

BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 MARCH 2021

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BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED

CO-OPERATIVE INFORMATION

Registered society number	21590R
Committee members	Jaimini Bharakhada Chair
	Nylam Parmer
	Santaben Modhvia
	Lalitaben Suthar
	Lesley Webster
	Sadia Akhtar
	Ketan Ganatra
	Jorubhai Patel
	Rizwan Ismail <i>Resigned April 21</i>
	Nanji Gohil <i>Resigned</i>
	Jayshree Vaja <i>Resigned</i>
	Ranjanbala Patel <i>Resigned</i>
	Savita Patel <i>Resigned</i>
	Dhirajben Vadgama <i>Resigned</i>
	Bharat Aghada <i>Resigned</i>
	Rekha Ladva <i>Resigned</i>
Registered office	131 Loughborough Road Leicester LE4 5LQ
Auditor	Rogers Spencer Limited Newstead House Pelham Road Nottingham NG5 1AP
Solicitors	Devonshires Solicitor LLP 30 Finsbury Circus London EC2M 7DT
Bankers	Natwest Bank Melton Turn Branch 2 Melton Road Leicester LE4 5EA

REPORT OF THE COMMITTEE OF MANAGEMENT

The Committee of Management presents their report and the audited financial statements for the year ended 31 March 2021.

Committee members

Chair Jaimini Bharakhada

Treasurer N/A

Secretary Mina Khoda

Other Members

Nylam Parmer
Santaben Mohvadia
Lalitaben Suthar
Lesley Webster
Sadia Akhtar
Ketan Ganatra
Jorubhai Patel

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 £(76,152) (2020: £540,443).

Last year the electrical testing had been tendered for procurement and has been approved. 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.

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 and is Secretary to committee now.

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.

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.

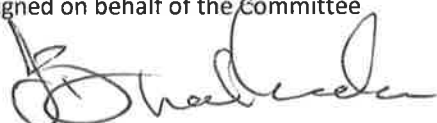
REPORT OF THE COMMITTEE OF MANAGEMENT

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.

Regulator of Social Housing metrics			
Metric	Performance 2020/21	Performance 2019/20	Comparison with other housing associations
Reinvestment (%) The investment in properties as percentage of total properties held	8%	4.2%	Planned repair programmes started in the year as a result of Committee changes.
New supply delivered (%) 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.
Gearing (%) How much of the assets are made up of debt and the degree of debt finance after allowing for cash held	-27%	-27%	BNCHA is in a net cash position and has maintained its cash position relative to FY20. It retains significant cash ready to invest in property improvements across its portfolio.
EBITDA MRI A key indicator for liquidity and investment capacity	0%	0%	BNCHA has no interest liabilities
Headline social housing cost The cost per unit held	£4,981	£3,171	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.
Operating margin (%) Profitability of operating assets before any exceptional expenses	4%	28%	BNCHA has a relatively low operating margin compared to other associations because a low surplus is made on tenant rents. The increase in FY21 is a result of a higher spend on repairing void properties than seen in the previous year.
Return on capital employed A measure of the efficient investment of capital resources	0%	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



J Bharakhada

Chair

1 October 2021

INDEPENDENT AUDITORS' REPORT TO THE COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2021

Opinion

We have audited the financial statements of Belgrave Neighbourhood Co-operative housing association Limited for the year ended 31 March 2021 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 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing 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

In auditing the financial statements, we have concluded that the board's 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 board with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITORS' REPORT TO THE COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2021

Other information

The other information comprises the information included in the Report of the Committee of Management, other than the financial statements and our auditor's report thereon. The board are responsible for the other information contained within the Report of the Committee of Management. 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:

- 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 8, 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 2021

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:

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the Co-operative through discussions with the committee, and from our commercial knowledge and experience of the housing sector;
- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Co-operative, including the taxation legislation and data protection, Co-operative and community benefit society act 2014, anti-bribery, employment, environmental and health and safety legislation;
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- Identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Co-operatives financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- Understanding the design of the Co-operatives remuneration policies.

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested journal entries to identify unusual transactions;
- Assessed whether judgements and assumptions made in determining the accounting estimates set out within note 1 were indicative of potential bias; and
- Investigated the rationale behind significant or unusual transactions.

INDEPENDENT AUDITORS' REPORT TO THE COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2021

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing financial statement disclosures to underlying supporting documentation;
- Reading the minutes of meetings of committee members;
- Enquiring of management as to actual and potential litigation and claims; and
- Reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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. 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

Date 1 October 2021

BELGRAVE NEIGHBOURHOOD CO-OPERATIVE HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

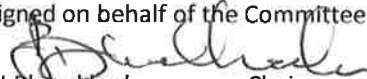
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Turnover	2	1,942,664	1,913,269
Operating expenditure	2	(2,023,132)	(1,380,204)
Operating surplus/(deficit)	2	<u>(80,468)</u>	<u>533,065</u>
Interest receivable		4,886	9,148
Surplus/(deficit) on ordinary activities before tax		<u>(75,582)</u>	<u>542,213</u>
Taxation	5	(569)	(1,770)
Surplus/(deficit) for the year		<u>(76,152)</u>	<u>540,443</u>
Paid shares surrendered	12	0	0
Total comprehensive income/(loss) for the year		<u><u>(76,152)</u></u>	<u><u>540,443</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 1 October 2021.

Signed on behalf of the Committee:


J Bharakhada Chair


M Khoda Secretary


K Ganatra Committee member

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021


	Notes	2021 £	2020 £
Fixed assets			
Tangible fixed assets	7 & 8	13,504,752	13,666,940
Current assets			
Debtors	9	82,404	87,597
Cash & cash equivalents		3,530,254	3,572,720
		<u>3,612,658</u>	<u>3,660,317</u>
Creditors (falling due within one year)	10	<u>(408,683)</u>	<u>(366,425)</u>
Net current assets		<u>3,203,975</u>	<u>3,293,892</u>
Total assets less current liabilities		<u>16,708,727</u>	<u>16,960,832</u>
Creditors (falling due after one year)	11	(8,596,377)	(8,772,329)
Total net assets		<u>8,112,351</u>	<u>8,188,503</u>
Reserves			
Called up share capital	12	480	480
Revaluation reserve	8	145,188	145,188
Income & expenditure reserve		7,966,683	8,042,835
Total reserves		<u>8,112,351</u>	<u>8,188,503</u>

The financial statements on pages 12 to 15 were approved and authorised for issue by the Committee of Management on 1 October 2021.

Signed on behalf of the Committee:


J Bharakhada Chair


M Khoda Secretary


K Ganatra Committee Member

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

STATEMENT OF CHANGES IN RESERVES

	Called Up Share Capital £	Revenue Reserves £	Revaluation Reserves £	Total £
Balance at 1 April 2019	480	7,502,392	147,688	7,650,560
Surplus for the year	-	540,443	-	540,443
Total comprehensive income	480	8,042,835	147,688	8,191,003
Share capital surrendered	-	-	-	-
Gross surplus	480	8,042,835	147,688	8,191,003
Revaluation reserve	-	-	(2,500)	(2,500)
Balance at 1 April 2020	480	8,042,835	145,188	8,188,503
Surplus for the year	-	-76,152	-	-76,152
Total comprehensive income	480	7,966,683	145,188	8,112,351
Share capital surrendered	-	-	-	-
Gross surplus	480	7,966,683	145,188	8,112,351
Revaluation reserve	-	-	-	-
Balance at 31 March 2021	480	7,966,683	145,188	8,112,351

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
Cash flow from operating activities	44,888	469,691
Interest paid	-	-
Tax paid	(1,156)	(1,155)
Net cash flow from operating activities	<u>43,732</u>	<u>468,536</u>
Cash flow from investing activities		
Purchase of fixed assets	(91,085)	(97,734)
Interest received	4,886	9,148
Net cash flow from investing activities	<u>(86,198)</u>	<u>(88,586)</u>
Cash flow from financing activities		
Proceeds from the issue of shares	-	-
Net cash flow from financing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	<u>(42,466)</u>	<u>379,950</u>
Cash and cash equivalents at 1 April	3,572,720	3,192,770
Cash and cash equivalents at 31 March	<u><u>3,530,254</u></u>	<u><u>3,572,720</u></u>
Cash and cash equivalents consists of:		
Cash at bank and in hand	<u><u>3,530,254</u></u>	<u><u>3,572,720</u></u>
Cash flow from operating activities		
Operating surplus for the year	(80,468)	533,065
<i>Adjustments for non-cash items:</i>		
Depreciation of fixed assets	253,272	268,418
Decrease/(increase) in debtors	5,778	(14,553)
Increase/(decrease) in creditors	42,257	(141,287)
Amortisation of grants	(175,952)	(175,952)
Cash flow from operating activities	<u><u>44,888</u></u>	<u><u>469,691</u></u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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%
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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.

Judgements and key sources of estimation uncertainty

In the application of the Co-operatives accounting policies, the committee members are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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

Social housing lettings	Turnover	Operating expenditure	Operating surplus
2021	1,942,664	(2,023,132)	(80,468)
2020	1,913,269	(1,380,204)	533,065

2(b). Turnover and operating expenditure

	Notes	2021 £	2020 £
Income from social housing lettings			
Rents receivable		1,663,224	1,648,171
Service charges		136,926	111,824
Charges for supporting people		-	-
Amortisation of grants		142,792	142,792
Other grant income		33,160	33,160
Gross rents receivable		1,976,102	1,935,947
Rent losses from voids		(33,437)	(27,041)
Total income from lettings	2a	1,942,665	1,913,269
Expenditure on social housing lettings			
Housing management	6	438,435	402,769
Services	6	179,166	157,871
Support costs		1,922	6,595
Routine maintenance	6	465,020	382,225
Planned maintenance		598,973	92,544
Major repair expenditure		115,012	68,544
Rent losses from bad debts		(22,469)	7,509
Disposal of assets	7	-	-
Depreciation of SHG properties	7	247,072	262,169
Total expenditure on lettings		2,023,132	1,380,204
Operating surplus/(deficit) on letting activities		(80,468)	533,065

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

3. Directors' remuneration

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

	2021	2020
	£	£
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	Nil	11
Total expenses reimbursed to the Directors not chargeable to UK income tax	-	786

4. Surplus on ordinary activities

The operating surplus is stated after charging:

	2021	2020
	£	£
Rent losses from bad debts	(22,469)	7,509
Depreciation of tangible fixed assets	253,272	268,418
Auditor remuneration	5,520	5,520
	236,323	281,447

5. Tax on surplus on ordinary activities

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

	2021	2020
	£	£
Current year at current rates	569	1,770

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

6. Management expenses

	Housing Management	Services	Routine Maintenance	Finance & Admin	2021 Total	2020 Total
Management fees	261,975	29,971	137,675	31,629	461,250	373,998
Estate costs						
Insurance	35,738				35,738	31,672
Repairs & maintenance			253,392		253,392	306,361
Service expenditure		133,097			133,097	101,242
Overheads						
AGM expenses				-	-	12,035
Annual report				3,960	3,960	3,960
Conferences & training				-	-	-
Social activities & marketing				5,516	5,516	1,024
Printing, postage & stationery				5,889	5,889	5,547
Committee expenses				5,752	5,752	5,749
Committee travel				103	103	622
Subscriptions & memberships				8,123	8,123	6,784
Outsource Payroll Costs				12,997	12,997	-
Audit fees				5,520	5,520	5,520
Consultancy fees				92,521	92,521	9,998
Legal & professional fees				33,915	33,915	55,386
Bank charges & interest payable				607	607	769
Office insurance				184	184	183
Office maintenance				11,969	11,969	9,072
Office utilities				5,891	5,891	4,859
Office premises depreciation				6,200	6,200	6,250
	297,714	163,067	391,067	230,774	1,082,622	942,845
Finance & admin apportionment	140,722	16,099	73,953	(230,774)	-	-
	438,435	179,166	465,020	-	1,082,622	942,845

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

7. Housing properties

	Housing Properties
Cost	
At 1 April 2020	17,834,515
Additions:	
Works to existing properties	91,013
At 31 March 2021	<u>17,925,528</u>
Depreciation	
At 1 April 2020	4,443,875
Charge for the year	247,072
At 31 March 2021	<u>4,690,947</u>
Net book value	
At 31 March 2021	<u>13,234,581</u>
At 31 March 2020	<u>13,390,640</u>

8. Other fixed assets

	Office Premises
Cost	
At 1 April 2020	310,000
Revaluation reserve	-
At 31 March 2021	<u>310,000</u>
Depreciation	
At 1 April 2020	33,700
Charge for the year	6,200
At 31 March 2021	<u>39,900</u>
Net book value	
At 31 March 2021	<u>270,100</u>
At 31 March 2020	<u>276,300</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

9. Debtors

	2021 £	2019 £
Rent arrears	126,111	149,120
Bad and doubtful debt provision	(78,914)	(93,643)
Net rent arrears	<u>47,197</u>	<u>55,477</u>
Other debtors	-	5,810
Prepayments & accrued income	35,207	26,310
	<u>82,404</u>	<u>87,597</u>

All debtors fall due within one year.

10. Creditors (falling due within one year)

	2021 £	2020 £
Trade creditors	30,145	58,592
Deferred social housing grant (note 16)	142,792	142,792
Deferred capital grant (note 16)	33,160	33,160
Rents paid in advance	64,123	75,418
Corporation tax	314	1,831
Accruals & deferred income	138,149	54,633
	<u>408,683</u>	<u>366,425</u>

11. Creditors (falling due after one year)

	2021 £	2020 £
Deferred social housing grant (note 16)	8,350,854	8,493,644
Deferred capital grant (note 16)	245,522	278,682
	<u>8,596,376</u>	<u>8,772,329</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

12. Share capital

	2021	2020
	£	£
Shares of £1 each in issue at 1 April	480	480
Shares surrendered during year	(-)	(26)
Shares issued during year	-	26
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

	2021	2020
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

	2021	2020
	£	£
At 1 April	8,948,280	9,124,232
Grants received	-	-
Released to income	(175,952)	(175,952)
At 31 March	<u>8,772,328</u>	<u>8,948,280</u>
Amount due to be released < 1 year	175,952	175,952
Amount due to be released > 1 year	8,596,376	8,772,328
	<u>8,772,328</u>	<u>8,948,280</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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 2021 was £1,461 (2020: £2,354 paid in advance).

During the year the Co-operative paid £5,854 (2020: £786) in expenses to Committee members.