziola	
	Eileen Martin	
	Nicola Bowen	
	Jim McLaughlin	
	Michelle Mullen	
	Manpreet Bhupal	
	Brian Horton	
	Joseph Scullion	
	Omobukunla McGlynn	Chief Executive
Registered Provider of Social Housing No.	LH0870	
Registered Co-operative and Community Benefit Society No.	16849R	
Registered Office	14 London Road Northfleet Kent DA11 9JQ	
Auditors	Nexia Smith & Williamson 25 Moorgate London EC2R 6AY	
Bankers	Barclays Bank	
Solicitors	Sharratts (London) LLP 1 The Old Yard, Rectory Lane Brasted Westerham Kent TN16 1JP	Trowers & Hamlins LLP 3 Bunhill Row London EC1Y 8YZ
	Batchelors 35 Widmore Road Bromley Kent BR1 1RW	

Gravesend Churches Housing Association Limited

Contents

Gravesend Churches Housing Association Limited

Board Report
for the Year Ended 31 March 2021

The Board present their report and the financial statements for the year ended 31 March 2021.

Principal activity
The principal activity of the Association is the provision and management of social rented homes to those in housing need within the communities where the Association operates.

Corporate governance
Gravesend Churches Housing Association Limited (GCHA) has adopted the National Housing Federation Code of Governance 2015 and are fully compliant with all areas of the code.

The Board
The Board who served during the year and up to the date of signature are as stated below:

		Year appointed
Stephen Harriott	Chair	2017
Ronak Kantaria		2014
Monika Ziola		2017
Eileen Jordan		2018
Nicola Bowen		2018
Deborah Rolfe	resigned Mar 2021	2018
Jim McLaughlin		2018
Michelle Mullen	appointed May 2020	2020
Manpreet Bhupal	appointed Sep 2020	2020
Brian Horton	appointed Mar 2021	2021
Joseph Scullion		2018
Omobukunla McGlynn	appointed Jul 2021	2021

Our strategic objectives
Our vision is long term and aspirational and our core objectives are to:

- be a local housing provider working in partnership to provide homes for people in need;
- maintain high quality sustainable housing;
- deliver services that meet the needs and aspirations of our diverse communities; and
- remain a financially strong organisation, operating efficiently and providing value for money.

Governance and Financial Viability standard
The Board has assessed that GCHA is compliant with the Governance and Financial Viability standard, and regularly updates and reviews its thirty year business plan to ensure ongoing financial viability.

Value for money statement
GCHA, in line with all other organisations, has experienced a unique year that has presented fresh challenges as we have adapted to new working arrangements through the pandemic period. The impact of Covid-19 in 2020-21 has been far reaching, but in the whole, we feel that GCHA has adapted well, with limited impact on the delivery of our services.

GCHA was well set up for staff to work remotely, and have introduced further improvements through the lockdown periods, such as the introduction of a fully web-based phone system and increased electronic document management software. Whilst aiding staff through the lockdown period, these also provide ongoing benefit and flexibility into future years, ensuring value for money is delivered.

Operationally, GCHA was quick to implement a contactless lettings process, introducing DocuSign and fumigation arrangements for properties when government guidance permitted us to start lettings. By the end of the first

lockdown period, where lettings were not permitted, our void days sat at an average of 50 days. Through the remainder of the year, we were able to achieve an average of 13 days, bringing our full year average back down to 19 days (2020: 12 days). We have also invested significant time in supporting our residents through any financial difficulties they may have encountered during the pandemic. Our pro-active engagement in this process has enabled us to both ensure residents have been signposted to relevant third party support, and ensure our arrears have not risen during the year, instead producing a reduction in our arrears to 2.66% (2020: 2.98%). Working within government guidelines, staff have continued to be as flexible as possible in providing housing support.

On a maintenance front, we have continued to deliver all statutory compliance works and all emergency works throughout the lockdown periods, although general reactive maintenance works had to be suspended in line with guidance. We have continued to work with our contractors to ensure all relevant protective equipment was utilised by all those attending properties both during and after lockdown periods.

GCHA continues to look to remain an independent association that delivers a high quality service for its tenants, alongside investment in new and existing properties. 2020-21 has seen the acquisition of two new properties, the purchase of a new development site that will deliver an additional 9 units, as well as new investment into one of our existing sites, containing 28 properties.

As stated in 2019-20, having been run efficiently, GCHA has limited areas for potential savings, and continues to look at longer term investment to deliver further improvements in value for money. As commented, we are in the process of delivering a new CRM system. Part of this project is to introduce a tenant portal to enable residents to self-serve, thus providing greater flexibility for residents and also reducing staff time that would be otherwise required. As also commented in the 2020 statement, our gas contractor is also now taking calls directly, reducing overhead requirements, savings which are being reinvested into health and safety areas as we look to deliver the highest standards of safety within our properties.

In presenting the value for money metrics for 2020-2021 we continue to use benchmark comparisons with both our local benchmark club, comprising 42 London based associations of under 1,000 units, alongside the Regulator of Social Housing's Global accounts median values for associations with under 2,500 units. Both sources are the most recently available, being from the 2019-20 annual accounts. Results and commentary are highlighted below:

1 REINVESTMENT %

	£				A/B
Properties acquired	522,678	Housing properties			
Development of new properties	2,185,298				
		At cost	36,979,077		
Works to existing	369,795	At valuation	8,500,538		
Capitalise interest	-				
	3,077,771 A		45,479,615	B	6.8%

SPBM median	1.5%	Global accounts <2,500 units	5.6%	GCHA 2019-20	2.1%

In line with our previous year's expectations, and despite the impact of the pandemic, we have seen the considerable growth of our reinvestment metric. Whilst we continue to replace all scheduled components, 2020-21 has also seen the acquisition of two properties, as well as the purchase of a new development site that will deliver 9 houses in the Gravesham Borough Council area. This represents the first of several schemes GCHA expects to bring into development, and we would expect the reinvestment percentage to continue to rise to over 8% in 2021-22. Our numbers sit comfortably above the 2019-20 pre-Covid numbers for both our SPBM group and the global accounts figure.

2 NEW SUPPLY DELIVERED %

A		B	
New supply delivered (Social housing units)	2	New supply delivered (Non-social housing units)	0
Total social housing units managed at period end	569	Total non-social housing unit managed at period end	37
	0.4%		0.0%
SPBM median	0.0%	SPBM median	0.0%
Global accounts <2,500 median	0.7%	Global accounts <2,500 median	0.0%
GCHA 2019-2020	0.2%	GCHA 2019-2020	0.0%

Whilst finding opportunities in our areas of operation remains challenging, and the impact of Covid-19 has obviously not helped, we have continued to progress in this area. As mentioned in metric 1, two properties were acquired within the year, as well as a new development site, although this scheme may not complete until the start of the 2022-23 financial year. Further schemes remain in the pipeline, so whilst we may see further limited additions in 2021-22, the current investment in development will start to materialise in greater numbers in 2022-23. With the current additions included, this should see a growth of around 50 units within the next few years, with exact timings remaining to be confirmed. We also remain well positioned to react to any opportunities that may arise that would allow us to deliver better value for money.

3 GEARING %

A			B			
Short term loans	2,241,420		Housing properties at cost	36,979,077		
Long term loans	11,778,097		Housing properties at valuation	8,500,538		C/D
	14,019,517	C		45,479,615	D	31%

SPBM median	14.7%	Global accounts <2,500 median	34.5%	GCHA 2019-2020	30%

As drawings on new facilities have commenced, with funds being invested into new properties, our gearing has increased slightly to 31% (2020: 30%). This is below the global accounts figure of 34.5%, but is considerably above the SPBM median of 14.7%. The SPBM figure is anticipated to represent the lack of new developments at a number of organisations within our benchmark group. As new developments come on board, we will expect to see this metric increase, although these will be managed within our required loan covenants, which ensure the level of gearing is maintained within sensible parameters.

4 EARNINGS BEFORE INTEREST, TAX, DEPRECIATION, AMORTISATION, MAJOR REPAIRS INCLUDED (EBITDA MRI) INTEREST COVER %

	£			£		
Operating surplus/(deficit)	1,442,790		Capitalised interest in housing properties	-		
- Amortised government grant	(162,754)					
+ Interest receivable and other income	426					
- Capitalised major repairs expenditure	(369,795)		+ Interest payable and financing costs	621,873		
+ Total depreciation charge	572,414					
- Increase in value of investment property	(299,123)					E/F
	1,183,958	E		621,873	F	190%

SPBM median	405%	Global accounts <2,500 median	199%	GCHA 2019-2020	180%

Board Report
for the Year Ended 31 March 2021

GCHA continues to perform well in general operations, generating healthy surpluses, just shy of those produced by organisations in the global accounts for <2500 units. 2020-21 has also seen GCHA increase the EBITDA MRI figure from 180% to 190%. This is after continued investment in our existing stock and increased investment in building safety. Whilst we expect interest to increase with new borrowings, we continue to target efficiencies, generating surpluses to fund both the development of new properties and ongoing investment in our existing stock. The high comparator from the SPBM group is likely due to the low levels of interest being paid, consistent with the low gearing levels within these providers.

5 HEADLINE SOCIAL HOUSING COST PER UNIT

	£					
Management costs	429,755		Total social housing units managed at period end	569		
+ Service charge costs	539,296					
+ Routine maintenance costs	418,270					
+ Planned maintenance costs	440,571					
+ Major repairs expenditure	369,795					
+ Other(social housing letting) costs	209,572					
+ Other social housing activities: other	8,847					G/H
	2,416,106	G		569	H	£4,246

SPBM median	£4,386	Global accounts <2,500 median	£4,600	GCHA 2019-2020	£4,019

This metric highlights the amount spent on the social housing units of an organisation, and by excluding depreciation, largely only includes controllable costs. 2021 has seen an increase in cost per unit to £4,246 (2020: £4,019), which sits 3% and 8% under the SPBM and global accounts for <2,500 unit associations' figures respectively. Whilst there were savings on reactive maintenance as a result of lockdown periods and reduced number of voids, there has been increased investment both in fire safety, as we look to drive the highest standards of safety, as well as on planned maintenance works, where we have started significant investment in one of our sites. This will continue into 2021-22, which will continue to push our cost closer to our comparatory figures.

6 OPERATING MARGIN %

A	£	B	£
Operating margin (social housing lettings only)		Operating margin (overall)	
Operating surplus from social housing lettings	836,003	Operating surplus (overall)	1,442,790
Turnover from social housing lettings	3,417,261	Turnover (overall)	3,840,999
	24.5%		37.6%
SPBM median	22.9%	SPBM median	20.7%
Global accounts <2,500 median	23.9%	Global accounts <2,500 median	20.3%
GCHA 2019-2020	28.1%	GCHA 2019-2020	33.1%

As in the previous year's accounts, we have seen our overall operating margin increase against the backdrop of a reduction in the margin from our social housing units. Our overall operating margin would again sit in the upper quartile of all associations in the global accounts, although this has been assisted by the growth in value of our investment properties during the financial year. Whilst our social housing margin remains above those of our benchmark group and global accounts comparisons, increased investment in estate improvements and building safety is the cause of the year-on-year reduction we have experienced. Our overall efficiency remains healthy. Our additional margin of 17.3% above the global accounts figure translates into additional surpluses of £663k, providing extra funds to invest in existing and new stock.

7 RETURN ON CAPITAL EMPLOYED (ROCE) %

	£		£	
Operating surplus/(deficit) (overall)	1,442,790	Total assets less current liabilities	36,188,224	I/J
	1,442,790 I		36,188,224 J	4.0%

SPBM median	2.5%	Global accounts <2,500 median	3.2%	GCHA 2019-2020	3.5%

Our return on capital employed has again improved, rising to 4.0% (2020: 3.5%). As noted in previous metrics, this has been assisted by the impact of the growth in investment property values within our operating surplus, although this is underpinned by existing and ongoing efficient performance. This also continues to keep us above the benchmark levels we have been utilising to appraise our performance. At 4.0%, this also exceeds the 3.4% median for all associations in England. With new developments commencing, we may expect to see a dip in this matrix until we are in receipt of the income the new assets will generate.

Throughout the year, the organisation reports to the Board on a number of KPIs, which are generated alongside the monthly accounts. Core operational targets are set and monitored, including a financial budget for the year, arrears levels and void day turnarounds.

A new KPI dashboard has been introduced to cover the extended reporting on health & safety areas already in situ. These cover all key areas including gas safety, fire safety, electrical inspections, asbestos management, legionella management and lift safety.

A management accounting surplus target was set at £306k and a surplus of £521k achieved. These numbers include financing costs but exclude the movement in value of investment properties and actuarial deficits or surpluses on the pension scheme. As in previous years, our level of efficiency, as evidenced by metrics 4, 6 and 7, provides limited scope for substantial savings and we continue to look at improving the quality of the service from those levels of resource, providing additional investment where this sufficiently improves the value of the service.

In 2020-21 we have been able to retender our insurance costs, and this saw us generate savings of over 5% on our core insurance policies when the continuation of our existing housing properties policy would have seen an increase of more than 13%. We continue to utilise the South East Consortium to ensure we reap the pricing benefits that this presents, providing us with access to contractors at rates agreed across the consortium, enabling us to benefit from economies of scale we could not achieve on our own.

Our void turnarounds have suffered in the year as lettings were not permitted during the initial lockdown period. Market rents have continued to provide a challenge, but GCHA continues to turn around voids in considerably quicker times than our peers. In 2020-2021, the average relet time on a social housing property stood at 18 days (2020: 11 days), although this would have stood at 10 days without the enforced delays when lettings were not permitted during the pandemic. The overall average relet time, including market rent properties and lockdown periods, stood at 19 days (2019: 12 days). Excluding the impact of the Covid-19, this would have stood at 13 days. This compares to an average of 34 days in our benchmark group, meaning we have saved over £9k through our efficiency in this area. We also include all capital works within our void times, which are not always included within the standard measure, meaning the actual efficiency saving would be higher.

In our previous report we were looking to have development schemes in place to deliver at least 25 units. With 2 new units delivered and a development of 9 units on site, we are also scheduled to sign off an additional site that will deliver 14 units in July 2021, with progress not assisted by the protracted impact of Covid-19. On completion, this will deliver the number of units in our target.

In 2021-22 GCHA will be targeting to achieve its management accounts budget of £290k (2020: £306k). Void days are targeted to remain below 14 days (2020: 14 days) and arrears less than 2.9% (2020: 3.5%).

Gravesend Churches Housing Association Limited

Board Report
for the year ended 31 March 2021

Statement of Board's responsibilities
The Board is responsible for preparing the Board Report and the financial statements in accordance with applicable law and regulations.

The law requires the Board to prepare financial statements for each financial year. Under that law the Board has elected to prepare the Association's financial statements in accordance with 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". The Board 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 Association and of the surplus or deficit 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;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice for Registered Social Housing Providers (SORP 2018) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, the Accounting Direction for private registered providers of social housing 2019 and the Statement of Recommended Practice: Accounting by registered social housing providers (SORP 2018). They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Board on 8 September 2021 and signed on its behalf by

Steve Harriott
Steve Harriott (Sep 21, 2021 14:21 GMT+1)

Steve Harriott
Chair

Date 8th September 2021

Gravesend Churches Housing Association Limited

Statement of Gravesend Churches Housing Association's System of Internal Control (2020/2021)

The Board is responsible for establishing and maintaining a sound system of internal control and for reviewing its effectiveness. The internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The key elements of internal control are:

- corporate governance arrangement including the adoption of the National Housing Federation's Code of Governance 2015;
- an annual strategy day where the Board reviews performance against business objectives and the long term financial business plan and whether the Association provides value for money and remains fit for purpose;
- an Audit & Risk Committee to review internal control systems and manage the risk framework;
- the preparation and review of annual budgets which are approved by the Board;
- monthly review of actual results against the approved budget and monthly revised forecasts;
- performance indicators to identify trends in current financial and non-financial data in order to monitor progress and identify changes which require intervention;
- written financial regulations and delegations;
- Board approved policies to control exposures in connection with treasury management and accounting activities; and
- an internal audit function who provide independent assurance to the Board.

The internal audit is an ongoing activity which had been implemented to follow a three year Audit Strategic Plan. A new programme has commenced from April 2019. For the period 1 April 2020 to the date on which these accounts are approved, internal audit visits have appraised the effectiveness of data protection, governance and risk, asset and liability register, rent setting and service charges, landlord health and safety processes and development appraisals and has also carried out general reviews of the finance, IT, HR and housing management functions. There were no weaknesses in these activities or in the control mechanisms which require disclosure.

Steve Harriott
Steve Harriott (Sep 21, 2021 14:21 GMT+1)

Steve Harriott
Chair

Date 8th September 2021

Nexia Smith & Williamson

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAVESEND CHURCHES HOUSING ASSOCIATION LIMITED

Opinion

We have audited the financial statements of Gravesend Churches Housing Association Limited (the "Association") for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

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 Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the Association financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities set out on page 9, the members of the board are the directors of the association for the purposes of company law. The directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

We obtained a general understanding of the Association's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We obtained an understanding of the entity's policies and procedures in relation to compliance with relevant laws and regulations. We also drew on our existing understanding of the Association's industry and regulation.

We understand that the Association complies with the framework through:

- Updating operating procedures, manuals and internal controls as legal and regulatory requirements change;
- A programme of internal audit performed by an independent firm of internal auditors;
- Independent health and safety reviews across identified compliance areas;
- A risk assessment framework and register that includes regular review and scrutiny by the Audit & Risk Committee;
- An annual assessment of compliance with housing association regulations; and
- The Board's close oversite through regular board meetings and compliance reporting.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the association's ability to conduct operations and where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the association:

- FRS 102, the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019, in respect of the preparation and presentation of the financial statements;
- Health and safety regulations, including building and fire safety; and
- Housing association regulations.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations above:

- Making enquiries with management and the Audit & Risk Committee as to the risks of non-compliance and any instances thereof; and
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence between regulators and the association.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the Association's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were:

- Management override of control; and
- Revenue recognition, specifically the manipulation of revenue through fraudulent journal entries.

These areas were communicated to the other members of the engagement team not present at the discussion.

The procedures carried out to gain evidence in the above areas included:

- Testing of a sample of manual journal entries, selected through applying specific risk assessments applied based on the association's processes and controls surrounding manual journal entries;
- Reviewing and challenging estimates made by management; and
- Substantive work on revenue transactions.

The senior statutory auditor was satisfied that the engagement team collectively had the appropriate competence and capabilities to identify or recognise irregularities. In particular, both the senior statutory auditor and the audit manager have a number of years' experience in dealing with Associations with similar risk profiles.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report
This report is made solely to the association's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association'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 association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nexia Smith & Williamson

Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY
Date: 27/09/2021

Gravesend Churches Housing Association Limited

Statement of Comprehensive Income
for the year ended 31 March 2021

	Notes	2021 £	2020 £
Turnover	**3**	3,840,999	3,758,291
Operating expenditure	**3**	(2,697,332)	(2,547,205)
Operating surplus before surplus on disposal of fixed asset and increase in value of investment property		1,143,667	1,211,086
Increase in value of investment property	**12**	299,123	34,072
Operating surplus	**3/4**	1,442,790	1,245,158
Interest receivable	**5**	426	3,327
Interest payable and financing costs	**6**	(621,873)	(682,920)
Surplus for the year		821,344	565,565
Other comprehensive income:			
Actuarial (deficit)/surplus on defined benefit pension plan for the year	**17**	(514,400)	473,970
Surplus and total comprehensive income for the year		306,944	1,039,535

There were no acquisitions and no discontinued operations for the year.

The notes on pages 18 to 38 form an integral part of these financial statements.

Statement of Changes in Equity
for the year ended 31 March 2021

	Revenue reserve £	Share capital £	Total £
2020			
As at 1 April 2019	11,458,071	11	11,458,082
Surplus for the year	565,565	-	565,565
Actuarial surplus on defined benefit pension plan for the year	473,970	-	473,970
Movement in share capital	-	(1)	(1)
As at 31 March 2020	12,497,606	10	12,497,616
2021			
As at 1 April 2020	12,497,606	10	12,497,616
Surplus for the year	821,344	-	821,344
Actuarial (deficit) on defined benefit pension plan for the year	(514,400)	-	(514,400)
As at 31 March 2021	12,804,550	10	12,804,560

The notes on pages 18 to 38 form an integral part of these financial statements.

Gravesend Churches Housing Association Limited

Statement of Financial Position
as at 31 March 2021

		2021		2020	
	Notes	£	£	£	£
Property, plant and equipment					
Housing properties	10		29,200,907		27,184,528
Other property, plant and equipment	11		575,965		500,124
			29,776,872		27,684,652
Investments					
Investment properties	12		8,500,538		8,199,877
			38,277,410		35,884,529
Current assets					
Debtors	13	127,442		146,816	
Cash and cash equivalents		1,051,510		1,263,416	
		1,178,952		1,410,232	
Creditors: amounts falling due within one year	14	(3,268,138)		(1,440,737)	
Net current (liabilities)/assets			(2,089,186)		(30,505)
Total assets less current liabilities			36,188,224		35,854,024
Creditors: amounts falling due after more than one year	15		(22,571,916)		(22,986,744)
Provisions	17		(811,748)		(369,664)
Net assets			12,804,560		12,497,616
Capital and reserves					
Called up share capital	18		10		10
Revenue reserve			12,804,550		12,497,606
			12,804,560		12,497,616

The financial statements were approved by the Board and authorised for issue on 8 September 2021.

On behalf of the Board

Steve Harriott
Steve Harriott (Sep 21, 2021 14:21 GMT+1)

Ronak Kantaria
Ronak Kantaria (Sep 22, 2021 14:32 GMT+1)

Bukky McGlynn
Bukky McGlynn (Sep 22, 2021 14:47 GMT+1)

Steve Harriott
Chair

Ronak Kantaria
Board Member

Omobukunla McGlynn
Chief Executive

The notes on pages 18 to 38 form an integral part of these financial statements.

Gravesend Churches Housing Association Limited

Statement of Cash Flows
for the year ended 31 March 2021

	Notes	2021 £	2020 £
Net cash generated from operating activities	**20**	1,526,916	1,714,304
Cash flow from investing activities			
Interest received		504	3,351
Expenditure on property, plant and equipment/ investment property		(2,534,681)	(669,576)
Net cash used in investing activities		(2,534,177)	(666,225)
Cash flow from financing activities			
Repayments of borrowings		(664,737)	(505,129)
Transaction costs for new loans		-	(229,472)
Loans drawn down		2,000,000	-
Interest paid		(539,908)	(604,714)
Net cash generated from/(used in) financing activities		795,355	(1,339,315)
Net decrease in cash and cash equivalents		**(211,906)**	**(291,236)**
Cash and cash equivalents at beginning of the year		1,263,416	1,554,652
Cash and cash equivalents at end of year		**1,051,510**	**1,263,416**

The notes on pages 18 to 38 form an integral part of these financial statements.

Notes to the Financial Statements
for the Year Ended 31 March 2021

1. Legislative provisions

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is registered with Homes England as a Private Registered Provider of Social Housing.
The principal activity of the Association is the provision and management of social rented homes.
The registered office is 14 London Road, Northfleet, Kent DA11 9JQ.

2. Accounting policies

2.1. Basis of accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain assets in accordance with the Association's accounting policies and in accordance with applicable Accounting Standards in the United Kingdom, including Financial Reporting Standard 102 (FRS102), the Statement of Recommended Practice 'Accounting by Registered Social Housing Providers (Update 2018)' and the 'Accounting Direction for private registered providers of social housing in England 2019'.

In accordance with FRS 102 (3.3A), the Association is a public benefit entity that has applied the "PBE" prefixed paragraphs.

The financial statements are presented in Sterling (£) to the nearest pound except where specifically stated otherwise.

2.2. Going concern

The Association has long term debt facilities in place which provide adequate facilities to finance its development programme. The Association regularly reviews the cash flow in its thirty year business plan, which shows it is able to service its debt facilities whilst complying with lenders covenants.

Long term business modelling has continued to be carried out during the year, although we have considerably less uncertainty than at the point of preparing the previous year's accounts when the early stage of the pandemic was impacting society. We have modelled a base case scenario and applied various risk scenarios. These multi-faceted scenarios include assumptions such as increased inflation and lending costs, alongside reductions in rent inflation. Having applied lower and higher risk scenarios these did not highlight any threats to loan covenants or cashflow. We had previously modelled potential cash impacts of the pandemic on the organisation, the level of these impacts did not threaten the ongoing viability of the organisation, and performance to date does not provide any indications that these risks may materialise. With existing cash reserves having also covered any potential impacts and a £5m revolving credit facility in place, the organisation is well protected, even before looking at the possibility of rescheduling capital and improvement works.

It is also noted that there is a net current liability figure on the Statement of Financial Position. This is principally driven by a £1.75m bullet repayment due in 2021-22, which has always been factored into the organisation's business plan. The availability to draw a further £13m through current loan facilities, alongside working capital generated, will provide the funds to cover this liability. Debt continues to be serviced without breaching lenders' covenants.

On this basis the Board has reasonable expectations that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of the accounts.

The Board therefore continues to adopt the going concern basis in preparing the financial statements.

2.3. Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions regarding the recorded values of assets and liabilities at the Statement of Financial Position date and the amounts reported for revenues and expenditure during the year.

Judgements

- **Categorisation of housing properties as investment properties or property, plant and equipment**

Classes of properties within the category of housing properties that are held to earn commercial rentals or for capital appreciation or both are accounted for as investment properties. Properties rented to provide social housing and properties used for the production or supply of goods and services or for administrative purposes are classified as property, plant and equipment.

- **Impairment of housing properties**

Impairment reviews are carried out where there has been a trigger event, including any known threats to the financial viability of the asset. Any impairment losses are immediately recognised in the Statement of Comprehensive Income. Impairment is recognised when the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. The Association's policy is to use the property scheme level as the base for the cash generating unit.

- **Identification of sites as investment properties**

Where a development is designated as a market rent site at the start of a project, development costs are included in investment properties from the start. Where a decision is not made at the start of a project regarding the rental type of the development, this will only be classified as an investment property at the point the decision is made to let the property at a market rent.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

- **Multi-employer pension obligation**

Various estimates are used in the calculation of the defined pension liability, such as discount rate, inflation, salary growth and mortality rates. The Pensions Trust provided base assumptions which the Association can flex to reflect more accurately the particular circumstances of the organisation. In determining the appropriate discount rate, consideration is made of the interest rates of corporate bonds with at least an AA rating. Inflation is set by considering market expectations, salary growth is set by aligning with the Association's business plan and mortality rates have been adjusted to allow for any expectation of higher or lower life expectancy of scheme members due to geographic, socio-economic or demographic factors. The value of the provision is highly sensitive to relatively small changes in assumptions. A provision of £811,748 is recorded in the Statement of Financial Position as at 31 March 2020 (2019: £369,664).

- **Property, plant and equipment**

In line with SORP 2018, component accounting policies are applied to the capitalisation and depreciation of assets. The individual components of each property are depreciated over their expected useful life. On new build developments, the value of components is assigned using land purchase costs and the contractor's detailed costing schedule. For off the shelf purchases, appropriate percentages are applied to each component using data from similar new build development schemes. The actual lives are assessed on an annual basis and may vary depending on a number of factors such as property life cycle and their component replacement programmes. As at 31 March 2021 the carrying value of property, plant and equipment was £29,776,872 (2020: £27,684,652).

- **Amortisation of government grants**

Government grants received for social housing properties are recognised as income over the expected useful life of the housing property structure under the accrual model unless the grant has been specifically provided for another component of the housing asset, in which case it would be recognised in income over the expected useful life of that component. The carrying values of grants were a short term creditor of £162,754 (2020: £162,754) and a long term creditor of £10,793,819 (2020: £10,956,373).

2.4. Turnover

Turnover is measured at the fair value of the consideration received or receivable and principally represents rental and service charge income receivable in the year net of rent and service charge losses from voids together with amortised social housing grant and management fees from property management contracts with local charities.

2.4. Turnover continued

Turnover is recognised as follows:

- **Rental and service charge income**

Income from rent and service charges is recognised in the period to which it relates net of any voids. Where there are new developments, income and any voids recognition starts from the practical completion date. Where sites are being redeveloped, income and any voids are recognised up until the contract start date.

- **Capital grants**

Capital grants received are initially deferred and then credited to turnover in the Statement of Comprehensive Income on a straight line basis over the expected life of the asset which they have funded.

- **Other grants and donations**

Grants and donations that relate to revenue are recognised in the Statement of Comprehensive Income in accordance with the period to which the grant relates. Where the grant requires future performance conditions to be met, the grant is not recognised until these have been satisfied. Any grant received before these conditions are met is held as a liability in the Statement of Financial Position.

- **Management fees**

Income from management fees is recognised in the period to which it relates.

2.5. Interest payable

Interest on loans specifically financing development is capitalised on a weighted average cost basis for the period from start of works up to the date of practical completion or acquisition of legal title, whichever is later. The interest is either on borrowings specifically financing a scheme or on net borrowings to the extent that they are deemed to be financing a scheme. This treatment applies irrespective of the original purpose for which the loan was required.

2.6. Property, Plant and Equipment

Housing properties and depreciation

Housing properties are properties held for the provision of social housing and are recorded at cost less depreciation less any applicable impairment. The cost of the property is recorded as the initial cost of acquiring the land and buildings together with those costs that are directly attributable to acquisition and development, including any interest cost up to the date of completion.

Housing properties in the course of construction are stated at cost plus capitalised interest and are not depreciated until they are reclassified as housing properties on practical completion of construction.

Freehold and leasehold housing properties are depreciated by component on a straight line basis over the estimated lives of component categories, in accordance with the principles of component accounting in SORP 2018. Where a component is replaced before the end of its useful life, any remaining depreciation charges are accelerated into the year of disposal. Useful estimated lives for identified components are as follows:

Freehold land	- not depreciated
Structure	- remaining estimated life of the property not exceeding 100 years from date of construction
Short leasehold structure	- over life of lease or estimated useful life if less
Roofs	- 40 to 80 years
Windows	- 40 years
Electrical systems	- 40 years
Bathrooms	- 30 years
Doors	- 20 years
Lifts	- 20 years
Kitchens	- 20 years
Heating systems	- 15 years

2.7. Works to existing housing properties
Expenditure on existing housing properties is capitalised when this represents a component replacement or when a new component is created. All other expenditure in respect of general repairs to the housing stock is charged to the Statement of Comprehensive Income as it is incurred.

2.8. Impairment of housing properties
Housing properties are assessed at each Statement of Financial Position date to determine if there are any indicators of impairment. If there are such indicators of impairment, then an exercise is undertaken to compare the properties' carrying value to their recoverable amount. Any excess over the recoverable amount is recognised as an impairment loss and charged as expenditure in the Statement of Comprehensive Income; the carrying value is reduced appropriately. For impairment purposes, properties are appraised on either an individual basis, or where they are part of a collective development such as a block of flats, on a scheme by scheme basis.

The recoverable amount of the scheme is the higher of its fair value less costs to sell and its value in use. Value in use (VIU) for housing schemes, which are able to be let in the current condition, which are fulfilling the social purpose for which they were acquired is referred to as Value in use Service Potential (VIU-SP) and this can be measured using the 'depreciated replacement cost' (DRC) valuation basis.

The DRC basis considers either the cost of purchasing an equivalent property on the open market (based on the sale prices for similar properties in or near same location), or the rebuilding cost of structures and components based on current building costs, using either current building contracts or market data (being primarily construction indices) applied to the relevant building size and type. For other schemes, value in use is defined as the net present value of the future cash flows generated from the scheme before interest cost.

2.9. Investment property
Investment property is measured at cost on initial recognition, including purchase cost and any directly attributable expenditure, then at fair value at each Statement of Financial Position date. Fair value is calculated using a combination of local house price inflation indicators, local market sales data and valuations generated by external valuers.

2.10. Other property, plant and equipment
Other property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost of each asset over its expected useful life on a straight line basis, and the asset lifetimes are as follows:

Freehold office land	- not depreciated
Freehold office structure	- 100 years
Freehold office roof	- 80 years
Freehold office windows	- 40 years
Freehold office electrical systems	- 40 years
Freehold office bathrooms	- 30 years
Freehold office doors	- 20 years
Freehold office kitchens	- 20 years
Freehold office heating systems	- 15 years
Plant and equipment	- 5 to 10 years
IT hardware	- 4 years
IT software	- 4 years

2.11. Government grants
Government grants include grants receivable from Homes England, local authorities, and other government organisations. Government grants received for housing properties are treated as deferred income and recognised in turnover over the estimated useful life of the housing property structure, under the accrual model.

Grants relating to revenue are recognised in the Statement of Comprehensive Income over the same period as the expenditure to which they relate, once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received. Grants due from government organisations or received in advance are included as current liabilities.

2.12. Recycled Capital Grants Fund

Government grants released on the sale of the property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and are included in the Statement of Financial Position in creditors. If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in the Statement of Comprehensive Income.

If unused within a three year period, it will be repayable to Homes England with interest. The development programme of the Association is such that the recycled grant is expected to be re-used before it becomes repayable. Any unused recycled capital grant held within the capital grant recycling fund is disclosed in the Statement of Financial Position, split between creditors falling due within one and after one year.

2.13. Leases

Leases are classified as finance leases where the terms of the leases transfer substantially all the risks and the rewards incidental to ownership of the leased asset. All other leases are classified as operating leases.

Assets held under finance leases are measured initially at the fair value of the leased asset and the corresponding lease liability. Assets held under finance leases are included in property, plant and equipment and depreciated in the same way as owned assets.

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

The aggregate benefits of any lease incentive are recognised as a reduction in expenses recognised over the term of the lease.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Any incentives offered in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

2.14. Pensions

The Association participates in the Social Housing Pension Scheme (SHPS). SHPS is a multi-employer defined benefit (career average revalued earnings) contributory pension scheme administered independently.

In the Statement of Financial Position, the assets of the scheme are measured at fair value and the liabilities are measured on an actuarial basis, discounted at a rate equivalent to yields on "high quality" corporate bonds of appropriate duration and currency, or a suitable proxy. The resulting net asset or liability is then presented separately on the face of the Statement of Financial Position as a provision. Current service costs and net financial returns are included in the Statement of Comprehensive Income in the period to which they relate. Any actuarial gains or losses for the year are taken to the Statement of Comprehensive Income as other comprehensive income.

2.15. Provision for liabilities

The Association recognises a provision where a past event has given rise to a present obligation and where a reliable estimate can be made of the value of the provision.

The recorded amount of the liability is the best estimate of the sum required to settle the present obligation at the date of the Statement of Financial Position.

2.16. Cash and cash equivalents

This includes all forms of cash and includes cash in hand, deposits repayable on demand, overdraft repayable on demand and short term held with various banks, which can be withdrawn without disrupting the business and are readily convertible to a known amount of cash at the year end at or close to the carrying values. Thèse cash balances are used in our cash flow statements and future cash projections.

2.17. Financial instruments

Financial assets and liabilities comprise investments, trade and other debtors, cash and cash equivalents, trade and other payables, accruals and loan balances.

Financial assets and financial liabilities are recognised when the Association becomes party to the contractual provisions of the financial instrument.

All financial assets and financial liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through the Statement of Comprehensive Income, which are initially measured at fair value (normally the transaction price less transaction costs), unless the arrangement constitutes a financial transaction. If an arrangement constitutes a financial transaction, the financial asset or financial liability is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument. A financing transaction may take place in connection with the sale of goods or services, for example, if payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Financial assets and liabilities are only offset in the Statement of Financial Position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Association intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that are classified as payable or receivable within one year on initial recognition are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Debt instruments which meet the conditions of Section 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Other financial instruments and investments in equity instruments are recognised at fair value with any gains or losses being reported in surplus or deficit.

Financial assets are only derecognised when and only when:

- the contractual rights to the cash flows from the financial asset expire or are settled;
- the Association transfers to another party substantially all the risk and rewards of ownership of the financial asset; or
- the Association, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Trade (including rental) and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Association will not be able to collect all amounts due.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Arrears repayment arrangements with tenants are classified as a basic financial instrument. The organisation has a minimal number of such agreements and these are not considered to be material.

2.18. Donated land and property

Donated land which is unconnected with any intended development is measured at current value and recognised in turnover with other donations, where the donation is from a non-public body, and as a government grant where it is from a public body.

Where land which is donated or transferred by a public body at a price less than its open market value, or where it has been donated as part of a development scheme, it is included at its current value on the date it is received, bearing in mind the conditions specified for the use of the land, and any difference between current value and cost recognised as a government grant. Where land is donated or transferred by a non-public body the difference is recognised in turnover.

2.19. Property managed by agents

Where the Association carries the financial risk on property managed by its agents, all the income and expenditure arising from the property is included in the Statement of Comprehensive Income.

Where the agency carries the financial risk, the Statement of Comprehensive Income includes only that income and expenditure which relates solely to the Association.

2.20. VAT

The Association is not registered for VAT and VAT billed to the organisation is accounted for as a cost to the organisation within the respective expenditure heading.

2.21. Reserves

Where grants and donations given to the Association for specific schemes or activities relate to future periods, they are split between revenue reserves and restricted reserves.

Notes to the Financial Statements for the Year Ended 31 March 2021

3. Turnover

Turnover represents rental incomes receivable, amortised grant, management fees and other income.

3A Particulars of turnover, operating expenditure and operating surplus

	2021 Turnover £	2021 Operating expenditure £	2021 Operating surplus £
Social housing lettings	3,417,261	(2,581,258)	836,003
Other social housing activities			
Other	11,715	(8,847)	2,868
	3,428,976	(2,590,105)	838,871
Activities other than social housing activities			
Market lettings	412,023	(107,227)	304,796
	3,840,999	(2,697,332)	1,143,667
Increase in value of investment property			299,123
Total			1,442,790

	2020 Turnover £	2020 Operating expenditure £	2020 Operating surplus £
Social housing lettings	3,334,656	(2,396,668)	937,988
Other social housing activities			
Other	11,213	(10,086)	1,127
	3,345,869	(2,406,754)	939,115
Activities other than social housing activities			
Market lettings	412,422	(140,451)	271,971
	3,758,291	(2,547,205)	1,211,086
Increase in value of investment property			34,072
Total			1,245,158

3A Particulars of turnover, operating expenditure and operating surplus continued

Housing units owned

	Social Housing				Market Housing	Supported
	Fair	Social	Affordable	Discounted		
At 1 April 2020	28	401	105	1	37	32
Additions	-	-	-	2	-	-
Changes in tenancy	(2)	2	-	-	-	-
At 31 March 2021	**26**	**403**	**105**	**3**	**37**	**32**

Housing units managed	
At 1 April 2020	**13**
At 31 March 2021	**13**

3B Particulars of turnover and operating expenditure

	2021			2020
	General Needs Housing	**Supported Housing**	**Total**	**Total**
	£	**£**	**£**	**£**
Income from letting				
Rent receivable net of identifiable service charges	2,875,179	161,052	3,036,231	2,964,777
Service income	218,276	-	218,276	207,124
Net social housing rent receivable	3,093,455	161,052	3,254,507	3,171,901
Amortised government grant	151,597	11,157	162,754	162,755
Turnover from social housing lettings	3,245,052	172,209	3,417,261	3,334,656
Operating expenditure				
Management	405,580	24,175	429,755	445,539
Services	517,979	21,317	539,296	443,098
Routine maintenance	396,452	21,818	418,270	471,812
Planned maintenance	434,916	5,655	440,571	287,864
Bad debts	5,080	-	5,080	24,832
Depreciation on housing properties	501,733	36,980	538,713	517,348
Other costs	197,277	12,296	209,573	206,175
Operating expenditure	2,459,017	122,241	2,581,258	2,396,668
Operating surplus	786,035	49,968	836,003	937,988
Void losses	12,941	-	12,941	15,006

Notes to the Financial Statements
for the Year Ended 31 March 2021

4. Operating surplus

	2021 £	2020 £
The operating surplus is stated after charging:		
Depreciation and other amounts written off		
Property, plant and equipment	572,414	565,098
Auditors' remuneration:		
For audit services (net of VAT)	21,045	16,845
For non-audit services	-	-
Operating lease rentals		
Office equipment	1,454	1,454
Vehicle lease	5,145	3,323
Premises	1,126	-

5. Interest receivable and similar income

	2021 £	2020 £
Bank interest	426	3,327

6. Interest payable and financing costs

	2021 £	2020 £
Included in this category is the following:		
Interest on loans repayable	604,656	658,848
Other costs of finance	8,882	5,072
Defined benefit pension – net interest expense	8,335	19,000
	621,873	682,920

There was no capitalised interest within the year and therefore no rate of capitalised interest (2020: 0%).

The interest payable charge based on an accruals basis of accounting rather than the effective rate of interest, before adjusting for pension interest expense and capitalised interest is £540,099 (2020: £570,870).

Notes to the Financial Statements
for the Year Ended 31 March 2021

7. Employee information

Number of employees	**2021 No.**	**2020 No.**
The average number of persons employed during the year expressed in full time equivalent (including the Chief Executive) was:		
Staff	13	12

Employment costs	**2021 £**	**2020 £**
Wages and salaries	548,227	450,141
Social security costs	51,929	44,067
Other pension costs	61,062	56,557
	661,218	550,765

Higher paid staff (including key management personnel)

	2021	**2020**
Staff members paid between £60,000 and £70,000	2	2
Staff members paid between £80,000 and £90,000	1	1
	3	3

8. Senior management team emoluments

The remuneration paid to the senior management team of the Association was:	**2021 £**	**2020 £**
Emoluments	216,332	212,295
Pension contributions	27,231	25,901
	243,563	238,196

The emoluments paid to the highest paid member of the senior management team:	**2021 £**	**2020 £**
Chief Executive	85,404	85,700

The Chief Executive is an ordinary member of the defined benefit scheme and there are no enhanced or special terms. There are no additional pension arrangements. The aggregate contribution made by GCHA was £10,916 (2020: £10,727) in addition to the personal contributions of the Chief Executive.

A total of £24,590 (2020 : £20,584) remuneration was paid to Board members during the year.

Expenses totalling £0 (2020: £2,420) were reimbursed to board members during the year.

9. Taxation

No taxation is payable by the Association since it has charitable status and its charitable activities are exempt from tax.

Notes to the Financial Statements
for the Year Ended 31 March 2021

10. Housing properties

	Housing properties held for letting	Housing properties under construction	Total
	£	£	£
Cost			
At 1 April 2020	34,527,709	13,818	34,541,527
Additions:			
Capital works to existing properties	369,796	2,185,297	2,555,093
Transfers	522,678	(522,678)	-
Disposal of replaced components	(117,543)	-	(117,543)
At 31 March 2021	35,302,640	1,676,437	36,979,077
Depreciation			
At 1 April 2020	7,356,999	-	7,356,999
Charge for year (including accelerated depreciation on replaced components)	538,714	-	538,714
On disposal of replaced components	(117,543)	-	(117,543)
At 31 March 2021	7,778,170	-	7,778,170
Net book values			
At 31 March 2021	27,524,470	1,676,437	29,200,907
At 31 March 2020	27,170,710	13,817	27,184,528

Tenure status	**2021**	**2020**
Freehold	28,814,927	26,790,151
Short leasehold	316,498	324,968
Long leasehold	69,482	69,409
Total	29,200,907	27,184,528

Works to existing properties
The cost of building components replacements within the year amounted to £369,796 (2020: £389,558).
The value of planned improvement works to existing properties, expensed to the Statement of Comprehensive Income, amounted to £242,958 (2020: £68,459).

Notes to the Financial Statements
for the Year Ended 31 March 2021

11. Other property, plant and equipment

	Freehold office	Plant and equipment	IT Hardware / Software	Total
	£	£	£	£
Cost				
At 1 April 2020	489,119	69,570	163,024	721,713
Additions	-	31,528	78,013	109,541
At 31 March 2021	489,119	101,098	241,037	831,254
Depreciation				
At 1 April 2020	28,619	45,567	147,403	221,589
Charge for the year	10,145	10,616	12,939	33,700
At 31 March 2021	38,764	56,183	160,342	255,289
Net book values				
At 31 March 2021	450,355	44,915	80,695	575,965
At 31 March 2020	460,500	24,003	15,621	500,124

12. Investment properties

	Housing properties	Office building	Total
	£	£	£
Value			
At 1 April 2020	7,844,877	355,000	8,199,877
Additions to investment properties	1,538	-	1,538
Fair value movement	287,123	12,000	299,123
At 31 March 2021	8,133,538	367,000	8,500,538
Historic cost	6,937,607	268,309	7,205,916

As at 31 March 2021 valuations have been prepared using a mix of market data and valuations from an independent online platform. Properties have also been valued on a MV-VP (market value–vacant possession) basis by RICS registered valuers within the specialist social housing team at Savills, an independent firm of professional valuers, to validate the valuations prepared internally. Prior and current year additions have been recognised at cost prior to the revaluation process.

13. Debtors

	2021 £	2020 £
Rental debtors	32,301	43,074
Other debtors	77,338	82,757
Prepayments and accrued income	17,803	20,985
	127,442	146,816

Rental debtors are stated after providing a bad debt provision of £68,733 (2020: £65,320).

14. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	317,880	133,205
Rent in advance	113,234	104,406
Other taxes and social security costs	14,715	12,066
Other creditors	103,019	99,564
Accruals and deferred income	315,116	345,368
Housing loans	2,241,420	583,374
Government grants	162,754	162,754
	3,268,138	1,440,737

15. Creditors: amounts falling due after more than one year

	2021 £	2020 £
Housing loans	11,778,097	12,030,171
Government grants	10,793,819	10,956,573
	22,571,916	22,986,744
Loans		
Repayable in one year or less (Note 14)	2,241,420	583,374
Repayable between one and two years	436,404	2,335,588
Repayable between two and five years	3,513,045	1,457,557
Repayable in five years or more	7,828,648	8,237,026
	14,019,517	12,613,545

The nominal value of loans at 31 March 2021 was £13,707,610 (2020: £12,372,346).
Actual interest rates on borrowings vary between 1.12% and 10.63%.

Housing loans

Housing loans from private and public sources are secured by specific charges on the Association's properties and are repayable at varying rates of interest in instalments partly due in five years or more.

Notes to the Financial Statements
for the Year Ended 31 March 2021

16. Social Housing Grant

Social Housing Grant	**£**
At 1 April 2020	15,202,369
At 31 March 2021	15,202,369
Amortised Social Housing Grant	
At 1 April 2020	(4,083,042)
Amortisation charge for the year	(162,754)
As 31 March 2021	(4,245,796)
Net Book Value	
At 31 March 2021	10,956,573
At 31 March 2020	11,119,327

17. Pension arrangements

The Association operates a defined benefit scheme and a defined contribution scheme. Contributions to the defined contribution pension scheme are charged to the statement of comprehensive income as they become payable in accordance with the rules of the scheme, and amounted to £11,521 (2020: £1,783). Differences between contributions payable for the year and those actually paid are shown as either accruals or prepayments in the balance sheet.

The UK defined benefit scheme the Association participates in is the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers.

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

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

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

For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March 2019 to 29 February 2020 inclusive. The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

Similarly, an actuarial valuation of the scheme was carried out as at 30 September 2020 to inform the liabilities for accounting year ends from 31 March 2021 to 28 February 2022 inclusive.

Pension scheme liabilities recognised in the Statement of Financial Position	2021 £	2020 £
Pension obligations recognised as Defined Benefit schemes	(811,748)	(369,664)
Total pension scheme liabilities	(811,748)	(369,664)

Principal actuarial assumptions at the financial position date:	2021	2020
Discount rate	2.21%	2.35%
Inflation (RPI)	3.24%	2.56%
Inflation (CPI)	2.87%	1.56%
Salary growth	3.87%	2.56%
Allowance of commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions applied at 31 March 2021 imply the following life expectancies

	Life expectancy at age 65 (years)		Life expectancy at age 65 (years)
Male retiring in 2021	21.6	in 2020	21.5
Female retiring in 2021	23.5	in 2020	23.3
Male retiring in 2041	22.9	in 2040	22.9
Female retiring in 2041	25.1	in 2040	24.5

Amounts recognised in the Statement of Comprehensive Income

	2021 £	2020 £
Current service cost	44,700	83,686
Expenses paid	4,600	4,600
Net interest on defined benefit liability	8,335	19,000
Total expenses	57,635	107,286

Amounts recognised in Other Comprehensive Income	2021 £	2020 £
Experience gain/(loss) arising on the Plan assets	129,000	(25,030)
Experience gain arising on the Plan liabilities	127,600	57,000
Effects of changes in the demographic assumptions underlying the present value of the Plan liabilities – (loss)/gain	(13,400)	29,000
Effects of changes in assumptions underlying the present value of the Plan liabilities – (loss)/gain	(757,600)	413,000
Actuarial (loss)/gain recognised	(514,400)	473,970

Statement of Financial Position	2021 £	2020 £
Fair value of Plan assets	2,784,000	2,504,000
Present value of funded retirement benefit obligations	(3,595,748)	(2,873,664)
Deficit in Plan	(811,748)	(369,664)

Reconciliation of movements on the fair value of plan assets	**2021** **£**	**2020** **£**
Fair value of the Plan assets at the start of the period	2,504,000	2,380,000
Interest income	60,065	57,000
Experience gain/(loss) on Plan assets	129,000	(25,030)
Contributions by the employer	129,951	131,192
Contributions by members	31,784	31,838
Benefits paid and expenses	(70,800)	(71,000)
Fair value of Plan assets at the end of the period	2,784,000	2,504,000

Reconciliation of movements on the defined benefit obligation	**2021** **£**	**2020** **£**
Defined benefit obligation at the start of the period	(2,873,664)	(3,247,540)
Current service cost	(44,700)	(83,686)
Expenses	(4,600)	(4,600)
Interest cost	(68,400)	(76,000)
Contribution by members	(31,784)	(31,838)
Actuarial gains due to scheme experience	127,600	57,000
Actuarial gains due to changes in demographic assumptions	(13,400)	29,000
Actuarial gains due to changes in financial assumptions	(757,600)	413,000
Benefits paid and expenses	70,800	71,000
Defined benefit obligation at the end of the period	(3,595,748)	(2,873,664)

Categories of plan assets are as follows:	**2021** **£'000s**	**2020** **£'000s**
Absolute Return	154	131
Alternative Risk Premia	105	175
Corporate Bond Fund	164	143
Credit Relative Value	88	69
Distressed Opportunities	80	48
Emerging Markets Debt	112	76
Fund of Hedge Funds	-	1
Global Equity	444	366
High Yield	83	-
Infrastructure	186	186
Insurance-Linked Securities	67	77
Liability Driven Investment	708	831
Liquid Credit	33	1
Long Lease Property	55	43
Net Current Assets	17	11
Opportunistic Credit	76	-
Opportunistic Illiquid Credit	71	61
Private Debt	66	50
Property	58	55
Risk Sharing	101	85
Secured Income	116	95
Total Assets	2,784	2,504

18. Share capital – non equity

The shares have a denomination of £1 and limited rights. They carry no entitlement to dividend, they are not repayable and do not participate in a winding up. They carry an entitlement to vote at the Association's annual general meeting and special general meetings.

Called up share capital

	Number	£
Issued and fully paid – ordinary shares of £1 each		
At 1 April 2020	10	10
Issued during the year	3	3
Cancelled during the year	(3)	(3)
At 31 March 2021	10	10

19. Capital commitments

Details of capital commitments at the accounting date are as follows:

	2021 £	2020 £
Authorised and contracted for	2,299,036	-
Authorised but not contracted for	4,889,125	1,474,925
	7,188,161	1,474,925

Capital commitments will be financed by a loan from Barclays Bank of £5,000,000, which has been secured against properties of the organisation and a loan from Lloyds Bank of £10,000,000, which will be secured against the properties of the organisation.

Notes to the Financial Statements
for the Year Ended 31 March 2021

20. Notes to the Statement of Cash Flows

	2021 £	2020 £
Operating surplus	1,442,790	1,245,158
Depreciation	572,414	565,098
Amortised government grants	(162,754)	(162,755)
Decrease in pension liability reflected in operating surplus	(80,316)	(107,913)
Decrease in debtors	19,374	30,349
Increase in creditors	34,531	178,438
(Increase) in value of investment property	(299,123)	(34,072)
Net cash generated from operating activities	1,526,916	1,714,304

21. Net debt reconciliation

	At 1 April 2020 £	Cash flows £	Other non-cash changes £	At 31 March 2021 £
Cash and cash equivalents				
Cash	1,253,416	(211,906)	-	1,041,510
Cash equivalents	10,000	-	-	10,000
	1,263,416	(211,906)	-	1,051,510
Borrowings				
Debt due within one year	(583,374)	664,737	(2,322,783)	(2,241,420)
Debt due after one year	(12,030,171)	(2,000,000)	2,252,074	(11,778,097)
	(12,613,545)	(1,335,263)	(70,709)	(14,019,517)
	(11,350,129)	(1,547,169)	(70,709)	(12,968,007)

22. Accommodation managed by agents

The Association owns property managed by other bodies, as follows:

	2021	2020
Clarion Housing Association Ltd	17	17
KASBAH	15	15

Notes to the Financial Statements
for the Year Ended 31 March 2021

23. Operating lease commitments

2021 £

	Office equipment	Vehicles	Buildings	Total
Within one year	1,074	6,056	2,400	9,530
One to two years	90	4,395	2,400	6,885
Two to five years	-	3,644	5,600	9,244
Total	1,164	14,095	10,400	25,659

2020 £

	Office equipment	Vehicles	Buildings	Total
Within one year	1,283	3,323	-	4,606
One to two years	1,164	4,984	-	6,148
Two to five years	-	-	-	-
Total	2,447	8,307	-	10,754

24. Lessor payment commitments

	2021 £	2020 £
Not later than one year	-	15,458
Later than one year and not later than five years	-	-
Later than five years	-	-
Total	-	15,458

The office lease contained a break option on the fifth anniversary. Break notice was issued in 2018 to end the current lease on 31 October 2020.

25. Related party transactions

At the date of these financial statements there are no related party transactions that require disclosure.

26. Financial instruments

Financial instruments cover the financial assets and liabilities shown in the Statement of Financial Position. Financial assets consist of trade receivables, cash and cash equivalents. The financial liabilities of the organisation consist of trade and other creditors, rent in advance and loans, which in line with section 11 of FRS102 are classified as either basic or non-basic financial instruments.

All of the loans of the organisation are basic financial instruments and are measured at amortised cost using the effective rate of interest. The effective rate of interest used is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial liability.

The Association's income, expense, gains and losses in respect of the financial instruments are summarised below:	**2021** **£**	**2020** **£**
Interest income and expense		
Total interest income for financial assets at amortised cost	426	3,327
Total interest expense for financial liabilities at amortised cost	604,656	658,848

27. Post balance sheet events

A new term loan facility has been agreed in principle and approved by the Board. This is being finalised. The new facility is for a total of £10.3m, which includes the rolling up of £7.6m of existing borrowings, providing £2.7m of new funding.