REPORT AND FINANCIAL STATEMENTS

FREEBRIDGE COMMUNITY HOUSING

For the year ended 31 March 2021

Regulator of Social Housing No. L4463
Co-operative and Community Benefit Society No. 29744R

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CHAIRMAN'S STATEMENT

As the largest housing association in West Norfolk, we are proud of the contribution we make to our communities and aim to provide services far beyond the traditional landlord role. We are pleased to report that this year has seen significant progress and change for Freebridge, despite the challenging backdrop of the continuing coronavirus pandemic alongside significant economic and political change.

To begin our report, I would like to thank Tony Hall for his unparalleled contribution to the formation and growth of the association over 14 years into the thriving business it is today. Through Tony's vision and leadership, the organisation has given our customers a much better quality of living through the Decent Homes Programme and delivered on the promises made at transfer from the Council in 2006. In particular, the regeneration of Hillington Square in Kings Lynn which Tony spearheaded, has brought real transformation and an even bigger impact has been made through the crucial community facilities we now provide. Tony retired from the association in July 2020 and on behalf of the board, I would like to offer our sincere thanks for the legacy he has created.

Following an extensive search, the Board appointed our new CEO, Anita Jones, in August 2020 to lead the organisation through the next phase of its evolution. Anita brings with her a wealth of experience in the sector and region with a strong track record of delivery in innovative and successful community based housing services and has been a long time resident of our region. We are delighted to welcome her to the team.

The external challenges of the year have been forever present for us as we have shaped our response to the Coronavirus pandemic, keeping our customers and staff safe. We have also been working towards the changing safety requirements arising from the Grenfell enquiry, the Social Housing White Paper proposals around customer voice and the wider implications for diversity from the Black Lives Matter movement.

During the year, the Board has given even greater focus to ensuring our Tenant's safety. Additional staff and assurance services have been directed to this vital area to keep all our customers as safe as we can. The Board has also commissioned a detailed independent Governance Review and is now overseeing a comprehensive governance improvement programme.

In March 21, under Anita's leadership, the Board agreed a new and ambitious Corporate Plan to build on the firm foundations of the business. This sets out the plan to ensure our tenants have homes and communities they can be proud of and to provide new homes for all sections of the community with excellent efficient services. Underpinning this will be a modernised approach to our people offer to ensure we are a great place to work and establishing a clear pathway towards the Net Zero Carbon ambitions for the future. The Board recognises there is much to do to progress this ambition but are committed to working with our communities, to listen and respond and form strong local partnerships to succeed.

These financial statements outline a strong financial position from which the association can grow and develop. The coming year will see us review our funding position and seek additional funds for the future. To support this ambitious new plan, we have welcomed four new members to our board to add further expertise particularly in the areas of Finance, Development, Audit and Treasury. This followed a thorough recruitment exercise generating significant high calibre interest.

I would also like to thank a number of our long standing board members who have stepped down during the year for their wise and committed input to the organisation over the years. We are very grateful for your service and contribution.

We are excited about the way ahead and look forward to working with our communities to ensure our customers have safe, comfortable and affordable homes.

BOARD OF MANAGEMENT REPORT YEAR ENDED MARCH 2021

Freebridge Community Housing Limited (the Association) is a Registered Provider of Social Housing.

Annual Financial Performance

The Association is reporting Total Comprehensive Income for the year of £2.12m for 2020/21 (surplus £5.46m pre actuarial loss on pension), a decrease of £5.54m over 2019/20 Total Comprehensive Income of £7.67m (surplus £4.34m pre actuarial gain on pension). The Board considers the result to be in line with the long-term financial projections included within the Financial Plan.

Further information on the Association's performance is provided in the Strategic Report.

Market Value of Land & Buildings

All of the Association's completed housing properties were valued on the 31st March 2021 based on an Existing Use Value for Social Housing (EUV-SH). The valuation of £224.5m is in line with the previous valuation of £219.2m at 31st March 2020. The valuation is not used within the financial statements as the Association reports its properties at depreciated historic cost (£114.2m).

Board Members

The following list details the Board of Management members during the year to 31st March 2021:

Andrew Walder
Board Member - Chair

Simon Smith
Board Member - Vice Chairman

Anita Jones
Chief Executive (from 3 August 2020)

Joanna Barrett
Board Member

Jasmine Rigg
Board Member

Brian Long
Board Member

Vicky Savage
Board Member (from 8 February 2021)

Andrew Hill
Board Member (from 8 February 2021)

Donald McKenzie
Board member (from 8 February 2021)

Gill Rejzl
Board Member (from 8 March 2021)

Shelley Lamprell Josephs
Board Member (to 31 May 2020)

Anthony Hall
Chief Executive (to 31 July 2020)

Ian Pinches
Board Member (to 21 September 2020)

Marie Connell
Board Member (to 21 September 2020)

Marcus Hopkins
Board Member (to 15 February 2021)

Richard Spilsbury
Board Member (to 30 March 2021)

Pauleen Pratt
Board Member (to 30 April 2021)

The board is pleased to report the successful recruitment to the Board of four new members during the year. This followed an extensive search and selection process to identify specific skill sets bringing experience and expertise to the Board in key areas.

Statement of the Board of Management Responsibilities

The Board of Management 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 provider legislation in the United Kingdom require the Board to prepare the financial statements for each financial year. Under that law the Board have elected to prepare financial statements in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and in accordance with the Housing SORP:2018 Statement of Recommended Practice for Registered Social Housing Providers. The financial statements comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

Under these requirements, 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 the surplus of the Association for that period.

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

- Select suitable accounting policies and apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- Apply the requirements of FRS 102 and Housing SORP: 2018 subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business

The Board are 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 it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. The Board is also responsible for safeguarding the assets of the Association and for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Board of Management is responsible for ensuring that the Strategic Report is prepared in accordance with the requirements of the Housing SORP 2018.

The Board of Management has taken all steps necessary to make itself aware of any relevant audit information and to establish that the auditor is aware of that information. There is no relevant audit information of which the Association's auditor is unaware.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Board of Management Report on the System of Internal Control

The Board acknowledges that it has overall responsibility for establishing and maintaining the system of internal control and for reviewing its effectiveness in providing the necessary assurances. As a result of this and in accordance with the Regulator of Social Housing overall Regulatory Framework, including the Governance and Viability Standard (April 2015) the Board receive an annual report from Leadership Team outlining the work undertaken and offering an opinion on the adequacy and effectiveness of the system of internal controls.

Scope of Assurance

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and provide reasonable assurance that the key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of assets and interests.

Risk Management Process

The Leadership Team has assessed the key risks faced by the business and has identified the controls and further actions needed to satisfactorily manage these risks. Further work has been undertaken during 2020/21 to ensure that the Risk Management Framework continues to meet the requirements of the business as a Registered Provider.

The Board has also recognised the following key uncertainties in respect of the economic impact on the country arising from the:

- Ongoing COVID-19 pandemic; and
- End of the transition period following the departure from the European Union.

Whilst these issues are yet to be fully assessed and understood, the Government will need to take steps to facilitate:

- The repayment of public borrowing undertaken to support both the economy and the more direct COVID-19 responses (e.g. testing, vaccination, tracing and other services);
- The recovery of the national economy following the exit from both regional and national lockdowns; and
- Address the direct and/or indirect impacts of leaving the European Union.

The Association has been largely shielded from the immediate direct economic impacts of the COVID-19 pandemic and departure from the European Union. We have strong cash reserves and access to further funding. A consistent cashflow protects us further. We also do not foresee a significantly reduced demand for our properties and therefore do not foresee a deterioration in our ability to let properties at this time.

However, indirectly the national economic environment may impact upon:

- **Benefit payments:** This could result in tenants being less able to pay their rent;
- **Inflation and/or price of goods and services:** An increase in the price of living will leave tenants with less money with which to pay their rent. In addition, it could increase the Association's operating costs, particularly in relation to repairs;
- **Funding:** Government funding for housing development may be reduced as well as the availability of private finance in an economic downturn, impacting upon the Association's ability to build new homes and meet local housing need; and
- **Interest costs:** An increase in interest rates could have a significant impact upon the interest payable by the Association in relation to its funding. Where tenants may have loans or credit agreements in place, an increase in interest rates would increase repayments and add further pressure on their ability to meet their needs.

The Association has incorporated the potential economic impacts that these issues may have into the stress testing review conducted in support of its Business Plan.

With due recognition of the uncertainties identified above, the Association is satisfied that it is prepared to manage the possible implications and impacts.

The process for identification and management of risks remains robust and overall responsibility for risk management within the Association remains with the Board.

Process for Reviewing the Effectiveness of the Internal Control System

The Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance aspects including treasury strategy and new investment projects. The Board also regularly reviews key performance indicators to assess progress towards key business objectives, targets and outcomes.

The Board and Leadership Team have implemented policies and procedures essential for ensuring a robust internal control system. A comprehensive assessment has been undertaken to identify the key risks faced by the business and corresponding control strategy and actions have been established to ensure these risks are adequately managed. The Board has played a key role in the control structure by considering a number of issues relating to the effective running of the business and service delivery to its customers.

Internal auditors are appointed to strengthen the quality and depth of assurance around internal control systems and the Audit Plan covers financial and non-financial aspects of the business in all of the significant areas of activity. The internal auditors and Audit and Risk Committee provide assurance to the Board on the Association's system of internal control.

Control Environment

There are a number of measures in place to instil and encourage a suitable culture of effective internal control. These include:

- Board recruitment and appraisal.
- Standing Order and Financial Regulations which include appropriate delegations of authority, signatories and mandates.
- Key policies and strategy to support the running of an effective business and service delivery to its customers.
- Adoption of the National Housing Federation Codes – 'Code of Conduct' 2012 and 'Code of Governance – promoting Board Excellence for Housing Associations' (2015) to provide a Governance framework and from April 2021, the NHF Code of Governance 2020 has been adopted.
- Experienced and suitably qualified staff responsible for important business functions. Annual appraisal procedures are in place to support, drive and promote high performance standards.
- Forecasts and budgets are prepared which allow the Board and Leadership Team to monitor key business risks and financial objectives as well as progress towards financial and business plan targets. Management Accounts are prepared which provide relevant, reliable and up to date financial and other information. Significant variances from budgets are investigated and reported as appropriate.
- Significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures through Board (or others as appropriate) including risk assessments.
- Audit and Risk Committee reviews reports from Leadership Team and Auditors to provide reasonable assurance that control procedures are in place and are being followed. Formal procedures have been established for instituting appropriate action to correct weakness.

The review of the effectiveness of the system of internal controls undertaken has not revealed any major or pervasive weaknesses that could result in material loss. Issues continue to be identified by both Leadership Team and Internal Audit in respect of tenant health and safety arrangements. However, these did not result in significant financial loss and actions to address the weaknesses are being implemented, the effectiveness measured and reported regularly to the Board.

Fraud

The Anti-Fraud, Bribery and Corruption Policy outlines an approach on responding to suspected fraud, bribery and corruption. Additionally, a register is maintained of all cases of fraud that are found to be proven and all losses from fraudulent activity are reported to the Regulator.

Regulatory Performance

The Board was pleased to receive confirmation from the Regulator in December 2020 that it has retained its highest possible rating with a V1 for Financial Viability, whilst retaining G1 for its Governance. The Board recognise this valuable assurance must be maintained and so retains a clear focus on improving performance across the business.

Board's Conclusion

The Board has reviewed the effectiveness of the system of internal control and it is satisfied that there is sufficient evidence to confirm that adequate systems of internal control existed and operated throughout the year and up to the date of signing the financial statements, and that those systems were aligned to an on-going process for the management of significant risks facing the business. No weaknesses were identified which would have resulted in material misstatement or loss, which would have required disclosure in the financial statements.

As at 31st March 2021, the Association is compliant and has been compliant throughout the year with the National Housing Federation Code of Governance 2015. As at 31st March 2021, the Association is compliant and has been compliant throughout the year with the Regulator of Social Housing Governance and Financial Viability Standard, subject to completion of identified work programmes to ensure full and consistent compliance with identified Health and Safety requirements.

Payment of Creditors

The Association agrees terms and conditions for its business transactions with suppliers at the time of supply. Payment is made on these terms, subject to the terms and conditions being met by the suppliers.

The proportion of invoices paid within 30 days totals 76% for 2020/21(79% 2019/20).

Equality and Diversity

The association is committed to equality, diversity and inclusion in all its activities and seeks to create a positive environment where everybody is treated with dignity and respect. As a landlord and employer, we will give due regard to the elimination of unlawful discrimination, harassment and victimisation, advance equality of opportunity and to foster good relations. We value the differences within our customers and staff. In recognition of this critical area, the board development programme has included investment in this area during 2021 to advance understanding and awareness as we develop and evolve our approach. The Diversity Policy complies with all relevant aspects of good practice, legislation and regulation and this agenda will be progressed further as we work with our communities.

Strategic Report

The separate Strategic Report provides commentary on Principal Activities; Business Model, Strategy and Objectives; Investments for the Future; Treasury Policy; Performance, Position, Value for Money and Future Prospects; Key risks of the Association.

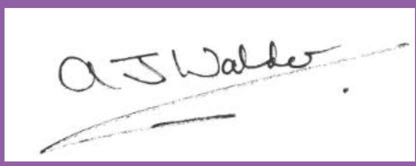
Auditor

The financial statements for the year ended 31st March 2021 have been audited by Mazars LLP.

A resolution to re-appoint Mazars LLP as auditor to the Association will be put to the Members at the forthcoming Annual General Meeting.

By order of the Board

Andrew Walder
Board Chairman



STRATEGIC REPORT
YEAR ENDED 31 MARCH 2021

Principal Activities

The Association's principal activities are to support a better West Norfolk by providing homes for people in need and by creating opportunities that help sustain the local communities in which our homes are located.

The Association is registered with the Regulator of Social Housing, owns and manages 6,827 homes (6,824 in 2019/20) including 17 sheltered schemes and develops new affordable housing under the Homes England Shared Ownership Affordable Homes Programme (SOAHP).

The business operates three key business streams; housing for rent at social and affordable rent levels, housing for older people and low cost home ownership (shared ownership) and these activities contribute 96% of turnover. In addition, the Association provides non-social housing services through the provision of garage rentals as well as local community centres at Providence Street and Discovery Centre. During the year, the Association established a new community caterer service that works with communities across West Norfolk to support the creation of a legacy of community hubs based around food. The aim being to provide experience and expertise to local groups to allow them to develop and grow events with a focus on healthy eating, reducing isolation and community cohesion.

During the reporting period, we welcomed Anita Jones as Chief Executive Officer following the retirement of Tony Hall after fourteen years of service. We thank Tony for his huge personal contribution to the creation, evolution and leadership of the Association over the last fourteen years and look forward to working with Anita in driving the business forward to become an excellent landlord and an exemplary employer.

Business Model, Strategy & Objectives

The objectives of the Association are set out in its mission statement: 'Developing homes and creating opportunities for people within West Norfolk', which directly supports the long-term vision of "a better West Norfolk".

<u>Strategy to 2021:</u>

In order to ensure delivery of both the mission and vision the Association developed three strategic goals:

- to provide more and diverse homes to meet the needs of a wider group of people,
- deliver a high performing housing service and
- to empower people to be the best they can be.

Each of these goals contains a series of sub-tasks or milestones, which are monitored, together with financial and non-financial performance by the Board:

<u>To provide More and Diverse Homes:</u>

The Business Plan outlines and finances the Association's ambitions to support the increased delivery of new homes and has a registered (currently dormant) subsidiary, Bridgegate Homes Ltd, which will, at the appropriate time, support efficient and profitable construction activities. The primary focus of the business will always be the provision of affordable social housing, which currently contributes 96% of turnover, and we will continue to work with and seek Homes England support to maximise delivery. During the year, the Association launched a new development partnership with Longhurst Group and work continues on the redevelopment of Hillington Square, with demolition and re-build the favoured approach for the next phase.

Provide A High Performing Housing Service:

The primary focus of the Association is to ensure tenants homes are maintained to Decent Homes Standard and provide vital facilities for our local communities to help improve residents' quality of life. The business continuously seeks to improve and plans include a range of improvement and efficiency projects. Using outputs from reviews, key streams of activity have been identified for future focus, which includes the way we organise and deliver property maintenance and improvement, the way we use technology and systems and the way we learn from and interact with our customers.

Empowering People to be the Best They Can Be:

This strategic objective has both an internal focus on all who work for the Association and an external focus on our customers and other stakeholders. Internally the Corporate Strategy seeks to structure the business to support the effective delivery of operational activity, through the implementation of the Target Operating Model as well as increase investment in the development of colleagues, while externally we continue to work with our partners and communities. The Association is proud of the Discovery Centre and Providence Street Community Centre, which are vibrant community hubs as well as the Community Caterer service. These services have supported local families during the year in the preparation of food parcels, hot meals for schoolchildren during holiday periods and the distribution of food parcels to our most vulnerable tenants during periods of lock-down and winter months.

Corporate Strategy 2021-2026:

The Association's Business Model, strategy and objectives have been reviewed and a new strategy developed following changes during the year at Executive and Board level, with work focussed to date on developing a Corporate Strategy that aims to build better

Repairs being carried out safely

futures over the next five years; 2021-2026 with the Association's Values at the heart of that transformation. Delivery will be via implementation of a Target Operating Model, which is in the design process.

The Association has ambitious plans for the future, which includes driving the business forward to become an excellent landlord and an exemplary employer.

It is widely recognised within the housing sector how much homes matter and how where you live can determine your health, aspirations and well-being. Looking ahead through 2021 the Association aims to increase social mobility through offering better housing choices and standards, more balanced communities with a mix of tenure, greater educational opportunities and regenerated local spaces. Crucially, the business will listen to the Customer Voice to empower residents and work with them more closely to ensure it understands their ideals and ensure our ambitions align.

This Association is a values-led organisation with strong integrity, enthusiasm and keen customer emphasis. The business appreciates the need to be flexible, progressive and more customer focussed in order to deliver on its ambitions.

Over the last fourteen years the business has;

- kept its promises to its tenants and brought their homes up to the Decent Homes Standard
- transformed Hillington Square into a vibrant community, which has won numerous national awards for regeneration,
- provided vital facilities for local communities to help improve resident's quality of life and
- Injected £50k into local projects and good causes through the Association's Community Fund.

The Association is proud of its achievements but over the next five years will hone its business strategy, improve the way it works and increase its efficiency and accountability to become a top performer in the housing field. This will be achieved with residents and employees at the heart of the business to ensure the business takes its services to the next level.

The new Corporate Strategy aims to drive the business towards its long-term ambitions and the next five years are critical in laying the groundwork, investing in properties and people, hitting new targets and 'making a difference'. Through working with its partners, the business will tackle stigma, deprivation, low aspiration and poor health outputs and help West Norfolk residents access the quality homes and opportunities they deserve.

Business and Financial Review

Business Review:

Delivery of operational activity has been challenging this year owing to the COVID-19 pandemic, which has had a devastating impact on public health across the globe.

Over the course of the year, the primary focus of the business has been to ensure the safety of its tenants and employees, while maintaining service delivery as far as reasonably practicable in light of ensuring everyone's safety and periods of local and national lock-down. Employee satisfaction increased during the year in response to the support provided to employees during the pandemic, as historical and significant investment in ICT infrastructure enabled the business to mobilise remote working efficiently and effectively while support for flexible working enabled employees to balance work and home commitments. Customer Satisfaction has proven to be more challenging with service delivery focussed on emergency and urgent repairs during the lock-down periods and subsequent access, mobilisation and supply issues. However, through the efforts of the Property Services team, the backlog of repairs from the initial lock-down cleared during the latter part of the year in line with the agreed Board deadline and arrears collection remained strong owing to the efforts of the Housing team.

Financial Review:

In light of an incredibly challenging year for the business and its stakeholders we reflect on a solid operating margin of 23.7% (21% 2019/20) and Total Comprehensive Income of £2.12m (£7.67m 2019/20) with efforts over the year focussed on maximising delivery of compliance, health and safety, project works and emergency and urgent repairs.

Turnover:

Turnover on Social Housing Lettings at £29.9m is comparable to the previous year (£29.8m 2019/20) albeit total income is marginally lower owing to lower sales receipts on 1st tranche sales owing to reduced activity with the pandemic and less 'Other Social Housing' activity with local community centres closing their doors during the periods of lockdown.

Over the course of the year, the Association sold 13 properties via the Right to Buy/Right to Acquire and acquired 8 affordable rent and 4 shared ownership properties in return, albeit all acquisitions were secured in March.

Rent lost through voids at £0.4m (£0.4m 2019/20) is comparable with forecast expectations but over the course of the year the number of days to re-let properties at 29 remained higher than the target of 14 days. Via a combination of a reduction in volume and efforts of the Housing and Property teams to improve re-let times, there was a positive impact on days to re-let during the year. However, as the year progressed performance slipped owing to an increase in the number of properties requiring significant work before re-let, an increased focus on compliance requirements and interruptions due to COVID-19 concerns.

New properties in Walsoken

Operating Costs:

The increase in operating surplus to £7.4m (£6.5m 2019/20) is attributable to lower operating expenditure of £1.1m.

The most material movements between operating expenditure categories between 2020/21 and 2019/20 are Other Management Costs (service costs) of £0.3m, Abortive Development and Demolition costs of £0.3m and Maintenance expenditure of £0.4m.

During the year, the Association outperformed its forecast, as a consequence of the impact of COVID-19 on the operating environment. Recruitment was challenging, driven by timing differences on the turnover and subsequent replacement of staff across the key operational areas of Property, Housing and Assets and Development. Other Management costs were lower than forecast expectations with the most material variances across utilities, contingency, training and project costs. Maintenance spend was lower than forecast expectations owing to access, remobilisation and supply issues directly associated with COVID-19 with efforts focussed on maximising delivery of compliance, health and safety, project works, emergency and urgent repairs.

Improvement of our housing stock remains a priority and during the year the Association invested £11.1m (£12.6m 2019/20) on routine, planned and major/capital works, despite the challenges. This reflects the Association's commitment to invest in its homes, ensure quality for our customers and protect the long-term value of our housing assets.

Operating expenditure includes £0.52m cost associated with the write down in value of 67 properties during the year, all of which form part of the demolition and re-build phase of the Hillington Square regeneration project.

Acquisitions and Disposals:

There has been 7 Right to Buy and 6 Right to Acquire sales during the year, contributing £0.78m gain on disposal.

New properties in Hunstanton

During the year the Association launched a new partnership arrangement with Longhurst Group and delivered 8 affordable rented homes (22 units 2019/20) plus the buy-back of 3 properties at Hillington Square and 4 new shared ownership properties (11 units 2019/20).

As at 31st March 2021, the Association had six unsold Low Cost Home Ownership Properties, of which two were unsold for more than six months. Five of the six have approved buyers confirmed and are in conveyance. While moving house was challenging during the year, owing to the pandemic, the business recognised 6 LCHO 1st Tranche sales over the year with tranches ranging between 25% and 43% as well as 1 property which staircased to 100%.

Interest:

Interest costs at £1.95m (£2.18m 2019/20) were marginally lower during the year owing to lower than anticipated rates of interest associated with variable debt.

Pension:

The financial statements recognise an Actuarial loss in respect of pension schemes of £3.6m, which compares to the 2019/20 Actuarial gain in respect of pension schemes of £3.3m. The Local Government Pension Scheme (LGPS) is a multi-employer scheme, administered by Norfolk County Council under the regulations governing the LGPS, a defined benefit scheme. Triennial actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the projected unit method. The latest formal valuation of the fund, for the purpose of setting employers' actual contributions was at 31st March 2019, with the next formal valuation due 31st March 2022.

Statement of Financial Position:

The Statement of Financial Position includes Total assets less current liabilities of £137m (£131m 2019/20). The value of Tangible Fixed Assets has declined during the year driven by a marginal increase in fixed asset costs of £3.1m offset by £4.3m increase in depreciation. The Association continues to invest in its development pipeline, although continues to struggle to replace units in excess of those lost via Right to Buy or Right to Acquire sales. 'Trade and Other Debtors' at £0.89m is lower than 2019/20 of £1.9m owing to the beneficial timing of Housing Benefit receipt at the year end and recognition of grant monies due of £0.2m. 'Creditors due within One Year' has increased significantly during the year owing to a higher level of supplier accruals, which is a direct consequence of supply issues and challenges of post-inspection work owing to the pandemic. 'Cash and Cash Equivalents' has grown significantly during the year to £22.2m.

Many of our tenants have been affected during the year by the need to shield, self-isolate or contend with being furloughed, all of which has a consequential impact on household income. The income team have worked closely with tenants whose financial circumstances changed over the year and there has been a noticeable increase in the number of tenants accessing Universal Credit. The number of tenants claiming Universal Credit continues to rise, with 1,585 accounts as at 31st March 2021, an increase of 623 from 31st March 2019/20. The business continues to offer support to households most affected by the impact of COVID-19 via our Hardship Fund and has supported approximately 115 households.

With national unemployment levels almost doubling in the last 12 months, it has presented tenants with unexpected challenges. The business appreciates the gap between falling out of work and establishing Universal Credit payment is approximately 5-6 weeks during which rent payment is severely at risk. The work that the Income team and Universal Credit Advisors in particular do during this time to help maximise income has proved invaluable in stabilising rent arrears levels. Current tenants' gross rent arrears as a percentage of rent receivable for the year stands at 2.05%, with 99.39% of rent receivable collected in the year.

Statement of Cashflows:

During the financial year we generated £13.8m (£9.7m 2019/20) cash from operations. We invested £4.2m (£4.5m 2019-20) in the purchase and refurbishment of homes, offset by cash received from the sale of assets of £1.1m (£1.1m 2019/20). Our net financing activity consumed £2.0m in interest payments (£2.2m 2019/20). Net Debt (debt less cash balances) at the year-end stands at £30.4m (£39.9m 2019/20).

Capital Structure and Treasury Management:

The Association has an £111m loan facility of which £72.5m is approved to use in line with the Financial Plan 2020. Funds are not fully drawn until peak debt year of 2024, from which point the Association starts repaying its debt. A total of £52.5m of the available facility has been drawn to 31st March 2021, consisting of £40m fixed rate loans and £12.5m of variable rate debt. Treasury Management Policy allows for fixed:variable debt ratio of 70% +/- 10% and with fixed debt at 76% the Association remains in line with policy expectations for the 2020/21 financial year.

The Association is pleased to report it is covenant compliant with cover at 6.31 times against a Funder agreed covenant limit of 3.88 for the financial year. The Association continues to work to the requirements of the LSVT funding agreement that has been in place since transfer in 2006. Under the agreement, it is necessary to present an updated and fully funded Business Plan to the Funders annually for approval and it is not possible to commit in full to any updated Business Plan/Corporate Strategy without Funder approval.

The Business Plan update, as presented and approved by Board in May 2021 includes the latest economic assumptions, planned service recovery and updated development pipeline programme. The plan is accompanied by a range of stress tests at singular and multivariate level and incorporates a range of outcomes for economic recovery.

Our approach to stress testing provides the Board with the scale of recovery action that would be required in the event of the tested stress or stresses occurring. The underlying financial strength of the Association is such

Our Customer Services Team hard at work during the pandemic

that our breaking point occurs because of the requirement to raise new funding, which is currently prohibited by our restrictive LSVT lending agreement. The financial risk appetite is therefore defined by these restrictions. Our current mitigations are reliant on cost cutting, re-phasing or support from the Funders to re-negotiate covenant compliance.

The Association reports its financial performance including covenant cover quarterly to the Board and Funders. There has been no breach of the Associations funding covenants during the year. Notwithstanding, the Association has available cash of £20.9m at 31st March and access to £20m (amortised) revolving credit facility which is available within a ten day turnaround period, against commitments contracted and approved of £8.3m, providing headroom to respond to economic and non-economic consequences of an uncertain environment.

Business Performance Key Performance Indicators:

The table below reflects performance against our corporate Key Performance Indicators over the course of 2020/21:

Key Performance Indicators	Target	Actual Performance	
	YTD	Actual	Rating
Consolidated Customer Satisfaction	88%	82%	↓
Consolidated Employee Satisfaction	80%	80%	↑
Number of Homes	6,871	6,791	↓
Satisfaction with Neighbourhood	85%	76%	↓
Housing Properties Security Value* at 110% asset cover	208,762	224,476	↑

Our Universal Credit team

At the end of the 2020/2021 year, customer satisfaction stood at 82%, against a full year target of 88% and Satisfaction with Neighbourhoods at 76% against a full year target of 85%. Customer Satisfaction has proven to be challenging with service delivery focussed on emergency and urgent repairs during the lock-down periods across the year and subsequent access, mobilisation and supply issues. We continue to strive to achieve further improvement in our performance through 2021/22.

At the end of the 2020/21 year, employee satisfaction stood at 80%, against a full year target of 80%. Employee satisfaction increased during the year in response to the support provided to employees during the pandemic, as historical and significant investment in ICT infrastructure enabled the business to mobilise remote working efficiently and effectively while support for flexible working enabled employees to balance work and home commitments. Therefore, while we recognise the improvement made from last year's satisfaction rate of 71% during a year of challenge owing to the pandemic, we continue to strive to improve further and faster over the next year, utilising the tools at our disposal, including the Values. However, we remain cognisant of the potential need for an even greater focus on well-being and mental health over the forthcoming year as the vaccination programme continues its rollout along with the continued easing of restrictions.

Number of Homes remains below target owing to the slow-down in activity during the year because of the pandemic and inclusion of aspirational, uncommitted units, which were not delivered. We purchased 8 new affordable homes and 4 shared ownership properties during the financial year and bought back 3 properties at Hillington Square to support the next phase of the regeneration works.

The security value of our assets has remained constant and offers significant capacity to support future plans and aspirations. Existing Use Value – Social Housing of £224.5m as at 31/03/2021.

At the March 2021 Board meeting the new 'Corporate Strategy 2021-2026' was presented to Board for approval, along with a comprehensive suite of performance measures. The strategy sets out an exciting and ambitious next chapter, with the Board making a clear statement of the Association's vision, strategic aims and key priorities through to 2026, for our customers, employees and partners. The focus of year one (2021/22) of the Strategy is stability and sustainability as the Association seeks to improve financial performance in critical customer facing areas, such as repairs, assets and health and safety whilst beginning to lay the foundations for initiatives to come.

Value for Money
We define value for money as the most advantageous combination of cost, quality and sustainability in delivering our services to and on behalf of our current and future customers.

In this context; Cost refers to whole life cost; Quality is a specification that is fit for purpose, meets customer requirements and the Associations operating standards; Sustainability means economic, social and environmental impacts in the short, medium and long term.

The Board sets the strategy for Value for Money across all activities of the association to reflect progressive improvements in the efficiency and effectiveness of how resources are used. Tangible savings are planned into the Business Plan to deliver savings over the next five years through the implementation of a new Target Operating Model to ensure services are delivered that reflect our tenants needs and community ambitions.

By reference to each of the seven Value for Money metrics, we note actual performance for 2020/21 as follows:

Key Performance Indicators – Core Metrics	Target	Actual Performance	
	YTD	Actual	Rating
Reinvestment %	13%	4.02%	
New Supply Delivered (Social Housing Units)	0.68%	0.21%	
New Supply Delivered (Non Social Housing Units)	0.00%	0.00%	
Gearing	40.28%	26.55%	
EBITDA (Earnings before Interest, Tax, Depreciation, Amortisation, Major Repairs Included) Interest Cover	329%	558%	
Social Housing Cost per Unit	3,568	2,861	
Operating Margin (social housing lettings only)	19.16%	21.44%	
Operating Margin (overall)	20.38%	23.29%	
ROCE (Return on Capital Employed)	5.25%	5.31%	

Reinvestment – During 2020/21, we invested 4.02% of property value in property acquisition, refurbishment and component replacement. The key drivers between actual performance and target performance being; delays in our planned maintenance programme due to the impact of COVID-19, specifically access, remobilisation and supply issues. It also reflects the delivery of new homes through acquisition, which did not achieve the levels forecast This compares to our benchmark groups at 7.7% and 7.2%. We aspire to develop at a higher rate with our ambitions reflected in the new 'Corporate Strategy 2021-2026' and over the course of the year improved our partnership working to enable the Association to participate in the Affordable Homes Programme 2021-2026. In addition, changes in our methods of operation support a full and growing planned maintenance programme next year.

New supply delivered – We delivered 12 (33 in 2019/20) new homes in the financial year, plus 3 buy-backs as part of the Hillington Square project. We intend to increase the supply of new homes and continue to explore all opportunities and avenues that will move us toward this goal. The delivery of new homes reflected 0.2% of total homes owned compared to our comparator groups at 1.7% and 2.2%.

Gearing – We hold our properties at historic cost and this is a key determinant of the Gearing ratio. This has the effect of increasing the gearing measure when compared to alternate valuation methods, which may offer a higher asset value. The Association's Gearing measure at 26.55% (34.2% 2019/20) reflects significant potential for increased borrowing to deliver future investment. Despite our asset valuation, we compare favourably to our benchmarks at 54.0% and 53.6%. Our planned increased borrowing in the future leads to a gearing peak at 32.7% in 2024.

EBITDA-MRI Interest cover – 558% (410% 2019/20) for the year 2020/21. Our benchmarks for interest cover are 220% and 224%. This is a strong interest cover performance which reflects the adverse impact on service delivery over the year as a consequence, of the COVID-19 pandemic as well as relatively low debt and interest cost of the Association. Future borrowing on a standard commercial agreement would typically be looking for interest cover well below our current and projected performance, which again indicates the potential for increased borrowing and investment.

Social Housing cost per unit – compares favourably at £2.9k (£3.2k in 2019/20) for 2020/21 verses benchmark numbers of £3.6k and £3.3k, however this reflects the adverse impact on service delivery over the year of the COVID-19 pandemic. While our overall number is comparable to the benchmark, the business believes significant investment in our current housing is desirable and justified and anticipates the reallocation of resources over the next financial year as work evolves to deliver the Target Operating Model.

Operating margin for social housing and overall was 21.4% and 23.3% respectively for 2020/21 (17% and 19.1% respectively for 2019/20). Our benchmarks at 31.5% and 34.1% social and 28.8% and 32.3% overall are significantly higher than the Association. This reflects higher average weekly rents per home in the benchmark groups and lower operating cost base than the Association. The Association currently operates at a higher base level as it seeks to strengthen the organisational structure in support of delivery of the Corporate Strategy 2021-2026 and with its focus on maximising delivery of non-capitalised works such as compliance, health and safety, project works, emergency and urgent repairs.

Return on Capital Employed (ROCE) – The Association delivered a return on capital of 5.3% (4.9% 2019/20) for 2020/21. This compares favourably to our benchmarks at 4.8% and 5.0%.

The seven (nine including the two variants) core metrics identified in the revised Value for Money Standard are embraced by the Association and our current, projected and benchmarked performance is presented below.

The core metrics are defined by the regulator and used by them to compare performance between Registered Providers. We benchmark against East of England (8 providers) and England (49 providers), both including Freebridge Community Housing. We show benchmark numbers taken from the year to 31/03/2019. We compare Local Stock Voluntary Transfer (LSVT) Registered Providers (RP) with between 5,000 and 10,000 homes and a longevity of more than 12 years. We show simple averages for these groups to aid review and benchmarking of our future plan. The benchmark measures are drawn from global accounts and as such are historic. We must of course show caution when comparing an historic number with a current and future one. The Association believes benchmarking has to be relevant in terms of activity, scale of operation and location to add value to reporting. For these reasons, we have benchmarked ourselves against the average performance of the associations noted above. The future projections we record are based on the Financial Plan 2021, which awaits Funder approval:

Funding	>12 years. 5,000 to 10,000 Homes LSVT		Financial Plan May 2021 (benchmark 2018-19 Global Accounts)				
	England	East of England					
	Year to	Mar 2019	2022	2023	2024	2025	2026
Reinvestment %	7.7%	7.2%	10.5%	20.8%	17.5%	4.9%	2.5%
New Supply Delivered (Social Housing Units)	1.7%	2.2%	0.9%	1.8%	1.9%	0.0%	0.0%
New Supply Delivered (Non Social Housing Units)	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gearing	54.0%	53.6%	26.0%	30.9%	32.7%	30.4%	25.4%
EBITDA (Earnings before Interest, Tax, Depreciation, Amortisation, Major Repairs Included) Interest Cover	220.0%	224.0%	454.6%	545.9%	403.3%	363.9%	490.8%
Social Housing Cost per Unit	£3,590	£3,287	£3,526	£3,222	£3,138	£3,154	£3,164
Operating Margin (social housing lettings only)	31.5%	34.1%	15.3%	17.9%	21.6%	23.4%	24.8%
Operating Margin (overall)	28.8%	32.3%	17.3%	20.8%	23.3%	24.7%	26.1%
ROCE (Return on Capital Employed)	4.8%	5.0%	3.4%	4.0%	4.4%	4.9%	5.4%
Major Repairs £/Unit	£751	£751	£1,180	£856	£865	£891	£948
Maintenance £/Unit	£1,024	£1,024	£874	£872	£838	£827	£753
Management £/Unit	£1,008	£1,008	£1,331	£1,356	£1,298	£1,295	£1,321
Service Charges £/Unit	£409	£409	£141	£138	£138	£140	£143
Units			6805	6968	7147	7147	7147

Andrew Walder,

Board Chairman

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FREEBRIDGE COMMUNITY HOUSING

Opinion

We have audited the financial statements of Freebridge Community Housing Limited (the 'Association') for the year ended 31 March 2021 which comprise Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2021 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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.

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.

Other information

The other information comprises the information included in the 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. 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.

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 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 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 in relation to which 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; or
- a satisfactory system of control over transactions has not been maintained; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Statement of the Board of Management Responsibilities set out on page 2, 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 determines 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 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 the 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. Based on our understanding of the Association, and its sector, we identified that the principal risks of non-compliance with laws and regulations related to employment and health and safety regulations and Regulator of Social Housing requirements and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as 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.

We evaluated the Board's and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to capitalisation of development expenditure and works to existing properties, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the Board and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Association which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Board and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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 the audit report

This report is made solely to the Association's members as a body in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014 and Chapter 4 of Part 2 of the Housing and Regeneration Act 2008. 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.

Mazars LLP
Chartered Accountants and Statutory
Auditor 1st Floor
2 Chamberlain Square
Birmingham
B3 2AX

Signed: Mazars LLP

Date 29TH JULY 2021

Statement of Comprehensive Income for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Turnover			
Excluding housing property sales		**31,170**	31,354
Total Turnover	3	**31,170**	31,354
Operating expenditure	3	**(23,849)**	(25,509)
Gain on disposal of property, plant and equipment	6	**65**	648
Operating surplus		**7,386**	6,493
Interest receivable	7	**22**	28
Interest and financing costs	8	**(1,952)**	(2,180)
Surplus before tax		**5,456**	4,341
Taxation	11	**-**	-
Surplus for the year		**5,456**	4,341
Actuarial (loss)/gain in respect of pension schemes	21	**(3,332)**	3,327
Total Comprehensive Income for the year		**2,124**	7,668

The accompanying notes form part of the financial statements.
The Association's results relate wholly to continuing activities.

The financial statements themselves were authorised and approved by the Board on the 26 July 2021.

A Walder Chairman	A Jones Chief Executive (Board Member)	A Simpson Secretary

Statement of Financial Position as at 31 March 2021

	Note	2021 £'000	2020 £'000
Fixed Assets			
Tangible fixed assets – housing properties	12	**114,236**	115,417
Other property, plant and equipment	13	**3,558**	3,679
		117,794	119,096
Current Assets			
Inventories	14	**726**	627
Trade and other debtors	15	**885**	1,914
Cash and cash equivalents		**22,164**	12,568
		23,775	15,109
Creditors: amounts falling due within one year	16	**(4,219)**	(2,924)
Net Current Assets		**19,556**	12,185
Total Assets less Current Liabilities		**137,350**	131,281
Creditors: amounts falling due after more than one year	17	**(60,017)**	(59,393)
Pension scheme liability	21	**(7,332)**	(4,011)
Total Net Assets		**70,001**	67,877
Capital and Reserves			
Income and expenditure reserve		**70,001**	67,877
Total Capital and Reserves		**70,001**	67,877

The accompanying notes form part of the financial statements.
The financial statements were issued and approved by the Board on 26 July 2021

A J Walder

A Walder
Chairman

A Jones
Chief Executive
(Board Member)

A Simpson
Secretary

Freebridge Community Housing Limited
Regulator of Social Housing No. L4463
Co-operative and Community Benefit Society No. 29744R

Statement of Changes in Reserves for the year ended 31 March 2021.

Statement of Changes in Reserves	**Income and expenditure reserve £'000**
Balance as at 1 April 2019 Statement of Comprehensive Income	60,209
Total comprehensive income for the year	7,668
Balance as at 31 March 2020	67,877
Total Comprehensive income for the year	2,124
Balance at 31 March 2021	70,001

Statement of Cash Flows for the year ended 31 March 2021

	2021 £'000	2020 £'000
Net cash generated from operating activities	**14,286**	9,731
Cash flow from investing activities		
Purchase and refurbishment of tangible fixed assets	**(5,215)**	(4,473)
Proceeds from sale of tangible fixed assets - housing	**1,671**	1,116
Proceeds from sale of tangible fixed assets - other	**-**	35
Grants received	**784**	-
Interest received	**22**	28
	(2,738)	(3,294)
Cash flow from financing activities		
Interest paid	**(1,952)**	(2,180)
	(1,952)	(2,180)
Net change in cash and cash equivalents	**9,596**	4,257
Cash and cash equivalents at beginning of the year	**12,568**	8,311
Cash and cash equivalents at end of the year	**22,164**	12,568

Note 1

Cash flow from operating activities

	2021 £'000	2020 £'000
Total Comprehensive Income for the year	**2,124**	7,668
Adjustment for non-cash items:		
Depreciation of tangible fixed assets	**4,874**	4,546
Depreciation of other fixed assets	**181**	111
(Increase)/decrease in stock	**(99)**	89
Decrease/(increase) in trade and other debtors	**829**	(337)
Decrease/(increase) in trade and other creditors	**1,340**	(251)
Pension costs less contributions payable	**3,321**	(3,022)
Carrying amount of tangible fixed asset disposals	**(214)**	(1,151)
Government grants utilised in the year	**-**	(74)
Interest payable	**1,952**	2,180
Interest received	**(22)**	(28)
Cash generated from operating activities	**14,286**	9,731

Note 2

Analysis of change in debt	**At 31.3.2020 £'000**	**Cashflows £'000**	**Other Changes £'000**	**At 31.3.2021 £'000**
Cash at bank and in hand	12,568	9,596	-	22,164
Debt due after more than one year	(52,500)	-	-	(52,500)
Net debt	(39,932)	9,596	-	(30,336)

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

Legal Status

Freebridge Community Housing is registered under the Co-operative and Community Benefit Societies Act 2014 and registered with the Regulator of Social Housing as a registered provider of social housing as defined by the Homes and Communities Act 2008.

The registered address is Juniper House, Austin Street, Kings Lynn, Norfolk PE30 1DZ

Principal Accounting Policies

The principal accounting policies are summarised below. They have been applied consistently throughout the year and to the preceding year.

General Information and Basis of Accounting

The financial statements have been prepared under the historic cost convention in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and the Accounting Direction for Private Registered Providers of Social Housing 2019. The financial statements have also been prepared to comply with the Housing SORP: 2018 Update (Statement of Recommended Practice for Registered Social Housing Providers), the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014. The Association is a public benefit entity in accordance with FRS 102. The financial statements are presented in Sterling (£).

Going Concern

The Association's financial statements have been prepared on a going concern basis.

The Association's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report. The Association has long term debt facilities in place which provide adequate resources to finance the Associations day to day operations and development pipeline. The approved financial plan demonstrates the Association's ability to service its debt facility whilst continuing to comply with lenders covenants.

Over the course of the last financial year, Association has navigated the Corona Virus COVID-19 pandemic, which has had a devastating impact on public health and economies across the globe.

The Association is somewhat shielded from the most obvious direct economic impacts, with strong cash reserves and access to further funding. Over the course of the year our revenues have proved robust with no material impact on the level of arrears. Our supply chain has proved consistent and our workforce resilient as a modern and protected ICT infrastructure supported flexible and remote working. A consistent cashflow, a significant part of which is driven through Public Sector channels, protects us further and there has been no dependence on short term government pandemic support measures

As part of the Annual Business Plan update the Association has undertaken stress testing of the risks most likely to affect the business on an escalating basis. The reviews reflect significant revenue disruption and cost escalation and demonstrate that the Association is robust and could withstand significant short-term disruption to working capital and continue to provide service to our customers. As a result of the additional testing we believe we are well placed to continue to deliver our services and our wider community responsibilities and can confirm the status of Freebridge Community Housing as a going concern.

On this basis the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed.

Significant Judgements and Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for revenues and expenses during the year as well as the amounts reported for assets and liabilities at the date of the Statement of Financial Position. The following judgements, estimates and assumptions have had the most significant effect on the amounts recognised in the financial statements:

Significant Management Judgements:

- Impairment. As part of the Association's continuous review of the performance of its assets, management identify any housing assets that have increasing void losses, are impacted by policy changes or where the decision has been taken to dispose of the properties. These factors are considered to be an indication of impairment. Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any impairment losses are charged to operating losses.

  The Association has estimated the recoverable amount of its housing properties as follows:

  (a) Identified three cost generating units to assess impairment owing to their income being separately identifiable. The units identified are split by area; Downham Market, Hunstanton and King's Lynn

  (b) Estimated the recoverable amount of each cash generating unit

  (c) Calculated the carrying amount of each cash generating unit

  (d) Compared the carrying amount to the recoverable amount to determine if an impairment loss has occurred.

  Based on this assessment, we calculated the Depreciated Replacement Cost (DRC) of each group of assets, using appropriate construction costs and land prices and compared this to the carrying amount of each group of assets. Following the assessment of impairment no impairment losses have been identified in the reporting period.

- Classification of Loans as Basic. The terms of the Association's loan agreement includes provision of a two-way break clause that could give rise to a payment from the lender on early redemption. The loans in question are fixed rate loans. In a prepayment scenario that results in a break gain, the loan agreement provides for the repayment of the capital at par. Any break gain payable by the lender would be in relation to future interest periods only. Management have considered the terms of the loan agreement and concluded that they do meet the definition of a basic financial instrument and are therefore held at amortised cost.

Estimation Uncertainty:

- Useful Lives of Depreciable Assets. Management reviews its estimates of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to the decent homes standard which may require more frequent replacement of key components. Accumulated depreciation of housing properties as at 31st March 2021 was £49.2m. The carrying amount of housing properties was £114.2m at the 31 March 2021.
- Defined Benefit Obligation. The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial

valuation involves making assumptions such as standard rates of inflation, mortality, discount rates and anticipation of future salary increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. The liability at 31st March 2021 was £7.6m. Note 22 includes details of the effects of changes in the key assumptions on this liability.

Turnover

Turnover represents rental income receivable, amortised capital grant, revenue grants from local authorities, income from the first tranche sales of shared ownership properties, other properties developed for outright sale and the invoiced value of other services of goods and/or services supplied in the year.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Income from first tranche sale proceeds and properties built for sale is recognised at the point of legal completion of the sale.

Service Charges

The Association operates variable service charges on a scheme by scheme basis. The charges include an allowance for the surplus or deficit from prior years. Surpluses are returned to residents by a reduced charge and deficits are recovered by a higher charge. Until these are returned or recovered they are held as creditors or debtors in the Statement of Financial Position.

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable surplus for current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

VAT

The Association exercises it rights under the partial exemption method to recover Value Added Tax (VAT) incurred on expenditure from HM Revenue and Customs. VAT recoverable or payable is disclosed in the Statement of Financial Position. Irrecoverable VAT is accounted for in the Statement of Comprehensive Income.

All capitalised assets include VAT. VAT retained by the Association, including that which is covered by a VAT sharing agreement with Borough Council of Kings Lynn and West Norfolk (BCKLWN), is disclosed through the Statement of Comprehensive Income and the details are disclosed in the notes to the accounts.

Interest Payable and Receivable and Arrangement Fees

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and the amount of maturity of the related loan. Interest is charged to income and expenditure in the year.

Financial Instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS102 are accounted for under an amortised cost model.

Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors

Short-term trade creditors are measured at the transaction price.

Stock

Stock of materials is held at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase. Work in progress and finished goods include labour and attributable overheads.

Completed properties represents the anticipated proportion of first tranche sale of shared ownership properties held at the reporting date.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

Pension

The Association participates in the Norfolk County Council Pension Fund which is a defined benefit pension scheme so provides benefits based on final pensionable pay and from April 2014 average career earnings. The assets of the scheme are separate from those of the Association and are invested in independently managed funds.

For this scheme the amounts charged to operating surplus are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. The net interest cost on the net defined benefit liability is charged to revenue and included within finance costs. Remeasurements comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each Statement of Financial Position date.

The surplus/deficit of funds is disclosed in the Statement of Financial Position in accordance with FRS 102.

Pension costs are assessed in accordance with the advice of an independent qualified actuary.

The Association participates in one defined contribution scheme where the amount charged to surplus or deficit in the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

Housing Properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at cost, less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings, development costs and directly attributable administration costs.

Freehold land is not depreciated.

Housing properties under construction are stated at cost and are not depreciated. These properties are reclassified as housing properties on practical completion of construction.

Works to existing properties that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements. Where a housing property comprises two or more major components with substantially different useful economic lives, each component is accounted for separately and depreciated over its individual useful economic life. Expenditure relating to subsequent replacement or renewal of components is capitalised as it is incurred.

Social Housing and Other Government Grants

Government Grants include grants receivable from the Regulator of Social Housing, local authorities and other government organisations.

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received is included as deferred income and recognised in Turnover and spread over the estimated useful economic life of the recognised asset structure (not land), under the accruals model.

Social Housing Grant must be recycled by the Association under certain conditions, if a property is sold or if another 'relevant event' takes place. Under these circumstances the Social Housing Grant can be used for projects approved by the Regulator of Social Housing. However, Social Housing Grant may have to be re-paid if certain conditions are not met.

Government grants released on the sale of a property are credited to a Recycled Capital Grant Fund and included in the Statement of Financial Position in creditors.

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as Turnover in the Statement of Comprehensive Income.

Other grants received in respect of revenue expenditure from local authorities and other organisations are credited to the Statement of Comprehensive Income in the same period as the expenditure to which they relate.

Capitalisation of Administration Costs

Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into its intended use.

Depreciation of Housing Properties

The Association separately identifies the major components which comprise its housing properties and charges depreciation, so as 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 Association depreciates the major components of its housing properties at the following annual rates:

Useful Economic Lives of Identified Components	Life (years)	Life (%)
Traditional Structure	100	1
Non-Traditional Structure	30	3.3
Roof	50	2
Rewiring	20	5
Kitchen	20	5
Bathroom / Level Access Shower	30	3.3
Heating	15	6.7
Windows	30	3.3
Doors	25	4
Biomass	20	5
Photovoltaics	20	5
Lifts	25	4
Garage Doors	25	4

Impairment

Housing properties are assessed annually for impairment indicators. Where indicators of impairment are identified an assessment for impairment is undertaken comparing the asset's carrying amount to its recoverable amount. Where the carrying amount of an asset is deemed to exceed its recoverable amount, the asset is written down to its recoverable amount, this is likely to be the value in use of the asset based on its service potential. The resulting impairment loss is recognised as operating expenditure in the Statement of Comprehensive Income. Where an asset is currently deemed not to be providing service potential to the Association, its recoverable amount is its fair value less costs to sell.

Other Tangible Fixed Assets

Other Tangible Fixed Assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives.

Gains or losses arising on the disposal of other tangible fixed assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised as part of the surplus/deficit for the year.

The principle rates used for other assets are:

Useful Economic Life	Life (years)	Life (%)
Computers and Office Equipment	3 to 10	33.3 to 10
Fixtures, Fittings and Equipment	5 to 30	20 to 3.3
Freehold Buildings	50	2

Low Cost Home Ownership Properties

The costs of low cost home ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset and subsequent sales treated as a sale of fixed assets.

Low Cost Home Ownership properties are not depreciated on the basis of immateriality, as indicated within the Housing SORP 2018: update.

Recycling of Capital Grant (RCGF)

Where Social Housing Grant is recycled the Social Housing Grant is credited to the RCGF fund and appears as a 'Creditor' until it is used to fund the acquisition of new properties. Where recycled grant is known to be repayable it is shown as a 'Creditor within 1 Year'.

Lease Obligations

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

Assets held under finance leases are recognised initially at the fair value of the leased asset at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring the surplus or deficit. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to income and expenditure on a straight-line basis over the lease term.

Properties Held for Sale

Properties available for sale under Right to Buy are accounted for as sales of fixed assets. The surplus or deficit arising on sale is net of the clawback payable to the Borough Council of King's Lynn & West Norfolk and after deducting the carrying value of the property and related sale expenses.

Provision for Liabilities

Provisions are recognised when the Association has a present obligation (legal or constructive) as a result of a past event, it is probable the Association will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the date of the Statement of Financial Position and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the date of the Statement of Financial Position.

Notes to the financial statements

3. a) Particulars of turnover, cost of sales, operating costs and operating surplus

	2021 Turnover	2021 Costs	2021 Operating Surplus	2020 Turnover	2020 Costs	2020 Operating Surplus
Social Housing lettings (note 3b)	**29,883**	**(23,273)**	**6,610**	29,839	(24,741)	5,098
Other social housing activities						
First tranche low cost home ownership	**554**	**(321)**	**233**	639	(348)	291
	554	**(321)**	**233**	639	(348)	291
Activities other than social housing	**733**	**(255)**	**478**	876	(420)	456
Before gain on disposal of housing properties	**31,170**	**(23,849)**	**7,321**	31,354	(25,509)	5,845
Gain on disposal of housing properties			**65**			648
Total			**7,386**			6,493

Notes to the financial statements

3b Particulars of Income and Expenditure from social housing lettings

	2021 General needs housing £'000	2020 General needs housing £'000
Rent receivable net of identifiable service charges	**28,789**	28,939
Service charge income	**1,022**	826
Amortised government grants	**72**	74
Turnover from social housing lettings	**29,883**	29,839
Management	**(4,941)**	(5,044)
Service costs	**(2,995)**	(3,300)
Abortive development costs	**0**	(525)
Demolition costs	**(32)**	(259)
Routine maintenance	**(5,827)**	(7,699)
Planned maintenance	**(1,299)**	(1,438)
Major repairs expenditure	**(3,001)**	(1,351)
Bad debts	**(123)**	(90)
Depreciation of housing properties	**(4,874)**	(4,841)
Depreciation of other fixed assets	**(181)**	(194)
Operating expenditure on social housing lettings	**(23,273)**	(24,741)
Operating surplus on social housing lettings	**6,610**	5,098
Void Losses	**366**	389

4. Accommodation in management and development

At the end of the year accommodation in management for each class of accommodation was as follows:

	2021 No of properties	2021 Acquisitions	2021 Disposals	2020 No of properties
Social housing				
General housing:				
- social rent	**5,672**	**14**	**(26)**	5,684
- affordable rent	**500**	**15**	**(2)**	487
Supported housing and housing for older people	**611**	**-**	**-**	611
Low cost home ownership	**44**	**4**	**(2)**	42
Total owned	**6,827**	**33**	**(30)**	6,824

5. Operating surplus

The operating surplus is arrived at after charging /(crediting):

	2021 £'000	2020 £'000
Depreciation of housing properties	**4,874**	4,841
Depreciation of other tangible fixed assets	**181**	194
Operating lease rentals		
- Vehicles	**272**	307
- Land and Buildings	**10**	16
	282	323
Auditors' remuneration (excluding VAT)		
- Fees payable to the Association's auditors for the audit of the financial statements	**17**	17
- Fees payable to the Association's auditors for other services	**1**	1
Total audit services	**18**	18

Notes to the financial statements

6. Surplus on sale of fixed assets – housing properties

	2021	2020
	£'000	£'000
Disposal proceeds	**1,117**	1,116
Carrying value of fixed assets	**(537)**	(468)
Hillington Square disposal	**(515)**	-
	65	648

7. Interest receivable and other income

	2021	2020
	£'000	£'000
Interest receivable and similar income	**22**	28
	22	28

8. Interest and financing costs

	2021	2020
	£'000	£'000
Defined benefit pension charge	**91**	187
Loans and bank overdrafts	**1,861**	1,993
	1,952	2,180

9. Employees

Average monthly number of employees expressed as full time equivalents (calculated based on a standard working week of 37hrs):

	2021	2020
	No	No
Administration	**42**	38
Property and Development	**16**	22
Housing, support and care	**65**	67
Property Services	**84**	86
	207	213

Employee costs:

	2021	2020
	£'000	£'000
Wages and salaries	**6,223**	6,164
Social security costs	**548**	509
Pension Costs: Defined Contribution scheme	**378**	366
Pension Costs: Defined Benefit scheme	**585**	694
	7,734	7,733

The defined benefit scheme cost includes £148k of deficit payments.

The full time equivalent number of staff who received remuneration (*including* directors):

	2021	2020
	No.	No.
£150,001 - £160,000	**1.00**	**1.00**
£110,001 - £120,000	**0.75**	**-**
£100,001 - £110,000	**0.25**	**-**
£90,001 - £100,000	**1.50**	**1.00**
£80,001 - £90,000	**1.00**	**2.00**
£70,001 - £80,000	**2.00**	**1.00**
£60,001 - £70,000	**3.00**	**1.00**

10. Board members and Executive Directors

Executive directors

The aggregate remuneration for key management personnel charged in the year is:

	2021	2020
	£'000	£'000
Basic salary	**456**	491
Benefits in kind	**2**	3
Pension contributions	**46**	53
	504	547

The emoluments of the highest paid director, the Chief Executive, excluding pension contributions, was £96k (2020: £159k).The Chief Executive is a member of the Royal London defined contribution pension scheme. She is an ordinary member of the pension scheme and no enhanced or special terms apply. The association does not make any further contribution to an individual pension arrangement for the Chief Executive. During the year, the aggregate compensation for loss of office of key management personnel was £nil (2020:£nil)

Non-Executive Board Members

The remuneration for Non-Executive Board Members charged in the year is:

	2021				2020
	Basic remuneration £'000	**Benefits in kind £'000**	**Pension contributions £'000**	**Total £'000**	Total £'000
Andrew Walder	**11**	**-**	**-**	**11**	**11**
Steve Clark	**-**	**-**	**-**	**-**	**2**
Marie Connell	**2**	**-**	**-**	**2**	**5**
Ian Pinches	**3**	**-**	**-**	**3**	**5**
Simon Smith	**6**	**-**	**-**	**6**	**5**
Brian Long	**5**	**-**	**-**	**5**	**5**
Pauleen Pratt	**6**	**-**	**-**	**6**	**5**
Jasmine Rigg	**6**	**-**	**-**	**6**	**5**
Marcus Hopkins	**4**	**-**	**-**	**4**	**5**
Shelley Lamprell-Josephs	**1**	**-**	**-**	**1**	**5**
Richard Spilsbury	**6**	**-**	**-**	**6**	**5**
Michael Britch (Bridgegate Homes Board)	**2**	**-**	**-**	**2**	**5**
Joanna Barrett	**5**	**-**	**-**	**5**	**5**
Andrew Hill	**1**	**-**	**-**	**1**	**-**
Donald McKenzie	**1**	**-**	**-**	**1**	**-**
Gillian Rejzl	**3**	**-**	**-**	**3**	**-**
Victoria Savage	**1**	**-**	**-**	**1**	**-**
	63	**-**	**-**	**63**	68

Notes to the financial statements

11. Tax on surplus on ordinary activities

	2021 £'000	2020 £'000
Current tax		
UK corporation tax on surplus for the year	-	-
Adjustments in respect of prior years	-	-
Total current tax	-	-

Notes to the financial statements

12. Fixed assets – housing properties

	Assets Under Construction £'000	Traditional Properties Held for Letting £'000	Non-Traditional Properties Held for Letting £'000	Housing Properties - Shared Ownership £'000	Total Housing Properties £'000
Cost					
At 1 April 2020	806	141,080	16,188	2,197	160,271
Additions	3,946	-	-	-	3,946
Works to existing properties	-	926	82	-	1,008
Transfers in Year	(1,731)	1,697	(203)	237	-
Disposals	-	(1,553)	(182)	(97)	(1,832)
At 31 March 2021	3,021	142,150	15,885	2,337	163,393
Depreciation and impairment					
At 1 April 2020	-	38,444	6,410	-	44,854
Depreciation charged in year	-	4,182	692	-	4,874
Released on disposal	-	(457)	(114)	-	(571)
At 31 March 2021	-	42,169	6,988	-	49,157
Net book value					
At 31 March 2021	3,021	99,981	8,897	2,337	114,236
At 31 March 2020	806	102,636	9,778	2,197	115,417

Notes to the financial statements

Fixed assets – housing properties (continued)

Expenditure on works to existing properties

	2021	2020
	£'000	£'000
Components capitalised	1,008	2,190
Amounts charged to income and expenditure	3,001	1,351
	4,009	3,541

On 31st March 2021, the Association's housing properties were revalued by Savills, an independent firm of Chartered Surveyors. The valuation of the housing stock for loan security purposes has been prepared using discounted cash-flow methodology and is in accordance with the Royal Institute of Chartered Surveyors [RICS] Valuation – Professional Standards, the "RICS Red Book", effective from 6th January 2014.

The valuation of £224.476m (2020: £219.200m) takes into account regulatory `performance indicators' for Registered providers and the Rent Restructuring regime applicable from 2002 onwards.

It should be noted that future growth in both capital and rental values may not occur and values can fall as well as rise.

All properties are freehold.

Impairment

In line with the SORP 2018 update the Association has carried out an impairment assessment.

1. The Association's stock has been assessed for impairment across the following cash generating units over which the Association owns and manages stock; King's Lynn, Downham Market and Hunstanton.
2. We have estimated the recoverable amount of the cash generating units based on depreciated replacement cost.
3. We have calculated the carrying amount of the cash generating unit
4. We have compared the carrying amount to the recoverable amount

Following and as a result of the impairment assessment the Association has not recognised an impairment through the 2020/21 Statutory Accounts. In addition a review of The Hillington Square refurbishment project was undertaken and the recoverable amount based on depreciated replacement cost remains in excess of the carrying value. Hillington Square is included within the King's Lynn catchment area. It represents 2.0% of stock based in the King's Lynn area.

Notes to the financial statements

13. Tangible Fixed Assets – Other

	Freehold property £'000	Computers and office equipment £'000	Furniture, fixtures and fittings £'000	Total £'000
Cost				
At 1 April 2020	4,009	1,175	589	5,773
Additions	8	52		60
At 31 March 2021	4,017	1,227	589	5,833
Depreciation				
At 1 April 2020	752	947	395	2,094
Charged in the year	80	70	31	181
At 31 March 2021	832	1,017	426	2,275
Net book value				
At 31 March 2021	3,185	210	163	3,558
At 31 March 2020	3,257	228	194	3,679

Notes to the financial statements

14. Stock

	2021 £'000	2020 £'000
Shared ownership properties:		
Completed properties	**305**	246
Stock of materials	**421**	381
	726	627

15. Debtors

	2021 £'000	2020 £'000
Due within one year		
Rent and service charges receivable	**590**	1,472
Less:		
Provision for bad and doubtful debts	**(475)**	(368)
	115	1,104
Other Debtors	**51**	94
Grant Receivable	**200**	0
Trade Debtors	**10**	23
Prepayments and accrued income	**509**	693
	885	1,914

Notes to the financial statements

16. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	**805**	792
Rent and service charges received in advance	**318**	309
Deferred grant income (note 18)	**72**	74
Recycled capital grant fund (note 19)	**105**	-
Corporation tax	**-**	-
Other taxation and social security	**150**	152
Other creditors	**164**	142
Accruals and deferred income	**2,605**	1,455
	4,219	2,924

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

	2021 £'000	2020 £'000
Debt (note 20)	**52,500**	52,500
Deferred grant income (note 18)	**7,501**	6,788
Recycled capital grant fund (note 19)	**16**	105
	60,017	59,393

Notes to the financial statements

18. Deferred grant income

	2021 £'000	2020 £'000
Balance at 1 April	**(6,862)**	(6,692)
Grant received in the year	**(832)**	(244)
Disposed in the year	**48**	-
Released to income in the year	**73**	74
At 31 March	**(7,573)**	(6,862)

	2021 £'000	2020 £'000
Amounts to be released within one year	**(73)**	(74)
Amounts to be released in more than one year	**(7,500)**	(6,788)
	(7,573)	(6,862)

19. Recycled capital grant fund

	2021 £'000	2020 £'000
At 1 April	**(105)**	(105)
Grants recycled	**(16)**	-
Withdrawals	**-**	-
	(121)	(105)
Repayment of grant	**-**	-
At 31 March	**(121)**	(105)
Amount of grant due for repayment	**-**	-

20. Debt analysis

Borrowings

	2021 £'000	2020 £'000
Due within one year		
	-	-
Due after more than one year		
Bank loans	**(52,500)**	(52,500)
Total loans	**(52,500)**	(52,500)

Security

Properties are charged as security in accordance with the Association's current loan agreements

Terms of repayment and interest rates

The Association has a £111m loan facility of which £77m is available to use. The funds available are not expected to be fully drawn until peak debt year of 2022 from which point the Association will need to start repaying its debt.

A total of £52.5m of the available facility has been drawn to date, consisting of £40m fixed rate loans and £12.5m variable rate debt.

The Association pays interest on a quarterly basis and rates currently range from 3.93% to 4.84% on its £40m of fixed debt with the balance of £12.5m subject to variable rate debt.

The association typically keeps its fixed: variable loan ratio within the optimum range of 70% +/- 10% as per Treasury Management Policy, in order to balance its exposure to inflation and interest rate rises prevalent in fixed and variable loans respectively.

Based on the lender's earliest repayment date, borrowings are repayable as follows:

	2021 £'000	2020 £'000
Within one year or on demand	-	-
One year or more but less than two years	-	-
Two years or more but less than five years	-	-
Five years or more	**(52,500)**	(52,500)
	(52,500)	(52,500)

21. Pensions

The Local Government Pension Scheme (LGPS) is a multi-employer scheme, administered by Norfolk County Council under the regulations governing the LGPS, a defined benefit scheme.

Triennial actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the projected unit method.

The latest formal valuation of the fund for the purpose of setting employers' actual contributions was at 31st March 2019, with the next formal valuation due at 31st March 2022.

The employer's contributions to the LGPS by the Association for the year ended 31 March 2021 were £593k (2020: £693k). The employer's contribution rate was 32.8% of pensionable pay during the year.

Principal actuarial assumptions
Financial assumptions

	31 March 2021 % per annum	31 March 2020 % per annum
Discount rate	**2.00%**	2.30%
Future salary increases	**3.55%**	2.60%
Future pension increases	**2.85%**	1.90%

Mortality assumptions
Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2018 model, an allowance for smoothing of recent mortality experience and a long term rate of improvement of 1.25% pa for women and men.

	2021 No. of years	2020 No. of Years
Retiring today:		
Males	**21.9**	21.7
Females	**24.3**	23.9
Retiring in 20 years:		
Males	**23.2**	22.8
Females	**26.2**	25.5

Notes to the financial statements

Pensions (continued)

Amounts recognised in surplus or deficit

	2021 £'000	2020 £'000
Current service cost	**491**	693
Amounts charged to operating costs	**491**	693

	2021 £'000	2020 £'000
Interest Income on Plan Assets	699	775
Interest Cost on Defined Benefit Obligation	(790)	(960)
Amounts (charged)/credited to other finance costs	(91)	(185)

Reconciliation of opening and closing balances of the present value of scheme liabilities

	2021 £'000	2020 £'000
Opening scheme liabilities	34,416	39,884
Current service cost	491	651
Interest cost	790	960
Remeasurements	9,716	(6,481)
Plan participants' contributions	95	102
Benefits paid	(647)	(700)
Closing scheme liabilities	44,861	34,416

Reconciliation of opening and closing balances of the fair value of plan assets

	2021 £'000	2020 £'000
Opening fair value of plan assets	30,405	32,175
Interest income	699	775
Return on plan assets (in excess of interest income)	6,384	(2,640)
Contributions by employer	593	693
Plan participants' contributions	95	102
Benefits paid	(647)	(700)
Closing fair value of plan assets	37,529	30,405

	2021 £'000	2020 £'000
Net liability	**(7,332)**	(4,011)

Notes to the financial statements

Pensions (continued)

	2021 £'000	2020 £'000
Actual return on scheme assets	**6,809**	(1,865)

Major categories of plan assets as a percentage of total plan assets

	2021 %	2020 %
Equities	**51%**	48%
Bonds	**35%**	36%
Properties	**11%**	14%
Cash	**3%**	2%

Sensitivity analysis

Change in assumption at 31 March 2021	**Approx Increase to Employer Liability %**	**Approx Monetary Amount £'000**
0.5% decrease in Real Discount Rate	10%	4,677
0.5% increase in the Salary Increase Rate	1%	586
0.5% increase in the Pension Increase Rate	9%	3,982

22. Share capital

All members of the Association hold a share of £1 in the Association. The shares carry the right to vote at meetings on a basis of proportional weighting depending on class of share.
They do not carry any right to a dividend, to any redemption value or to any distribution on winding up.

	2021 No	2020 No
Number of members		
At 1 April	**212**	2118
Joining during the year	**8**	6
Leaving during the year	**(13)**	(12)
At 31 March	**207**	212

Notes to the financial statements

23. Capital commitments

	2021 £'000	2020 £'000
Capital expenditure		
Expenditure contracted for but not provided in the accounts	**8,335**	7,730
Expenditure authorised by the board, but not contracted	**22,294**	6,471
	30,629	14,202

The above commitments will be financed primarily through borrowings, which are available for draw-down under existing loan arrangements. However, social housing grant will be utilised if it becomes available.

24. Leasing commitments

The future minimum lease payments of leases are as set out below. Leases relate to vehicles and homes.

The association's future minimum operating lease payments are as follows:

	2021 £'000	2020 £'000
Within one year	**45**	185
Between one and five years	**50**	88
Later than five years	**66**	71

25. Related parties

The tenant Board members rent properties from the Association under the same terms and conditions as tenants in similar properties.

There is one tenant member on the Board. The tenancy is on normal commercial terms of £93.68 per week and the member is not able to use their position to their advantage. There was no amount due to or from the tenant member at the reporting date.

Notes to the financial statements

26. Financial assets and liabilities

The board policy on financial instruments is explained in the Board Report as are references to financial risks.

Borrowing facilities

The Association has a £111m loan facility of which £77m is available to use. The funds available are not expected to be fully drawn until peak debt year of 2022 from which point the association will need to start repaying its debt.

A total of £52.5m of the facility has been drawn to date, consisting of £40m fixed rate loans and £12.5m variable debt.

The group has undrawn committed borrowing facilities. The facilities available at 31 March in respect of which all conditions precedent had been met were as follows:

	2021 **£'000**	2020 £'000
Expiring in one year or less	-	-
Expiring in more than one year but not more than two years	-	-
Expiring in more than two years	**(52,500)**	(52,500)
	(52,500)	(52,500)