

Signed copy  
by accounts (Melun) &  
Catherine Mebenker - Fiscal

Registered Society No: 21590R

**BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDING 31 MARCH 2020**

# BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED

## CONTENTS

	<b>Page</b>
Co-operative Information	3
Report of the Committee of Management <i>Including RoSH Value for Money metrics</i>	4 – 8
Independent Auditors' Report to the Committee	9 – 11
Statement of Comprehensive Income	12
Statement of Financial Position	13
Statement of Changes in Reserves	14
Statement of Cash Flows	15
Notes to the Financial Statements	16 – 25

BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED

CO-OPERATIVE INFORMATION

<b>Registered society number</b>	21590R		
<b>Committee members</b>	Nanji Gohil	Chair	<i>Appointed April 2020</i>
	Jayshree Vaja	Treasurer	<i>Appointed March 2020</i>
	Manoj Modi	Secretary	
	Bharat Aghada		<i>Appointed March 2020</i>
	Santaben Modhvadia		<i>Appointed March 2020</i>
	Ranjanbala Patel		<i>Appointed March 2020</i>
	Savita Patel		<i>Appointed March 2020</i>
	Jaimini Bharakhada		<i>Appointed March 2020</i>
	Dhirajben Vadgama		<i>Appointed March 2020</i>
	Lalita Suthar		<i>Appointed March 2020</i>
	Lesley Webster	Co-opted member	<i>Appointed March 2020</i>
	Hocine Zemouri		<i>Resigned June 2019</i>
	Praful Joshi		<i>Resigned May 2019</i>
	Ketan Ganatra		<i>Resigned February 2020</i>
	Bipin Valand		<i>Resigned March 2020</i>
	Niketu Sachdev		<i>Resigned March 2020</i>
	Chitra Joshi		<i>Resigned March 2020</i>
	Manish Thobhani	Co-opted member	<i>Resigned March 2020</i>
	Hina Modi	Co-opted member	<i>Resigned March 2020</i>
<b>Registered office</b>	131 Loughborough Road Leicester LE4 5LQ		
<b>Auditor</b>	Rogers Spencer Limited Newstead House Pelham Road Nottingham NG5 1AP		
<b>Solicitors</b>	Shakespeare Martineau Two Colton Square Leicester LE1 1QH		
	Frisby & Small 5 De Montfort Street Leicester LE1 7GE		
<b>Bankers</b>	Natwest Bank Melton Turn Branch 2 Melton Road Leicester LE4 5EA		

# BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED

## REPORT OF THE COMMITTEE OF MANAGEMENT

The Committee of Management presents their report and the audited financial statements for the year ended 31 March 2020.

### Committee members

Chair	Nanji Gohil
Treasurer	Jayshree Vaja
Secretary	Manoj Modi
Other Members	Bharat Aghada Santaben Modhvadia Ranjanbala Patel Savita Patel Jaimini Bharakhada Dhirajben Vadgama Lalita Suthar Lesley Webster (co-opted member)

### Principal activity

The principal activity of the Co-operative is the provision of rented accommodation for its members.

### Review of the Year and Future Developments

The Committee of Management are pleased to report a total comprehensive income for the year of £540,443 (2019: £510,229).

Last year the Co-operative reviewed the data returned from the full stock condition survey of their portfolio. There were a few overdue items that needed the Co-operative's attention in completing. The two major areas were asbestos and electrical checks. The Co-operative have prioritised these two areas by approving recommendations made by its managing agent to authorise their completion. The asbestos surveys have subsequently been found to be over 70% complete with 61 properties requiring a test and the remainder requiring a retest. Electrical testing has been tendered for procurement which has now been completed and is with the Co-operative for approval. A further planned maintenance programme is due for completion early next year which will allow the Co-operative to complete further work to its portfolio.

Alongside its managing agent, the Co-operative have started a review of a new repairs specification. This is a detailed and extensive piece of work that, once complete, will improve the quality and value for money to the tenant members.

The Co-operative has no plans to increase its portfolio in the short term; however, completion of repairs highlighted by the planned maintenance programme will then allow the Co-operative to seek new stock.

**REPORT OF THE COMMITTEE OF MANAGEMENT**

New Committee members are always welcome and members are encouraged to attend courses and conferences to enhance their skills. All members of the Committee of Management are members of the Co-operative, with the exception of the co-opted members, and they each therefore own a share in it.

New members have been recruited during the course of the year; Ms Lesley Webster was selected by the Committee in March 2020. Lesley brings to the Committee a wealth of knowledge and experience that will add value to the Co-operative.

**Subsequent Events - Coronavirus**

As part of their annual review the Committee of Management have considered the implications of the current Coronavirus pandemic. The economic impact on the Co-operative due to the Coronavirus pandemic is subject to an unprecedented level of uncertainty with the full range of possible effects unknown. This could lead to certain financial impacts on the activities of the Co-operative due to factors outside the control of the Committee. The Co-operative, along with their managing agent, has embraced flexible remote working practices and other measures to continue normal service levels which has supported day to day operational services and reduced any financial loss or risk.

As events evolve the Committee will take all necessary measures to minimise, where possible, the negative economic impacts on the Co-operative but at the balance sheet date, the Committee believe there are adequate resources for the Co-operative to continue in operational existence for the foreseeable future and meet its obligations as they fall due.

**Principal risks and uncertainties**

The majority of the committee are new to the committee this year and have been through extensive challenges throughout the year. The Committee have been attending a training programme which was developed by the managing agent and delivered by the Confederation of Co-operative Housing. The training focussed on good governance and landlord responsibility.

The Committee had initiated a risk review, which was due to be finalised in early 2020/21. This has had to be postponed due to Covid-19.

Health and Safety compliance tasks have in the main been completed, with a small number ongoing, these have had to be delayed due to COVID 19. Health and Safety compliance has been discussed with the Regulator on the 9 March 2020, following a self-referral made by the Co-operative.

**Code of governance**

A gap analysis against the Code of Governance has been completed with the Co-operative Chair, a Tpas consultant and Pinnacle. A number of areas have been identified as non-compliant. The analysis has been forwarded for discussion at the next committee meeting and a decision around actions needed to ensure compliance.

With the above being noted, Pinnacle staff take internal control seriously. Members of staff are encouraged to discuss ways in which procedures can be improved with their managers in an open way.

# BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED

## REPORT OF THE COMMITTEE OF MANAGEMENT

The Committee of Management receives confirmation that controls continue to operate from four main sources. These are:

- control confirmations provided by the Managing Agent and supported by key performance indicators;
- internal audit reports prepared according to an agreed plan over a three year cycle;
- external auditors' management letters, and
- compliance reports issued by Homes England and/or other regulatory bodies.

Major instances of the failure of controls to operate are reported to the Committee of Management.

The Committee of Management is aware that neither the external auditors nor Homes England, nor external accrediting bodies have any specific responsibility to identify shortcomings in its systems of internal control. For this reason the Organisation relies on the Managing Agent as the principal source of reassurance.

### Fraud

The Organisation complies with Homes England's requirements of fraud.

All cases of actual and attempted fraud are reported to the Committee of Management. All cases of fraud in excess of £1,000 must be reported to Homes England.

There was 1 minor case of fraud in the year (less than £1,000). This was reported to the Committee of Management although the investigation into the incident has been delayed as the Co-operative continue to search for an independent investigator; however, the Committee would like to make it known that the individual involved is no longer part of the management team. The incident was disclosed to the regulator on 9 March 2020, following a self-referral made by the Co-operative.

### **Reference to Committee's annual review of internal control**

As outlined above, the newly appointed Committee members have not yet completed a review of the internal controls and processes.

The Committee have undertaken a programme of Learning and Development to build on their knowledge, act as challengers to their managing agent and provide the level of scrutiny required by their tenant members.

The majority of the Committee Members have been proactive in developing their skills and knowledge in the year.

### **Liability insurance**

The Co-operative has taken out liability insurance on behalf of the members of the Committee of Management.

### **Related party transactions**

By the nature of the organisation being a Housing Co-operative, members of the Committee of Management are tenants of the Co-operative, with the exception of the co-opted members. All such members of the Committee of Management are charged and required to pay rent on standard terms.

**REPORT OF THE COMMITTEE OF MANAGEMENT**

**Responsibilities in respect of the financial statements**

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

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the association and of its income and expenditure for that period.

In preparing these financial statements, the Committee is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards 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.

**Responsibilities in respect of the financial statements**

The Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the association and enable it to ensure that the financial statements comply with 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 in England 2015. It has general responsibility for taking reasonable steps to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

**BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED**

**REPORT OF THE COMMITTEE OF MANAGEMENT**

**The Regulator of Social Housing value for money metrics**

The Regulator of Social Housing has introduced new metrics against which all registered providers are required to report.

<b>Regulator of Social Housing metrics</b>			
<b>Metric</b>	<b>Performance 2019/20</b>	<b>Performance 2018/19</b>	<b>Comparison with other housing associations</b>
<b>Reinvestment (%)</b> The investment in properties as percentage of total properties held	4.2%	4.1%	Planned repair programmes were put on hold in the year as a result of Committee changes. This has resulted in a slight decrease in the level of reinvestment.
<b>New supply delivered (%)</b> The number of new homes acquired or developed as a proportion of the total number of homes	0%	0%	BNCHA is not currently seeking to acquire new properties as they focus on improving their current stock. Land is also in short supply in Leicester which has driven up prices.
<b>Gearing (%)</b> How much of the assets are made up of debt and the degree of debt finance after allowing for cash held	-27%	-24%	BNCHA is in a net cash position and has increased its cash position relative to FY19. It retains significant cash ready to invest in property improvements across its portfolio.
<b>EBITDA MRI</b> A key indicator for liquidity and investment capacity	0%	0%	BNCHA has no interest liabilities
<b>Headline social housing cost</b> The cost per unit held	£3,171	£2,961	BNCHA has a relatively low cost per unit compared to other associations – this reflects the lower investment in housing for older people. The cost per unit has remained relatively constant year on year although the small increase reflects investment in void properties.
<b>Operating margin (%)</b> Profitability of operating assets before any exceptional expenses	28%	28%	BNCHA has a relatively low operating margin compared to other associations because a low surplus is made on tenant rents. The small increase in FY20 is a result of a lower spend on repairing void properties than seen in the previous year.
<b>Return on capital employed</b> A measure of the efficient investment of capital resources	3%	3%	BNCHA is in the lower range of housing associations on this metric as it is essentially a not-for-profit business.

Signed on behalf of the Committee



N Gohil  
Chair  
18 September 2020



**BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE COMMITTEE**

**FOR THE YEAR ENDED 31 MARCH 2020**

**Opinion**

We have audited the financial statements of Belgrave Neighbourhood Co-operative Housing Association Limited for the year ended 31 March 2020 which comprise the statement of comprehensive income, statement of financial position, statement of changes in reserves, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 2020 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 and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITORS' REPORT TO THE COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2020

**Other information**

The board is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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:

- the association has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation; or
- the revenue account, any other accounts to which our report relates, and the balance sheet are not in agreement with the association's books of account; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

**Responsibilities of the board**

As explained more fully in the board's responsibilities statement set out on page 7, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board 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 board is 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 board either intends to liquidate the association or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2020

**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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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.



Rogers Spencer  
Statutory Auditors  
Chartered Accountants  
Nottingham

15 September 2020

**BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £	2019 £
Turnover	2	1,913,269	1,825,881
Operating expenditure	2	(1,380,204)	(1,320,522)
<b>Operating surplus</b>	2	<u>533,065</u>	<u>505,359</u>
Interest receivable		9,148	6,083
<b>Surplus on ordinary activities before tax</b>		<u>542,213</u>	<u>511,442</u>
Taxation	5	(1,770)	(1,217)
<b>Surplus for the year</b>		<u>540,443</u>	<u>510,225</u>
Paid shares surrendered	12	0	4
<b>Total comprehensive income for the year</b>		<u><u>540,443</u></u>	<u><u>510,229</u></u>

The results relate wholly to continuing activities and the notes on pages 16 to 25 form an integral part of these accounts.

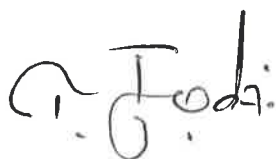
The financial statements on pages 12 to 15 were approved and authorised for issue by the Committee on 18 September 2020.

Signed on behalf of the Committee:

N Gohil                      Chair



M Modi                      Secretary



J Vaja                      Treasurer



**BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 31 MARCH 2020**

	<b>Notes</b>	<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>
<b>Fixed assets</b>			
Tangible fixed assets	7 & 8	13,666,940	13,840,125
<b>Current assets</b>			
Debtors	9	87,597	73,657
Cash & cash equivalents		3,572,720	3,192,770
		<u>3,660,317</u>	<u>3,266,427</u>
Creditors (falling due within one year)	10	<u>(366,425)</u>	<u>(507,712)</u>
<b>Net current assets</b>		<u>3,293,892</u>	<u>2,758,715</u>
<b>Total assets less current liabilities</b>		<u>16,960,832</u>	<u>16,598,840</u>
Creditors (falling due after one year)	11	<u>(8,772,329)</u>	<u>(8,948,280)</u>
<b>Total net assets</b>		<u><u>8,188,503</u></u>	<u><u>7,650,560</u></u>
<b>Reserves</b>			
Called up share capital	12	480	480
Revaluation reserve	8	145,188	147,688
Income & expenditure reserve		8,042,835	7,502,392
<b>Total reserves</b>		<u><u>8,188,503</u></u>	<u><u>7,650,560</u></u>

The financial statements on pages 12 to 15 were approved and authorised for issue by the Committee of Management on 18 September 2020.

Signed on behalf of the Committee:

N Gohil

Chair



M Modi

Secretary



J Vaja

Treasurer



The notes on pages 16 to 25 form an integral part of these accounts.

**BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED**

**STATEMENT OF CHANGES IN RESERVES**

	Called Up Share Capital £	Revenue Reserves £	Revaluation Reserves £	Total £
Balance at 1 April 2018	484	6,992,163	35,188	7,027,835
Surplus for the year	-	510,229	-	510,229
<b>Total comprehensive income</b>	<b>484</b>	<b>7,502,392</b>	<b>35,188</b>	<b>7,538,064</b>
Share capital surrendered	(4)	-	-	(4)
<b>Gross surplus</b>	<b>480</b>	<b>7,502,392</b>	<b>35,188</b>	<b>7,538,060</b>
Revaluation reserve	-	-	112,500	112,500
<b>Balance at 1 April 2019</b>	<b>480</b>	<b>7,502,392</b>	<b>147,688</b>	<b>7,650,560</b>
Surplus for the year	-	540,443	-	540,443
<b>Total comprehensive income</b>	<b>480</b>	<b>8,042,835</b>	<b>147,688</b>	<b>8,191,003</b>
Share capital surrendered	-	-	-	-
<b>Gross surplus</b>	<b>480</b>	<b>8,042,835</b>	<b>147,688</b>	<b>8,191,003</b>
Revaluation reserve	-	-	(2,500)	(2,500)
<b>Balance at 31 March 2020</b>	<b>480</b>	<b>8,042,835</b>	<b>145,188</b>	<b>8,188,503</b>

**BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 MARCH 2020**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Cash flow from operating activities</b>	469,691	689,375
Interest paid	-	-
Tax paid	(1,155)	(1,152)
<b>Net cash flow from operating activities</b>	<u>468,536</u>	<u>688,223</u>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets	(97,734)	(74,845)
Interest received	9,148	6,083
<b>Net cash flow from investing activities</b>	<u>(88,586)</u>	<u>(68,762)</u>
<b>Cash flow from financing activities</b>		
Proceeds from the issue of shares	-	-
<b>Net cash flow from financing activities</b>	<u>-</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>	<u>379,950</u>	<u>619,461</u>
Cash and cash equivalents at 1 April	3,192,770	2,573,309
<b>Cash and cash equivalents at 31 March</b>	<u><u>3,572,720</u></u>	<u><u>3,192,770</u></u>
<b>Cash and cash equivalents consists of:</b>		
Cash at bank and in hand	<u><u>3,572,720</u></u>	<u><u>3,192,770</u></u>
<b>Cash flow from operating activities</b>		
Operating surplus for the year	533,065	505,359
<i>Adjustments for non-cash items:</i>		
Depreciation of fixed assets	268,418	265,377
Decrease/(increase) in debtors	(14,553)	5,128
Increase/(decrease) in creditors	(141,287)	89,463
Amortisation of grants	(175,952)	(175,952)
<b>Cash flow from operating activities</b>	<u><u>469,691</u></u>	<u><u>689,375</u></u>

# BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

### Legal status

Belgrave Neighbourhood Co-operative Housing Association Limited is incorporated in England 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 address of the registered office is given in the information on page 3 of these financial statements.

### 1. Principal accounting policies

#### Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102)*, the Statement of Recommended Practice for Social Housing Providers 2018, and with the Accounting Direction for private registered providers of social housing in England 2015. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014. The financial statements have been prepared on a going concern basis under the historical cost convention, modified by the revaluation of investments and certain fixed assets. The financial statements are prepared in sterling £, and rounded to the nearest £1.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

#### Turnover

Turnover represents rental and service charge income receivable in the year. Charges for services provided and Supporting People income are recognised as income when the Co-operative has provided the service concerned. Grants made as contributions to revenue expenditure are credited to income in the period in which the related expenditure is incurred.

#### Property managed by agents

Where the Co-operative carries the financial risk on property managed by agents, all the income and expenditure arising from the property is included in the statement of comprehensive income.

#### Apportionment of service fees

Service fees have been apportioned to the Income and Expenditure Account on the basis of the charges levied by Pinnacle PSG (Managing Agent), as per the signed Service Level Agreement (SLA). Service fees include, but are not limited to, housing management, accountancy support, IT maintenance and Committee education & training.



**BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2020**

**1. Principal accounting policies**

**Major repairs expenditure**

Major repair projects that began before 1 April 1993 have been included in fixed assets. Major repair projects commencing after 1 April 1993 have been written off to the Income and Expenditure Account, together with any corresponding SHG receivable, except where the work is considered to be an improvement, when the cost and SHG are both capitalised. Improvement expenditure is expenditure which "adds value to" or "extends the useful life of" the property concerned.

**Tangible fixed assets**

Tangible fixed assets (including social housing properties) are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended such as the cost of acquiring land and buildings, developments costs, interest charges on loans during the development period and expenditure on improvements.

Improvements are works to existing properties which result in an increase in the net rental income, including a reduction in maintenance costs or result in a significant extension of the useful economic life of the property

Housing properties in the course of construction are stated at cost and not depreciated.

The Co-operative separately identifies the major components which comprise its housing properties, and charges depreciation to write down the cost of each component to its estimated residual value, on a straight line basis, over its estimated useful economic life.

The major components of its housing properties and their useful economic lives are as follows:

Building structure	80 years
Roofs	70 years
Kitchens	20 years
Bathrooms	20 years
Windows and doors	25 years
Heating and boilers	15 years

Freehold land is not depreciated.

The Co-operative owns a 50% share of an office building situated on 131 Loughborough Road. This is depreciated on a straight line basis over the expected economic useful life at the following annual rate:

Interest in 131 Loughborough Road	2%
-----------------------------------	----

**BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2020**

**1. Principal accounting policies**

**Social Housing and other government grants**

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in Turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. SHG received for items of cost written off in the Statement of Comprehensive Income Account is included as part of Turnover.

When Social Housing Grant (SHG) in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

SHG must be recycled by the Group under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by Homes England and Greater London Authority. However, SHG may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as Turnover. In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

**Debtors and creditors receivable / payable within one year**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in other operating expenses.

**Current asset investments**

Current asset deposits are bank deposits that can only be withdrawn by giving more than twenty-four hours' notice.

**Provisions**

The Association only provides for contractual liabilities.

**Taxation**

Current tax represents the amount of tax payable or receivable in respect of taxable income for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The Co-operative is not registered for VAT. All amounts disclosed in the accounts are inclusive of VAT.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

2(a). Turnover, operating expenditure and operating surplus

Social housing lettings	Turnover	Operating expenditure	Operating surplus
2020	1,913,269	(1,380,204)	533,065
2019	1,825,881	(1,320,522)	505,359

2(b). Turnover and operating expenditure

	Notes	2020 £	2019 £
<b>Income from social housing lettings</b>			
Rents receivable		1,648,171	1,554,861
Service charges		111,824	109,532
Charges for supporting people		-	12,577
Amortisation of grants		142,792	142,792
Other grant income		33,160	33,160
Gross rents receivable		1,935,947	1,852,922
Rent losses from voids		(22,678)	(27,041)
Total income from lettings	2a	1,913,269	1,825,881
<b>Expenditure on social housing lettings</b>			
Housing management	6	402,769	375,424
Services	6	157,851	117,196
Support costs	6	6,595	-
Routine maintenance	6	382,225	369,103
Planned maintenance		92,544	80,119
Major repair expenditure		68,544	105,397
Rent losses from bad debts		7,509	11,906
Disposal of assets	7	-	-
Depreciation of SHG properties	7	262,169	261,377
Total expenditure on lettings		1,380,204	1,320,522
<b>Operating surplus on letting activities</b>		<b>533,065</b>	<b>505,359</b>

**BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2020**

**3. Directors' remuneration**

The total remuneration paid to the directors of the Co-operative (the Committee of Management) was:

	2020 £	2019 £
Emoluments (including pension contributions and benefits-in-kind)	Nil	Nil
The number of directors who received emoluments (including pension contributions) in the following ranges was:		
£ Nil	11	10
Total expenses reimbursed to the Directors not chargeable to UK income tax	786	669

**4. Surplus on ordinary activities**

The operating surplus is stated after charging:

	2020 £	2019 £
Rent losses from bad debts	7,509	11,906
Depreciation of tangible fixed assets	268,418	265,377
Auditor remuneration	5,520	7,085
	281,447	284,368

**5. Tax on surplus on ordinary activities**

The charge for the year relating to United Kingdom corporation tax is made up as follows:

	2020 £	2019 £
Current year at current rates	1,770	1,217

**BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2020**

**6. Management expenses**

	<b>Housing Management</b>	<b>Services</b>	<b>Routine Maintenance</b>	<b>Finance &amp; Admin</b>	<b>2020 Total</b>	<b>2019 Total</b>
Management fees	252,740	38,554	51,668	31,037	<b>373,998</b>	334,949
<b>Estate costs</b>						
Insurance	31,672				<b>31,672</b>	28,878
Repairs & maintenance			306,361		<b>306,361</b>	377,245
Service expenditure		101,242			<b>101,242</b>	75,586
<b>Overheads</b>						
AGM expenses				12,035	<b>12,035</b>	11,427
Annual report				3,960	<b>3,960</b>	10,320
Conferences & training				-	<b>-</b>	8,355
Social activities & marketing				1,024	<b>1,024</b>	13,589
Printing, postage & stationery				7,360	<b>7,360</b>	5,547
Committee expenses				5,749	<b>5,749</b>	5,489
Committee travel				622	<b>622</b>	97
Subscriptions & memberships				6,784	<b>6,784</b>	7,963
Charitable donations				-	<b>-</b>	150
Audit fees				5,520	<b>5,520</b>	7,085
Consultancy fees				9,998	<b>9,998</b>	2,069
Legal & professional fees				55,386	<b>55,386</b>	13,345
Bank charges & interest payable				769	<b>769</b>	843
Office insurance				183	<b>183</b>	164
Office maintenance				9,072	<b>9,072</b>	12,826
Office utilities				4,859	<b>4,859</b>	4,816
Office premises depreciation				6,250	<b>6,250</b>	4,000
	284,412	139,796	358,029	160,608	<b>942,845</b>	861,722
Finance & admin apportionment	118,357	18,055	24,196	(160,608)	<b>-</b>	<b>-</b>
	402,769	157,851	382,225	<b>-</b>	<b>942,845</b>	861,722

**BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2020**

**7. Housing properties**

	<b>Housing Properties</b>
<b>Cost</b>	
At 1 April 2019	17,736,781
Additions:	
Works to existing properties	97,734
At 31 March 2020	<u>17,834,515</u>
<b>Depreciation</b>	
At 1 April 2019	4,181,706
Charge for the year	262,169
At 31 March 2020	<u>4,443,875</u>
<b>Net book value</b>	
At 31 March 2020	<u>13,390,640</u>
At 31 March 2019	<u>13,555,075</u>

**8. Other fixed assets**

	<b>Office Premises</b>
<b>Cost</b>	
At 1 April 2019	312,500
Revaluation reserve	(2,500)
At 31 March 2020	<u>310,000</u>
<b>Depreciation</b>	
At 1 April 2019	27,450
Charge for the year	6,250
At 31 March 2020	<u>33,700</u>
<b>Net book value</b>	
At 31 March 2020	<u>276,300</u>
At 31 March 2019	<u>285,050</u>

The Co-operative has a 50% share in the office premises at 131 Loughborough Road, Leicester.

**BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2020**

**9. Debtors**

	2020 £	2019 £
Rent arrears	149,120	119,630
Bad and doubtful debt provision	(93,643)	(86,135)
Net rent arrears	<u>55,477</u>	<u>33,495</u>
Other debtors	5,810	12,415
Prepayments & accrued income	26,310	27,746
	<u>87,597</u>	<u>73,657</u>

All debtors fall due within one year.

**10. Creditors (falling due within one year)**

	2020 £	2019 £
Trade creditors	58,592	159,396
Deferred social housing grant (note 16)	142,792	142,792
Deferred capital grant (note 16)	33,160	33,160
Rents paid in advance	75,418	85,538
Corporation tax	1,831	1,217
Accruals & deferred income	54,633	85,609
	<u>366,425</u>	<u>507,712</u>

**11. Creditors (falling due after one year)**

	2020 £	2019 £
Deferred social housing grant (note 16)	8,493,647	8,636,438
Deferred capital grant (note 16)	278,682	311,842
	<u>8,772,329</u>	<u>8,948,280</u>

**BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2020**

**12. Share capital**

	2020	2019
	£	£
Shares of £1 each in issue at 1 April	480	484
Shares surrendered during year	(26)	(24)
Shares issued during year	26	20
Shares in issue at 31 March	<u>480</u>	<u>480</u>

The shares have no rights to dividends nor to any share of the assets of the Co-operative in the event of it ceasing to operate.

**13. Property numbers**

	2020	2019
Units in management at year end	<u>379</u>	<u>379</u>

All units currently in management are for general needs

**14. Control**

Control of the Co-operative lies with the Committee of Management.

**15. Management of the Co-operative**

The Co-operative employs Pinnacle Housing Limited as their managing agent.

**16. Deferred grants**

	2020	2019
	£	£
At 1 April	9,124,232	9,300,184
Grants received	-	-
Released to income	(175,952)	(175,952)
At 31 March	<u>8,948,280</u>	<u>9,124,232</u>
Amount due to be released < 1 year	175,951	175,952
Amount due to be released > 1 year	<u>8,772,329</u>	<u>8,948,280</u>
	<u>8,948,280</u>	<u>9,124,232</u>



**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2020**

**17. Related party transactions**

At the date of these financial statements, 11 Committee members are tenants of Co-operative properties.

The net total rent arrears in respect of these members at 31 March 2020 was £2,354 (2019: £1,014 paid in advance).

During the year the Co-operative paid £786 (2019: £669) in expenses to Committee members.

