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

Gravesend Churches Housing Association Limited

Annual Report and Financial Statements

for the year ended 31 March 2022

Board information

The Board	Stephen Harriott (Chair)	
	Ronak Kantaria	Resigned January 2023
	Monika Ziola	
	Eileen Jordan	
	Nicola Bowen	
	Jim McLaughlin	
	Michelle Mullen	
	Manpreet Bhupal	
	Brian Horton	
	Abay Aromire	Appointed September 2022
	Chris Starke	Appointed December 2022
	Paul Sylva	Appointed February 2023
	Joseph Scullion	Resigned September 2021
Chief Executive	Omobukunla McGlynn	Appointed Jul 2021
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	CLA Evelyn Partners Limited 45 Gresham Street London EC2V 7BG	
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	

Contents

Board Report
for the Year Ended 31 March 2022

The Board present their report and the financial statements for the year ended 31 March 2022.

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 2020 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	resigned Jan 2023	2014
Monika Ziola		2017
Eileen Jordan		2018
Nicola Bowen		2018
Jim McLaughlin		2018
Michelle Mullen		2020
Manpreet Bhupal		2020
Brian Horton		2021
Abay Aromire	Appointed Sept 2022	2022
Chris Starke	Appointed Dec 2022	2022
Paul Sylva	Appointed Feb 2023	2023
Joseph Scullion	Resigned Sept 2021	2018
Omobukunla McGlynn	Appointed Jul 2021	2021

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

- deliver good quality homes and excellent services in safe neighbourhoods;
- maintain high levels of resident and staff satisfaction and engagement;
- develop new energy efficient affordable homes; and
- remain financially viable and strong.

Governance and Financial Viability standard
The Board has reviewed its compliance with the Governance and Viability Standard and regularly reviews its compliance with the NHF Code of Governance. It also reviews its thirty year business plan to ensure ongoing financial viability.

However, GCHA breached one of its loan covenants at the end of March 2022. The Board recognises that such a breach of a loan covenant is automatically a breach of the Governance and Viability Standard and has subsequently rectified this breach by paying off one of the loans and agreeing waivers for the remaining loan balances putting us back in compliance with the standard. Internal controls have been strengthened to avoid such a breach happening again.

Board Report
for the Year Ended 31 March 2022

Value for money statement

GCHA is adjusting to life post pandemic lockdown as we face new challenges such as the cost of living crisis and ever changing world events.

Overall, GCHA has adapted well, ensuring that we continue to invest in our technology, staff and services. GCHA has a hybrid model of working, using the technological improvements introduced during lockdown to give staff more flexibility.

GCHA implemented its new cloud-based housing management system (CRM) in 2021-22 to allow for better data management. It continues to expand the use of its web-based phone system and electronic document management software to ensure it maximises its investment in IT

Our Activities

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.

Post lockdown, GCHA operations have returned to normal levels and we were able to achieve an average of 10 days for relets (2021: 19 days). We continue to invest significant time in supporting our residents through any financial difficulties they may have encountered during and as a result of the pandemic. Despite our pro-active engagement with residents, our arrears have risen during the year to 5% (2021: 2.66%). We continue to see the impact the pandemic has had on the economy and on our residents who face financial hardship, affecting their ability to pay their bills including rent. With the new cost of living crisis, it has become even harder for customers to balance their finances, particularly those on low incomes. GCHA continue to work with its residents and support partnerships to help residents pay rent to enable them to sustain their homes.

All statutory compliance and general reactive maintenance works resumed in line with government 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. During 2021/22, we continued to invest in our existing properties and carried out a number of boiler replacements, installed new kitchens and replaced a number of bathrooms too.

GCHA continues to look at longer term investment to deliver further improvements in value for money. As commented, we have implemented a new CRM system and are in the process of rolling out a resident portal to enable residents to self-serve and update their details, reducing staff time that would be otherwise required. As also commented in the 2021 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 2021-2022 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 2020-21 annual accounts. Results and commentary are highlighted below

1 REINVESTMENT %

	£					
Properties acquired	-		Housing properties			
Development of new properties	2,679,663		At cost	40,074,147		
Works to existing	590,329		At valuation	9,126,538		
Capitalised interest	(112,720)					A/B
	3,157,272	A		49,200,685	B	6.4%

SPBM median	2.2%	Global accounts <2,500 units	4.6%	GCHA 2020-21	6.8%

Whilst we continue to replace all scheduled components, 2021-22 continued investment on the new development site purchased in 2020-21 that is scheduled to deliver 9 houses in the Gravesham Borough Council area. This represents the first of several schemes GCHA expects to bring into development. 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)	0	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
	0.0%		0.0%
SPBM median	0.0%	SPBM median	0.0%
Global accounts <2,500 median	0.8%	Global accounts <2,500 median	0.0%
GCHA 2020-2021	0.4%	GCHA 2020-2021	0.0%

As mentioned in metric 1, a new development site was started in 2020-21, this scheme is scheduled to complete during the 2022-23 financial year. Further schemes remain in the pipeline, so whilst we may have no additions in 2021-22, the current investment in development will start to materialise in greater numbers in 2022-23. This should see a growth of around 30 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	16,966,756		Housing properties at cost	40,074,147	
Long term loans	0		Housing properties at valuation	9,126,538	
					C/D
	16,966,756	C		49,200,685	D 34.5%

SPBM median	11.8%	Global accounts <2,500 median	33.7%	GCHA 2020-2021	31%

As drawings on new facilities have commenced, with funds being invested into new properties, our gearing has increased to 34.5% (2021: 31%). This is slightly above the global accounts figure of 33.7% and is considerably above the SPBM median of 11.8%. 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 %

	£			£		E/F
Operating surplus/(deficit)	1,195,168					
- Amortised government grant	(162,754)		Capitalised interest in housing properties	112,720		
+ Interest receivable and other income	213					
- Capitalised major repairs expenditure	(590,329)					
+ Total depreciation charge	619,760		+ Interest payable and financing costs	404,223		
- Increase in value of investment property	(626,000)					
	436,058	E		516,943	F	84%

SPBM median	356%	Global accounts <2,500 median	205%	GCHA 2020-2021	190%

GCHA continues to perform well in general operations, generating healthy surpluses although these fall short of those produced by organisations in the global accounts for <2500 units. 2021-22 has seen GCHA decrease the EBITDA MRI figure from 190% to 85%. 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

	£					G/H
Management costs	487,129		Total social housing units managed at period end	569		
+ Service costs	828,499					
+ Routine maintenance costs	784,414					
+ Planned maintenance costs	333,755					
+ Major repairs expenditure	590,329					
+ Other(social housing letting) costs	167,963					
+ Other social housing activities: other	10,409					
	3,202,498	G		569	H	£5,628

SPBM median	£4,847	Global accounts <2,500 median	£4,790	GCHA 2020-2021	£4,246

This metric highlights the amount spent on the social housing units of an organisation, and by excluding depreciation, largely only includes controllable costs. 2022 has seen an increase in cost per unit to £5,628 (2021: £4,246), which sits 16.1% and 17.5% above the SPBM and global accounts for <2,500 unit associations' figures respectively. The reduced spend on reactive maintenance in 2020-21 was largely due to the lockdown period and reduced number of voids, which has seen a reversal with increased spend in 2021-22. There has also been increased investment in fire safety, as we look to drive the highest standards of safety.

6 OPERATING MARGIN %

A	£	B	£
Operating margin (social housing lettings only)		Operating margin (overall)	
Operating surplus from social housing lettings	303,335	Operating surplus (overall)	1,195,168
Turnover from social housing lettings	3,508,499	Turnover (overall)	3,943,368
	8.6%		30.3%
SPBM median	20.6%	SPBM median	20.0%
Global accounts <2,500 median	25.1%	Global accounts <2,500 median	22.1%
GCHA 2020-2021	24.5%	GCHA 2020-2021	37.6%

GCHA has seen its overall operating margin decrease 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. Our social housing margin has now fallen below 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 8.2% above the global accounts figure translates into additional surpluses of £323k, providing extra funds to invest in existing and new stock.

7 RETURN ON CAPITAL EMPLOYED (ROCE) %

	£			£		
Operating surplus/(deficit) (overall)	1,195,168		Total assets less current liabilities	25,422,782		I/J
	1,195,168	I		25,422,782	J	4.7%

SPBM median	2.7%	Global accounts <2,500 median	2.9%	GCHA 2020-2021	4.0%

Our return on capital employed has risen to 4.7% (2021: 4%), partly, due to the reclassification of our housing loans to short term debt, as a result of the breach to our interest cover loan covenant at 31 March 2022. In addition, with new developments commencing, we expect to see a dip in this matrix until we are in receipt of the income expected from the new assets. As noted in previous metrics, this metric 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 SPBM benchmark and Global median accounts levels we have been utilising to appraise our performance.

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. In addition, we continue to report on health & safety areas covering the following key areas; gas safety, fire safety, electrical inspections, asbestos management, legionella management and lift safety.

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 significantly improved in 2021/22, with our turn around voids being considerably quicker times than our peers. Our average relet time on a social housing property stood at 11 days (2021: 18 days). The overall average relet time, including market rent properties stood at 10 days (2021: 19 days). This compares to an average of 30.9 days in our benchmark group, meaning we have saved over £15k through our efficiency in this area.

Board Report
for the Year Ended 31 March 2022

We had previously reported that we were looking to have development schemes in place to deliver at least 23 units. A development of 9 units is scheduled to complete in September 2022 and in the pipeline is an additional site that is expected to deliver 14 units in 2023. On completion, this will deliver the number of units in our target.

In 2022-23 GCHA will be targeting to achieve its management accounts budget of £214k (2021: £290k). Void days are targeted to remain below 14 days (2021: 14 days) and arrears less than 3.2% (2021: 2.9%).

The delay in signing the accounts was due to a breach of a loan covenant. As soon as this was identified the Board were advised and we briefed the Regulator of Social Housing and our lenders. Subsequently we have secured the required waivers from the lenders to enable us to sign off the accounts. We have put in place measures to ensure that such a breach does not reoccur, including improved controls on expenditure, reviewing the calculation of loan covenant compliance and increased reporting to the Board and lenders.

Board Report
for the year ended 31 March 2022

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 3 February 2023 and signed on its behalf by

Steve Harriott
Steve Harriott (Feb 3, 2023 12:23 GMT)

Steve Harriott
Chair

Date 3 February 2023

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 2022 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 2022 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 Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The board are responsible for the other information contained within the Annual Report and 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 10, 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 reviews 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 and 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 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.

CLA Evelyn Partners Limited
CLA Evelyn Partners Limited (Feb 3, 2023 13:01 GMT)

CLA Evelyn Partners Limited
Chartered Accountants
Statutory Auditor
45 Gresham Street
London
EC2V 7BG
Date: 3 February 2023

Statement of Comprehensive Income
for the year ended 31 March 2022

	Notes	2022 £	2021 £
Turnover	**3**	3,943,368	3,840,999
Operating expenditure	**3**	(3,374,200)	(2,697,332)
Operating surplus before change in value of investment property		569,168	1,143,667
Increase in value of investment property	**12**	626,000	299,123
Operating surplus	**3/4**	1,195,168	1,442,790
Interest receivable	**5**	213	426
Interest payable and financing costs	**6**	(404,223)	(621,873)
Surplus for the year		791,158	821,344
Other comprehensive income:			
Actuarial surplus/(deficit) on defined benefit pension plan for the year	**17**	395,000	(514,400)
Surplus and total comprehensive income for the year		1,186,158	306,944

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

The notes on pages 18 to 37 form an integral part of these financial statements.

Statement of Changes in Equity
for the year ended 31 March 2022

	Revenue reserve £	Share capital £	Total £
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
2022			
As at 1 April 2021	12,804,550	10	12,804,560
Surplus for the year	791,158	-	791,158
Actuarial surplus on defined benefit pension plan for the year	395,000	-	395,000
As at 31 March 2022	13,990,708	10	13,990,718

The notes on pages 18 to 37 form an integral part of these financial statements.

Statement of Financial Position
as at 31 March 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Property, plant and equipment					
Housing properties	**10**		31,885,285		29,200,907
Other property, plant and equipment	**11**		607,099		575,965
			32,492,384		29,776,872
Investments					
Investment properties	**12**		9,126,538		8,500,538
			41,618,922		38,277,410
Current assets					
Debtors	**13**	158,232		127,442	
Cash and cash equivalents		1,516,219		1,051,510	
		1,674,452		1,178,952	
Creditors: amounts falling due within one year	**14**	(17,870,592)		(3,268,138)	
Net current (liabilities)			(16,196,140)		(2,089,186)
Total assets less current liabilities			25,422,782		36,188,224
Creditors: amounts falling due after more than one year	**15**		(11,079,065)		(22,571,916)
Provisions	**17**		(353,000)		(811,748)
Net assets			13,990,718		12,804,560
Capital and reserves					
Called up share capital	**18**		10		10
Revenue reserve			13,990,708		12,804,550
			13,990,718		12,804,560

The financial statements were approved by the Board and authorised for issue on 3 February 2023.

On behalf of the Board

Steve Harriott
Steve Harriott (Feb 3, 2023 12:23 GMT)

Chris Starke
Chris Starke (Feb 3, 2023 12:30 GMT)

Bukky McGlynn (Feb 3, 2023 12:32 GMT)

Steve Harriott
Chair

Chris Starke
Board Member

Omobukunla McGlynn
Chief Executive

The notes on pages 18 to 37 form an integral part of these financial statements.

Statement of Cash Flows
for the year ended 31 March 2022

	Notes	2022 £	2021 £
Net cash generated from operating activities	**20**	791,752	1,526,916
Cash flow from investing activities			
Interest received		212	504
Additions to housing properties		(3,157,263)	(2,534,681)
Additions to other property, plant and equipment		(65,279)	-
Net cash used in investing activities		(3,221,268)	(2,534,177)
Cash flow from financing activities			
Repayments of borrowings		(3,550,975)	(664,737)
Loans drawn down		6,723,500	2,000,000
Interest paid		(725,238)	(539,908)
Grant received		448,000	-
Net cash generated from/(used in) financing activities		2,895,287	795,355
Net increase/(decrease)in cash and cash equivalents		**464,709**	**(211,906)**
Cash and cash equivalents at beginning of the year		1,051,510	1,263,416
Cash and cash equivalents at end of year		**1,516,219**	**1,051,510**

The notes on pages 18 to 37 form an integral part of these financial statements.

Notes to the Financial Statements
for the Year Ended 31 March 2022

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 £'000 except where specifically stated otherwise.

2.2. Going concern

The Association has net current liability of £17.8m. 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. Even though, as at 31 March 2022 the organisation breached its interest cover loan covenant, adequate arrangements have been put in place in form of obtaining waivers from each lender for 12 months after 31 March 2022. As at the date of signing these accounts, management's assessment is that the organisation is no longer in breach of its interest cover loan covenant.

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.

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. Whether or not there is a trigger ("indicator of trigger") is a matter of judgement. No such indicators have been identified in the year under review.

- **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 £353,000 is recorded in the Statement of Financial Position as at 31 March 2022 (2021: £811,748).

- **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 2022 the carrying value of property, plant and equipment was £32,492,384 (2021: £29,776,872).

- **Loan restatement**

One of the Association's bank loans was restated during the year, extending the term of the facility, amending the margin and increasing the amount of the facility. This was considered to be a substantial modification of the loan facility and therefore the original loan has been written off, and the restated loan facility accounted for as a new arrangement. The writing off of the original loan has resulted in a credit to interest payable in the Statement of Comprehensive Income of £458,000. On recognition of the new loan, the Association is required to consider whether the rate obtained was a current market rate for a similar debt instrument. This analysis resulted in a £256,000 charge to interest payable in the Statement of Comprehensive Income. The net of the two adjustments above and an amortisation adjustment of £23,000 is disclosed in note 6 to the financial statements.

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

Notes to the Financial Statements for the Year Ended 31 March 2022

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. The cost of replacing a part of an item of property plant and equipment is also capitalised if the replacement is expected to provide incremental future benefits to the Association. The carrying amounts of the replaced parts is derecognised.

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.

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.

Notes to the Financial Statements
for the Year Ended 31 March 2022

2.12. 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.

2.13. 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.

2.14. 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.

2.15. 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. These cash balances are used in our cash flow statements and future cash projections.

Notes to the Financial Statements
for the Year Ended 31 March 2022

2.16. 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), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing 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. Where the debt is not at a market rate, initial measurement will be the present value of cash flows, discounted at a market rate for a similar debt instrument, 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.

2.17. 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.

2.18. 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.

Notes to the Financial Statements
for the Year Ended 31 March 2022

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

3A Particulars of turnover, operating expenditure and operating surplus

	2022 Turnover £	2022 Operating expenditure £	2022 Operating surplus £
Social housing lettings	3,508,499	(3,201,245)	307,254
Other social housing activities			
Other	6,490	(10,409)	(3,919)
	3,514,989	(3,211,653)	303,335
Activities other than social housing activities			
Market lettings	428,379	(162,546)	265,833
	3,943,368	(3,374,200)	569,168
Increase in value of investment property			626,000
Total			1,195,168

	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

Notes to the Financial Statements for the Year Ended 31 March 2022

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 2021	**26**	**403**	**105**	**3**	**37**	**32**
Additions	-	-	-	-	-	-
Changes in tenancy	(3)	4	(1)	-	-	-
At 31 March 2022	**23**	**407**	**104**	**3**	**37**	**32**

Housing units managed

At 1 April 2021	**13**
At 31 March 2022	**13**

3B Particulars of turnover and operating expenditure

	2022			2021
	General Needs Housing	**Supported Housing**	**Total**	**Total**
	£	**£**	**£**	**£**
Income from letting				
Rent receivable net of identifiable service charges	2,963,571	151,066	3,114,637	3,036,231
Service income	231,108	-	231,108	218,276
Net social housing rent receivable	3,194,678	151,066	3,345,744	3,254,507
Amortised government grant	151,597	11,157	162,754	162,754
Turnover from social housing lettings	3,346,275	162,223	3,508,499	3,417,261
Operating expenditure				
Management	459,463	27,666	487,129	429,755
Services	782,227	46,272	828,499	539,296
Routine maintenance	740,299	44,115	784,414	418,270
Planned maintenance	320,197	13,558	333,755	440,571
Bad debts	13,870	-	13,870	5,080
Depreciation on housing properties	553,960	31,655	585,615	538,713
Other costs	158,993	8,970	167,963	209,573
Operating expenditure	3,029,009	172,236	3,201,245	2,581,258
Operating surplus	317,266	(10,012)	307,254	836,003
Void losses	7,160	-	7,160	12,941

Notes to the Financial Statements
for the Year Ended 31 March 2022

4. Operating surplus

	2022 £	2021 £
The operating surplus is stated after charging:		
Depreciation and other amounts written off		
Property, plant and equipment	619,760	572,414
Auditors' remuneration:		
For audit services (net of VAT)	33,000	21,045
For non-audit services	-	-
Operating lease rentals		
Office equipment	2,180	1,454
Vehicle lease	6,081	5,145
Premises	1,829	1,126

5. Interest receivable and similar income

	2022 £	2021 £
Bank interest	212	426

6. Interest payable and financing costs

	2022 £	2021 £
Included in this category is the following:		
Interest on loans repayable	673,956	604,656
Remeasurement of loan balance	(225,286)	-
Other costs of finance	51,273	8,882
Defined benefit pension – net interest expense	17,000	8,335
	516,943	621,873
Interest payable capitalised on housing properties under Construction	(112,720)	-
	404,223	621,873
Capitalisation rate used to determine the finance costs capitalised during the period	3.93%	-

Notes to the Financial Statements
for the Year Ended 31 March 2022

7. Employee information

Number of employees	2022 No.	2021 No.
The average number of persons employed during the year expressed in full time equivalent (including the Chief Executive) was:		
Staff	16	13

Employment costs	2022 £	2021 £
Wages and salaries	593,470	548,227
Social security costs	50,361	51,929
Other pension costs	48,167	61,062
	691,999	661,218

Higher paid staff (including key management personnel)
No one was paid more than £60k during 2021/22.

8. Senior management team emoluments

The remuneration paid to the senior management team of the Association was:	2022 £	2021 £
Emoluments	310,727	216,332
Pension contributions	30,560	27,231
	341,288	243,563

The emoluments paid to the highest paid member of the senior management team:	2022 £	2021 £
*Chief Executive	100,495	85,404

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 £12,004 (2021: £10,916) in addition to the personal contributions of the Chief Executive.
*Includes previous CEO's 3 months hand over cost

A total of £25,799 (2021: £24,590) remuneration was paid to Board members during the year.

Expenses totalling £5,776 (2021: £0) 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 2022

10. Housing properties

	Housing properties held for letting	Housing properties under construction	Total
	£	£	£
Cost			
At 1 April 2021	35,302,640	1,676,438	36,979,077
Additions:			
Capital additions	590,329	2,679,664	3,269,992
Disposal of replaced components	(174,922)	-	(174,922)
At 31 March 2022	35,718,045	4,356,102	40,074,147
Depreciation			
At 1 April 2021	7,778,170	-	7,778,170
Charge for year (including accelerated depreciation on replaced components)	585,615	-	585,615
On disposal of replaced components	(174,922)	-	(174,922)
At 31 March 2022	8,188,862	-	8,188,862
Net book value			
At 31 March 2022	27,529,183	4,356,102	31,885,285
At 31 March 2021	27,524,470	1,676,437	29,200,907

Tenure status	**2022**	**2021**
Freehold	31,509,669	28,814,927
Short leasehold	308,165	316,498
Long leasehold	67,451	69,482
Total	31,885,285	29,200,907

Works to existing properties
The cost of building components replacements within the year amounted to £590,329 (2021: £369,796).
The value of planned improvement works to existing properties, expensed to the Statement of Comprehensive Income, amounted to £241,078 (2021: £242,958).

11. Other property, plant and equipment

	Freehold office	Plant and equipment	IT Hardware / Software	Total
	£	£	£	£
Cost				
At 1 April 2021	489,119	101,098	241,037	831,254
Additions	-	-	65,279	65,279
At 31 March 2022	489,119	101,098	306,316	896,533
Depreciation				
At 1 April 2021	38,764	56,183	160,342	255,289
Charge for the year	10,145	13,990	10,010	34,145
At 31 March 2022	48,909	70,173	170,352	289,434
Net book value				
At 31 March 2022	440,210	30,925	135,964	607,099
At 31 March 2021	450,355	44,915	80,695	575,965

12. Investment properties

	Housing properties	Office building	Total
	£	£	£
Value			
At 1 April 2021	8,133,538	367,000	8,500,538
Fair value movement	618,000	8,000	626,000
At 31 March 2022	8,751,538	375,000	9,126,538
Historic cost	6,937,607	268,309	7,205,916

As at 31 March 2022, properties have 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..

Notes to the Financial Statements
for the Year Ended 31 March 2022

13. Debtors

	2022 £	2021 £
Rental debtors	52,581	32,301
Other debtors	78,189	77,338
Prepayments and accrued income	27,462	17,803
	158,232	127,442

Rental debtors are stated after providing a bad debt provision of £83,854 (2021: £68,733).

14. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditor	3,000.61	317,880
Rent in advance	113,230	113,234
Other taxes and social security costs	18,858	14,715
Other creditors	67,201	103,019
Accruals and deferred income	538,792	315,116
Housing loans (note 26)	16,966,756	2,241,420
Government grants	162,754	162,754
	17,870,592	3,268,138

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

	2022 £	2021 £
Housing loans (note 26)	-	11,778,097
Government grants	11,079,065	10,793,819
	11,079,065	22,571,916

Loans

	2022	2021
Repayable in one year or less (Note 14)	16,966,756	2,241,420
Repayable between one and two years	-	436,404
Repayable between two and five years	-	3,513,045
Repayable in five years or more	-	7,828,648
	16,966,756	14,019,517

The nominal value of loans at 31 March 2022 was £16,969,259 (2021: £13,707,610).
Actual interest rates on borrowings vary between 1.33% and 10%.

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. At the reporting date, there was a breach in the interest cover calculation of the loan covenant, resulting to all the housing loans classified as being due within 1 year. As a result of that breach, the banks have issued waivers to this effect, confirming that they will not be calling on the loan in 1 year.

Notes to the Financial Statements
for the Year Ended 31 March 2022

16. Social Housing Grant

Social Housing Grant	**£**
At 1 April 2021	15,202,369
Movements	448,000
At 31 March 2022	15,650,369
Amortised Social Housing Grant	
At 1 April 2021	(4,245,796)
Amortisation charge for the year	(162,754)
As 31 March 2022	(4,408,550)
Net Book Value	
At 31 March 2022	11,241,819
At 31 March 2021	10,956,573

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 £6,706 (2021: £11,521). 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 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

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.

Notes to the Financial Statements for the Year Ended 31 March 2022

Statement of Financial Position	2022	2021
	£	£
Fair value of Plan assets	3,006,000	2,784,000
Present value of funded retirement benefit obligations	(3,359,000)	(3,595,748)
Deficit in Plan	(353,000)	(811,748)

Reconciliation of movements on the fair value of plan assets	2022	2021
	£	£
Fair value of the Plan assets at the start of the period	2,784,000	2,504,000
Interest income	62,000	60,065
Experience gain on Plan assets	117,000	129,000
Contributions by the employer	96,000	129,951
Contributions by members	7,000	31,784
Benefits paid and expenses	(60,000)	(70,800)
Fair value of Plan assets at the end of the period	3,006,000	2,784,000

Reconciliation of movements on the defined benefit obligation	2022	2021
	£	£
Defined benefit obligation at the start of the period	(3,595,748)	(2,873,664)
Current service cost	(10,000)	(44,700)
Expenses	(5,000)	(4,600)
Interest cost	(79,000)	(68,400)
Contribution by members	(7,000)	(31,784)
Actuarial gains due to scheme experience	(106,252)	127,600
Actuarial gains due to changes in demographic assumptions	52,000	(13,400)
Actuarial gains due to changes in financial assumptions	332,000	(757,600)
Benefits paid and expenses	60,000	70,800
Defined benefit obligation at the end of the period	(3,359,000)	(3,595,748)

Amounts recognised in the Statement of Comprehensive Income

	2022	2021
	£	£
Current service cost	10,000	44,700
Expenses paid	5,000	4,600
Net interest on defined benefit liability	17,000	8,335
Total expenses	32,000	57,635

Notes to the Financial Statements
for the Year Ended 31 March 2022

Amounts recognised in Other Comprehensive Income

	2022 £	2021 £
Experience gain arising on the Plan assets	117,000	129,000
Experience gain arising on the Plan liabilities (loss)/gain	(106,600)	127,600
Effects of changes in the demographic assumptions underlying the present value of the Plan liabilities –gain/(loss)	52,000	(13,400)
Effects of changes in assumptions underlying the present value of the Plan liabilities – gain/(loss)	332,600	(757,600)
Actuarial gain/(loss) recognised	395,000	(514,400)

Principal actuarial assumptions at the financial position date:	**2022**	**2021**
Discount rate	2.78%	2.21%
Inflation (RPI)	3.47%	3.24%
Inflation (CPI)	3.14%	2.87%
Salary growth	4.14%	3.87%
Allowance of commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions applied at 31 March 2022 imply the following life expectancies

	Life expectancy at age 65 (years)		Life expectancy at age 65 (years)
Male retiring in 2021	21.1	in 2021	21.6
Female retiring in 2021	23.7	in 2021	23.5
Male retiring in 2041	22.4	in 2041	22.9
Female retiring in 2041	25.2	in 2041	25.1

Categories of plan assets are as follows:	2022 £'000s	2021 £'000s
Absolute Return	121	154
Alternative Risk Premia	99	105
Corporate Bond Fund	201	164
Credit Relative Value	100	88
Distressed Opportunities	108	80
Emerging Markets Debt	87	112
Cash	10	-
Global Equity	577	444
High Yield	26	83
Infrastructure	214	186
Insurance-Linked Securities	70	67
Liability Driven Investment	839	708
Liquid Credit	-	33
Long Lease Property	77	55
Net Current Assets	8	17
Opportunistic Credit	11	76
Opportunistic Illiquid Credit	101	71
Private Debt	77	66
Property	81	58
Risk Sharing	99	101
Currency Hedging	(12)	-
Secured Income	112	116
Total Assets	3,006	2,784

Notes to the Financial Statements
for the Year Ended 31 March 2022

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 2021	10	10
Issued during the year	-	-
Cancelled during the year	-	-
At 31 March 2022	10	10

19. Capital commitments

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

	2022 £	2021 £
Authorised and contracted for	728,840	2,299,036
Authorised but not contracted for	3,784,337	4,889,125
	4,513,177	7,188,161

20. Notes to the Statement of Cash Flows

	2022 £	2021 £
Operating surplus	1,195,168	1,442,790
Depreciation	619,760	572,414
Amortised government grants	(162,754)	(162,754)
Decrease in pension liability reflected in operating surplus	(80,748)	(80,316)
Increase in debtors	(30,790)	19,374
Decrease in creditors	(122,883)	34,531
(Increase) in value of investment property	(626,000)	(299,123)
Net cash generated from operating activities	791,752	1,526,916

21. Net debt reconciliation

	At 1 April 2021 £	Cash flows £	Other non-cash changes £	At 31 March 2022 £
Cash and cash equivalents				
Cash	1,041,510	464,709	-	1,506,219
Cash equivalents	10,000	-	-	10,000
	1,051,510	464,709	-	1,516,219
Borrowings				
Debt due within one year	(2,241,420)	3,974,337	(18,699,673)	(16,966,756)
Debt due after one year	(11,778,097)	(6,723,500)	18,501,597	-
	(14,019,517)	(2,749,163)	(198,076)	(16,966,756)
	(12,968,007)	(2,284,455)	(198,076)	(15,450,537)

22. Accommodation managed by agents

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

	2022	2021
Clarion Housing Association Ltd	17	17
KASBAH	15	15

23. Operating lease commitments

Operating leases have been taken out for our office vehicles, workshop and photocopier.

2022
£

	Office equipment	Vehicles	Buildings	Total
Within one year	91	4,395	2,400	6,886
One to two years	-	2,733	2,400	5,133
Two to five years	-	911	3,200	4,111
Total	91	8,039	8,000	16,130

Notes to the Financial Statements
for the Year Ended 31 March 2022

	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

24. Lessor payment commitments

This relates to the letting out of our commercial building as an office.

	2022 £	2021 £
Not later than one year	31,250	-
Later than one year and not later than five years	111,979	-
Later than five years	-	-
Total	143,229	-

The office lease had an option to break on 31 October 2020. The lease ends on 31 October 2026.

25. Related party transactions

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

26. Post balance sheet events

At the reporting date 31 March 2022, there was a breach in the interest cover calculation of the loan covenants, resulting to all housing loans with a total carrying value of £16,966,756 being classified as due within 1 year. (note 14 and note 15).

Subsequently, as a result of that breach, the banks have issued waivers to this effect, confirming that they will not be calling on the loan in 1 year.