



GLEBE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

For the year ended

31ST MARCH 2020

**A charity and society registered under
The Co-operative and Community Benefit Societies Act 2014 (no. 19874R)**

Glebe Housing Association Limited

REPORTS AND FINANCIAL STATEMENTS

For the year ended 31 March 2020

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Glebe Housing Association Limited

BOARD MEMBERS, OFFICERS, ADVISORS AND BANKERS

For the year ended 31 March 2020

BOARD

Daniel Blake
Aida Abou-Rahme
Gordon Coates
Susan Daniels Chair
Helen Martin
Patricia Michael Forrester
Michael Rourke Vice Chair
David Walker
Debbie White

HONORARY PRESIDENT

Robert Ashby* Not a Board Member

CHIEF EXECUTIVE/ SECRETARY

Patricia Goan

BANKERS

Lloyds Bank plc
PO Box 1000
Andover
BX1 1LT

AUDITOR

RSM UK Audit LLP
Portland
25 High Street
Crawley
West Sussex
RH10 1BG

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Bencurtis Park
Corkscrew Hill
West Wickham
Kent BR4 9QD

STATUTORY REGISTRATIONS

Charity and society registered with the Co-operative
and Community Benefit Societies (No 19874R)
Regulator of Social Housing: No L0664

Glebe Housing Association Limited

REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2020

BOARD REPORT

The Board presents its report together with the audited financial statements for the year ended 31 March 2020 for Glebe Housing Association Limited.

Principal Activities

Glebe Housing Association provides affordable rented and leasehold accommodation to older people in housing need and care for older people through its nursing home at Glebe Court.

Glebe Housing Association is a community based housing association which has been providing sheltered housing, support and care to people in need since 1976. The Association currently manages 203 sheltered dwellings and a 51 bed nursing home. It is an exempt charity registered under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing and the Care Quality Commission.

Review of the year

The highlights during the year include:

- Retained a Good rating award from the Care Quality Commission (CQC) for our Nursing Home
- Completion of the major investment programme of works comprising mechanical and electrical works at Sarjeant and Willis Court delivering a new heating, hot water and electrical system to 126 apartments and communal areas.
- Completion of full bathroom replacement programme at Sarjeant and Willis Court delivering new bathrooms to 126 apartments.
- Significant level of investment in our older assets of Glebe Court Nursing Home and Sarjeant and Willis Court which included:
 - Completion of 6 full kitchen replacements to our Sarjeant and Willis stock
 - Complete redecoration to lower ground floor of Glebe Court Nursing Home
 - Completion of new Nurses station in our Dementia Unit at Glebe Court
 - Refurbishment of Dementia Lounge at Glebe Court
 - Fire Door upgrade works to Glebe Court
 - Upgrade works to Adams Hall Restaurant Kitchen Area
 - Health and Safety Roof Treatment works to Sarjeant and Willis Court
 - Refurbishment of Chamberlain Lounge
 - Commencement of communal redecoration works to Sarjeant and Willis Court
 - Commencement of window servicing contracts to 126 flats in Sarjeant & Willis Court

Glebe Housing Association Limited

REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2020

- Collaboration with other smaller housing associations through our G320 membership and participation in peer benchmarking groups.
- Strengthened our relationship with London Borough of Bromley and worked in partnership with Keniston Housing Association and London Borough of Bromley in their decant programme.

The Association delivered a strong operating and financial performance for the year ended 31st March 2020. Comprehensive income for the year was £522,102 (2019: £522,339). The surplus for the year was £36,102 mainly attributable to 60% reduction in bungalow sales in the year (representing a £1,744,801 drop in sales income); reduction in legacy income; interest payable on the loan for the major works (£107,000); increase in depreciation due to the £3,322,663 major works (representing £63,000 in depreciation); and increased operational and infrastructure costs of £171,000.

Demand for our leasehold and rental accommodation remains high.

The Association's financial position remains strong with the 31 March 2020 balance sheet containing £2,851,197 cash and current asset investments (March 2019: £3,464,514) and £9,297,318 of net assets (March 2019: £8,775,216).

Glebe Housing Association Limited

REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2020

Governance

We have a robust system of rules, codes, management policies and procedures to help maintain a high standard of governance and conduct and remain compliant with legal requirements.

The Association's Constitution is the National Housing Federation's (NHF) Model Rules 2015 as amended and approved by the Regulator in 2015. The Board continues to follow the NHF's Governance Code, Code of Conduct 2012 and its own code of conduct, Conduct Becoming.

The Association uses the main principles of the NHF codes in a way that is proportionate to its size. The governance code recognises that NHF members may choose other mechanisms to achieve compliance with the principles and provisions within the code based on the scale and complexity of individual organisations. We remain compliant with the Regulator for Social Housing Governance and Financial Viability Standard.

The association complies with the RSH Governance and Financial Viability Standard and there has been no breach since last year.

Glebe Housing Association Limited

REPORT OF THE BOARD OF MANAGEMENT (CONTINUED)

For the year ended 31 March 2020

Board

The Board is made up of 9 members. Board members are non-executive and for legal purposes are considered directors.

The Association seeks to ensure that the Board, collectively, has the range of skills, qualities and experience required to conduct the affairs of the Association. The board members bring the required skills set to the Board to deliver on its plans.

Board members are drawn from a diverse range of backgrounds in business and professional life bringing a broad range of experience to Board decision making. The Board do not receive remuneration for their services to the Association and are only reimbursed for incidental expenses incurred in their role as Board Members. Clear distinctions exist between the role of the Board and the Executive Management Team (EMT) to which day to day management is delegated. Matters of policy, strategy and budget planning are prepared by the EMT for consideration and approval by Board members.

Board members act in the best interests of the Association, adopt high standards of probity and integrity and avoid conflicts of interest. They have a high record of attendance at formal meetings and regularly attend meetings and other functions as required. All members subscribe to the shared values of Glebe Housing Association. Our board members evidence a proper understanding of the issues facing the community we serve and, using their wide knowledge and experience collectively steer the Association so that it fulfils its mission. Our board membership includes two resident board members.

Glebe Housing Association Limited

REPORT OF THE BOARD OF MANAGEMENT (CONTINUED)

For the year ended 31 March 2020

Shareholders

Shareholding membership is open to individuals, partners and those living and working in the communities we serve who have an interest in and commitment to the Association's work and the needs of the communities and people we serve.

The Association's Constitution is the National Housing Federation (NHF) Model Rules 2015 as amended and approved by the Regulator in 2015.

Progress against corporate priorities is reviewed regularly by the Board following presentation of strategic, operational and financial updates.

The Annual General Meeting is held in the autumn of the year when Board members are elected.

Glebe Housing Association Limited

REPORT OF THE BOARD OF MANAGEMENT (CONTINUED)

For the year ended 31 March 2020

Business Plan 2016 to 2020

Progress against the business plan 2016-20 in the year was good and we are currently revising our business plan in light of Covid-19 pandemic. One of the key objectives and key challenges within the plan was the delivery of a replacement electric, heating and domestic water system to Sarjeant and Willis Court which commenced in July 2018 and completed in February 2020. This project represented the most significant investment in its assets that the association has made. To optimise our investment we combined this project with a full bathroom replacement project and IT infrastructure works.

In our original plan we set out to review our business strands in terms of domiciliary care, sheltered housing and nursing residential care. As a result, we terminated our domiciliary care service due to its risk and operating losses. We have maintained our sheltered housing service as our key business area and invested significantly in our stock. We have greatly improved our service within our nursing home and invested in significant improvements within the nursing home.

Over the course of this business plan, the board has reviewed and renewed its membership so that we have the right skill set at board level to guide the association and deliver on our plans. This has also seen us introduce a new executive management team to ensure operation and delivery of the plan. The newly created Governance and People Committee ensures we have appropriate planning in place for succession to board and executive team. We have delivered 2 additional units for rent during the life of the plan as opposed to the 20 units originally planned. We have a further 5 units in planning in the next 18 months.

This incremental approach to growth works well in terms of our financial commitments. The board has focussed very clearly on asset investment in our current stock ensuring our residents homes are safe and well maintained with the additional improvements outlined above. Our redirection of investment in our asset and away from new development proved to be the correct step to take for us as a key element of the work was fire safety.

Executive Management Team

This comprises the Chief Executive, Director of Finance & Corporate Services, Head of Asset Maintenance, Registered Manager, Nursing Home, HR & Operations Director and Executive Assistant. The members of the Executive Management Team act as the executive officers within the authority delegated to them by the Board.

Glebe Housing Association Limited

REPORT OF THE BOARD OF MANAGEMENT (CONTINUED)

For the year ended 31 March 2020

Value for Money/Metrics

For Glebe Housing, value for money means being effective in how we plan, manage and operate our business. It means making the best use of the resources available to us to provide value to our residents, our partners, stakeholders and funders. The value we provide is both financial and social.

The Regulator of Social Housing asks that we publish performance evidence in our annual accounts against seven key metrics and the Value for Money Standard requires associations to report in their accounts how they have performed against their own metrics and how that performance compares to peers.

The table below highlights the metrics, including previous year's performance, as well as this year's and the median for all housing associations:

RSH Metric	SPBM		
	Median	2018/19	2019/20
Reinvestment %	4%	35%	36%
New supply delivered %	0%	0%	0%
Gearing %	18%	-47%	5%
EBITDA MRI interest cover %	247%	-5943%	-2139%
Headline social housing cost per unit	4,577	16,895	23,228
Operating margin (social housing lettings) %	18%	-5%	-11%
Operating margin (overall) %	18%	12%	5%
ROCE	2.40%	7.9%	0.3%

Definitions of metrics can be found in the technical note issued by the RSH.

1. Reinvestment % - the investment in properties by way of major works to existing properties in 2019/20 amounted to £3,322,663, a significant increase on the previous year amount of £2,129,317. The major works programme undertaken commenced in July 2018 and completed in February 2020.
2. New supply delivered (social housing units) % - there were no new social housing units developed or newly built units acquired during the year.
3. Gearing % - is the net debt as a percentage of the carrying value of housing properties. At 31 March 2020 the net debt was £421,766 and cash balance of £2,851,197 compared to a long-term loan balance of £961,774. The gearing for 2019/20 increased as the long-term loan balance increased due to the loan drawn down to fund the major works programme.

Glebe Housing Association Limited

REPORT OF THE BOARD OF MANAGEMENT (CONTINUED)

For the year ended 31 March 2020

4. EBITDA MRI interest cover % - is a key indicator for liquidity and investment capacity; it is the level of surplus generated compared to the interest payable. The metric for 2019/20 is a negative percentage because of the high level of capitalised major works of £3,322,663 in the year. The interest cover % increased in 2019/20 as the interest payable increased as more of the loan facility was drawn down to fund the capital works programme.
5. Headline social housing cost per unit – the cost per unit of this metric is high compared to the median across all HA's due to the significant spend on capitalised major repairs of £3,322,663 in the year spread over a smaller total number of social housing units at Glebe of 203 and the relative higher costs incurred in providing supported housing.
6. Operating margin (social housing lettings) % – the metric in 2019/20 was lower compared to the previous year as a result of the reduced rental income from the retention of 17 units as respite accommodation for our residents during the major works programme. Alongside this we had an increase in management and maintenance costs.
7. Operating margin (overall) % – the metric in 2019/20 was lower compared to the previous year where we accounted a much higher than usual income from property sales. This year saw a return to a more usual sales programme of 3 to 4 sales per year.
8. ROCE – there was a decrease in the metric in 2020 because of the decrease in operating surplus as outlined in the operating margin above.

Glebe Housing Association Limited

REPORT OF THE BOARD OF MANAGEMENT (CONTINUED)

For the year ended 31 March 2020

Our Business Plan includes a set of objectives to make the best use of our resources to deliver high quality services and accommodation as efficiently, effectively and economically as possible freeing up resources which can be re-invested to provide added value.

Through our financial management we procure goods and services with value for money in mind. The importance of investing in our properties is recognised and we have a clear plan to deliver this. Through investment in our asset we deliver value for money. We review our service contracts annually and aim to use local contractors and suppliers ensuring economic benefit is retained within the local community.

The Board have overall responsibility for delivering Value for Money and ensuring its principles are applied in the delivery of services, strategic planning and investment decisions. Residents have a vital role to play in assessing and enhancing Value for Money. Customer feedback is used to identify areas for improvement and to help learn from mistakes in service delivery. We completed our STAR survey with our residents in spring 2020 and have a satisfaction rating of 96%.

In 2020-2021 we plan to focus on the current pandemic and ensuring we deliver a business as usual service to our residents. Our key objective is managing and supporting our 300 older residents through this difficult time whilst ensuring business continuity and operation. Alongside this, we shall continue to work on delivering efficiencies across the organisation through the restructuring of services. In particular, this year we are working on our partnerships with our peers in the community. We aim to review our position at the half year reporting point.

As a small community based housing association, we are committed to partnership working and delivery of a high standard of service to our residents. We work in partnership with the Friends of Glebe Housing Association Charity to deliver environmental improvements across our estate.

We have developed a strong base of volunteers from the wider community to deliver personalised service to our residents both in Bencurtis Park and Glebe Court Nursing Home. We continue to partner with Marks and Spencer to deliver complimentary weekly floral bouquets to our residents. We have partnered with London Borough of Bromley to deliver the Wake up 2 Care programme. Our restaurant Adams Hall requires financial subsidy to operate however the social value it delivers is paramount therefore the Association subsidises the restaurant to ensure continuity of this service for our residents.

We continue to be members of the smaller housing associations' benchmarking group through SPBM Acuity. This allows us to benchmark our performance within our sectoral group of housing for older people where we perform well against the key areas of voids, arrears and repairs, this benchmarking now includes nursing home performance. Our Tenant Panel continues to scrutinise our performance and service delivery in key areas.

Glebe Housing Association Limited

REPORT OF THE BOARD OF MANAGEMENT (CONTINUED)

For the year ended 31 March 2020

Internal Controls

The Board of the Association has overall responsibility for establishing and maintaining the system of internal controls and for reviewing its effectiveness.

The system of internal controls is designed to manage, rather than eliminate risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which are embedded within normal management and governance processes. The approach includes regular evaluation of the nature and extent of risks to which the Association is exposed and is consistent with good practice principles outlined in the regulatory and other guidance.

The process adopted by the Board in reviewing the effectiveness of the system of internal controls, together with some of the key elements of the control framework includes:

Identification and Evaluation of Key Risks

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. The Executive Management Team regularly considers these significant risks, creating and monitoring a risk map, which is reviewed and approved by both Audit and Risk Committee and the Board. The Chief Executive is responsible for reporting to the Board any significant changes affecting key risks.

Monitoring Arrangements

A process of control and self-assessment and regular management reporting on control issues provides assurance to the Executive Team and to the Board. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues. This covers all operational areas and is not limited to those with material impact on the financial statements. There are also regular Internal Audit reviews of key areas decided by the Board.

Control environment and control procedures

The Board retains responsibility for a defined range of issues covering strategic, operational, and financial and compliance issues including new business investment, treasury strategy, new investments projects, data protection, fraud prevention and detection and health and safety standards.

Glebe Housing Association Limited

REPORT OF THE BOARD OF MANAGEMENT (CONTINUED)

For the year ended 31 March 2020

Information and financial reporting systems

Key Policies

The Board retains responsibility for reviewing and approving the key strategies and policies that are designed to provide effective control. Glebe Housing Association has a full set of policies and procedures which seek to safeguard the Association against risk.

The internal control framework and risk management process are subject to regular review by Glebe's internal auditor who is responsible for providing independent assurance to the Board.

The Board confirms that there is an on-going process for identifying, evaluating and managing significant risks faced by the Association. This process has been in place throughout the year under review, up to the date of this report and is reviewed regularly by the Board.

Going Concern

The Board considers the Association to have adequate resources and a robust Covid-19 recovery plan which will ensure that the Association continues in operational existence for the foreseeable future. It is therefore appropriate to adopt the going concern basis in preparing these accounts. The board has reviewed the business from the perspective of the core areas of rental income, sales, care provision, assets and liabilities, loan covenants, cash reserves and overall financial viability.

The board has reviewed the stress tests for the Association to satisfy itself of the ongoing viability of the Association in light of the C19 pandemic. This analysis has been based upon the Association's level of cash held at 31 March 2020, Q1 Management Accounts to 30 June 2020 annual budget for 2020-21, longer term cash flow projections to August 2021. The board recognises that one area of operation is care which has been greatly affected by Covid-19. Glebe Court Nursing Home has remained Covid free and has incurred manageable void losses, which are being closely monitored on a weekly basis.

Whilst the board's forecasts in the light of Covid-19 show that potential breaches of covenants could occur in respect of the year ended 31 March 2021 for both the debt with Lloyds and Charity Bank, management have sought and obtained assurance from both banks that where any breach is due to the Covid-19 related environment that a waiver is likely to be forthcoming.

Operating as a Sheltered Housing Service Provider to the elderly enables the Association to benefit from consistent levels of rental income attributing to low levels of voids and arrears. The demand to rent and purchase our homes remains high.

The Association has a healthy cash and investment balance of £2,851,197 which provides adequate cash-flow over the 18 month period. We have recently renegotiated our £2,300,000 loan facility and managed to secure competitive and flexible loan terms which will contribute towards low loan servicing costs and offers some flexibility during the period of uncertainty.

Glebe Housing Association Limited

REPORT OF THE BOARD OF MANAGEMENT (CONTINUED)

For the year ended 31 March 2020

Highlighted below are the key action points from the Association's Covid-19 recovery plan:

Financial

- Embarked on a stringent cost control programme, reviewing procurement procedures, regularly monitoring detailed budgets and accurate forecasting to ascertain the viability of the business.
- Stringent cash flow monitoring to identify any cash-flow issues in the organisation.
- Deferment of planned maintenance with the exception of compliance and safety works.
- Accessed the Covid-19 Infection Control funding (£52,000) which has been implemented by the government through LB Bromley.
- Targeting and applying for additional funding for digitalisation, cleaning and PPE costs from independent grant makers and government institutions.
- Furloughed 9 staff which has provided extra funding to retain the Associations productive and motivated workforce.

Human Resource and Capacity

- Improved IT and communication systems to ensure effective home working facilities for the staff.
- Carrying out Covid-19 work place risk assessments with the management team, in consultation with our employees.
- Reviewed and reorganised office spaces with new social distance layout and screen systems to manage and safeguard our employees from any potential spread of the virus.
- Actively encouraged staff to take annual leave so that their health and wellbeing is supported. Establishment of online training and webinars for staff.
- Negotiated contracts with employment agencies to ensure adequate back up for staff shortage.

Governance

- Improved IT and communication systems to ensure effective communication and engagement with the board.
- CEO regular meetings with the Chair to provide an update on the business operations.

External

- Regular networking and sharing ideas with other CEOs from the sector.
- Regular network meetings with peer organisations.
- Regular communications with our regulators.

Glebe Housing Association Limited

REPORT OF THE BOARD OF MANAGEMENT (CONTINUED)

For the year ended 31 March 2020

Annual General Meeting

The Association's annual general meeting will be held on 30 September 2020.

Auditor

RSM UK Audit LLP have expressed a willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the Annual General Meeting.

Statement of Board's Responsibilities

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

Glebe Housing Association Limited

REPORT OF THE BOARD OF MANAGEMENT (CONTINUED)

For the year ended 31 March 2020

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, The Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing. It has general responsibility for taking reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

Statement as to disclosure of information to auditors

The Board has confirmed that, as far as it is aware, there is no relevant audit information of which the auditors are unaware. Each of the Board members has confirmed that they have taken all steps which they ought to have taken as members of the Board, in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.



Susan Daniels
Chair

Date: 10 September 2020

Glebe Housing Association Limited

AUDITOR'S REPORT

For the year ended 31 March 2020

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

Opinion

We have audited the financial statements of Glebe Housing Association Limited (the 'Association') for the year ended 31 March 2020 which comprise Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position, 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 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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

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

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

Glebe Housing Association Limited

AUDITOR'S REPORT (CONTINUED)

For the year ended 31 March 2020

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- A satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of the Association; 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 Board's responsibilities statement set out on page 15 -17, 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 Board either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Glebe Housing Association Limited

AUDITOR'S REPORT (CONTINUED)

For the year ended 31 March 2020

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Dominic Blythe.

Use of our 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. 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.

RSM UK Audit Ltd

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
Portland
25 High Street
Crawley
West Sussex
RH10 1BG

Date: 14 September 2020

Glebe Housing Association Limited

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Notes	2020	2019
		£	£
TURNOVER	1	4,977,368	6,898,817
Cost of sales	1	(1,000,372)	(2,232,805)
Operating costs	1	<u>(3,828,781)</u>	<u>(3,750,714)</u>
OPERATING SURPLUS	2	148,215	915,298
Interest receivable	3	23,325	19,686
Interest and finance costs payable	4	<u>(135,438)</u>	<u>(26,938)</u>
SURPLUS FOR THE YEAR		36,102	908,046
OTHER COMPREHENSIVE INCOME			
Initial recognition of multi employer defined benefit scheme		-	(143,000)
Actuarial gains/(losses) in respect of pension schemes	16	486,000	(242,707)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>522,102</u>	<u>522,339</u>

The operating surplus shown above arises from the Association's continuing activities.

Approved on behalf of the Board of Management:



Sue Daniels
Chair



Patricia Goan
Secretary



Aida Abou-Rahme
Chair of Audit & Risk Committee

Glebe Housing Association Limited

STATEMENT OF CHANGES IN RESERVES

For the year ended 31 March 2020

	Called up share capital £	Revenue reserve £	Total £
Balance at 1 April 2018	34	8,252,840	8,252,874
Shares issued during the year	3	-	3
Surplus and total comprehensive income for the year	-	522,339	522,339
BALANCE AT 31 MARCH 2019	37	8,775,179	8,775,216
Balance at 1 April 2019	37	8,775,179	8,775,216
Surplus and total comprehensive income for the year		522,102	522,102
BALANCE AT 31 MARCH 2020	37	9,297,281	9,297,318

Glebe Housing Association Limited

STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	2020	2019
		£	£
TANGIBLE FIXED ASSETS			
Housing properties	7a	9,163,027	6,011,336
Other fixed assets	7b	<u>2,363,519</u>	<u>2,440,045</u>
		11,526,546	8,451,381
CURRENT ASSETS			
Stocks and work in progress	8	4,804	4,804
Debtors	9	92,843	135,096
Current asset investments	10	1,499,476	1,474,026
Cash at bank and in hand		<u>1,351,721</u>	<u>1,990,488</u>
		2,948,844	3,604,415
CREDITORS: Amounts falling due within one year	11	<u>(1,365,681)</u>	<u>(529,739)</u>
NET CURRENT ASSETS		1,583,163	3,074,676
TOTAL ASSETS LESS CURRENT LIABILITIES		13,109,709	11,526,057
CREDITORS: Amounts falling due after more than one year	12	<u>(3,417,391)</u>	<u>(1,790,841)</u>
PROVISIONS FOR LIABILITIES			
Multi-employer pension scheme defined benefit liability	16	<u>(395,000)</u>	<u>(960,000)</u>
NET ASSETS		<u><u>9,297,318</u></u>	<u><u>8,775,216</u></u>
CAPITAL AND RESERVES			
Called up share capital	17	37	37
Revenue reserve	18	9,297,281	8,775,179
		<u><u>9,297,318</u></u>	<u><u>8,775,216</u></u>

The Financial Statements on pages 21 to 41 were approved and authorised for issue by the Board of Management on 10 September 2020 and were signed on its behalf by:



Susan Daniels
Chair



Patricia Goan
Secretary



Aida Abou-Rahme
Chair of Audit & Risk Committee

Glebe Housing Association Limited

STATEMENT OF CASH FLOWS

For the year ended 31 March 2020

		2020 £	2019 £
NET CASH GENERATED FROM OPERATING ACTIVITIES	(see note below)	213,562	795,808
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(3,502,697)	(1,901,656)
Interest received		23,325	19,686
NET CASH USED IN INVESTING ACTIVITIES		<u>(3,479,372)</u>	<u>(1,881,970)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(107,689)	(938)
Bank borrowings		2,611,113	660,850
Shares issued/(redeemed)		-	3
NET CASH PROVIDED BY FINANCING ACTIVITIES		<u>2,503,424</u>	<u>659,915</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(762,387)	(426,247)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		3,464,515	3,890,762
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		<u>2,702,129</u>	<u>3,464,515</u>
CASH AND CASH EQUIVALENTS CONSISTS OF:			
Cash at bank and in hand		1,351,721	1,990,489
Current asset investments		1,499,476	1,474,026
		<u>2,851,197</u>	<u>3,464,515</u>
RECONCILIATION OF NET CASH GENERATED FROM OPERATING ACTIVITIES			
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus for the year		36,102	908,046
Depreciation charges		274,936	209,563
Decrease/(increase) in debtors		42,255	(34,830)
Increase/(decrease) in creditors		(124,305)	(164,726)
Pension costs less contributions payable		(79,000)	(82,707)
Adjustments for investing or finance activities			
Social housing grants utilised in the year		(20,790)	(20,790)
Interest payable		107,689	938
Interest receivable		(23,325)	(19,686)
		<u>213,562</u>	<u>795,808</u>

Glebe Housing Association Limited

ACCOUNTING POLICIES

For the year ended 31 March 2020

GENERAL INFORMATION

Glebe Housing Association Limited is a society registered under The Co-operative and Community Benefit Societies Act 2014 (No.19874R) and a private registered provider of social housing in the United Kingdom. The address of the registered office is Glebe House, Bencurtis Park, West Wickham BR4 9QD. The Association constitutes a public benefit entity as defined by FRS 102. The principal activities of the Association are disclosed in the Report of the Board of management.

BASIS OF PREPARATION

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102: The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Statement of Recommended Practice for Social Housing Providers 2018 (SORP), and with the Accounting Direction for private registered providers of social housing in England 2019. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2018. The financial statements have been prepared on a going concern basis under the historical cost convention. The financial statements are prepared in sterling (£), which is the functional currency of the Association, and rounded to the nearest £1.

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

TURNOVER

Turnover is measured at the fair value of the consideration received or receivable net of VAT and trade discounts. The policies adopted for the recognition of turnover are as follows:

Turnover represents rental and service charge income receivable, income from sale of properties, restaurant takings and donations, net of value added tax, where applicable, which are recognised in the period for which they are receivable.

GOVERNMENT GRANTS

Social housing grants received from the Regulator of Social Housing for capital projects are recognised at the fair value of the grant received or receivable. Where the assets are accounted for using the cost model then the government grant is accounted for using the accruals model. The difference between the fair value of the asset and the consideration is recognised as a liability and amortised over the useful economic life of the asset. This amortisation is recognised within turnover.

GLEBE COURT CONSERVATORY GRANT

During 2003 the Association received grants from the Glebe Court Residents Support Group covering the full costs of construction of the new conservatory at Glebe Court. These grants have been accounted for as deferred income which is released to comprehensive income to match the depreciation charge on the asset. Depreciation of the Glebe Court conservatory began in 2003/4.

INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable. This is normally upon notification of the interest paid or payable by the Bank.

Glebe Housing Association Limited

ACCOUNTING POLICIES (cont.)

For the year ended 31 March 2020

TANGIBLE FIXED ASSETS

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

Housing properties are maintained to a high standard, with both day to day and cyclical maintenance programme expenditure being charged in the accounts as incurred.

No value is included in the accounts in respect of freehold reversions attributable to bungalows sold on long lease.

Depreciation is charged on all other completed fixed assets, excluding land, at rates calculated to write down each asset over its expected useful life, as follows:

Completed Social Housing Properties	over 3 to 100 years (see below)
Glebe House	over 60 years
Glebe Court Conservatory	over 20 years
Motor vehicles	15% pa on cost
Furniture and equipment	10-20% pa on cost

Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the structure to which they relate, if shorter, at the following annual rates:

Main fabric/structure	1.42%		
Roof structure & covering	3.43%		
Windows & external doors	3.61%		
Gas boilers/fires	6.67%		
Kitchens	5.00%		
Shower rooms/WCs	3.33%		
Mechanical systems	3.33%	and	16.98%
Electrics	3.33%	and	21.96%
Lifts	5.00%		

Assets under construction are carried at cost and are not depreciated until they are available for use.

Finance costs incurred in relation to the construction of tangible fixed assets are not capitalised.

The Association does not incur significant incremental development overheads in connection with the management of developments and as such no overheads are capitalised.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in rental income over the lives of the properties, reduce future maintenance costs or result in a significant extension of the life of the property, are capitalised as improvements.

Freehold buildings are reviewed for impairment regularly. Impairments resulting in a major reduction in service potential are recognised in the Statement of Comprehensive income.

STOCKS AND WORK IN PROGRESS

Stocks and work in progress are stated at the lower of cost and net realisable value.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand and short-term investments shown as current asset investments.

Glebe Housing Association Limited

ACCOUNTING POLICIES (cont.)

For the year ended 31 March 2020

EMPLOYEE BENEFITS

The Association participates in the Social Housing Pension Scheme (SHPS), which is a funded multi-employer defined benefit scheme. In the previous financial year, it became possible to identify the share of underlying assets and liabilities belonging to individual participating employers and the scheme is accounted for as defined benefit plan for the benefit of its employees. No new benefits have been introduced and there is no change to the benefits themselves.

A liability for the Association's obligations under the plan is recognised net of plan assets. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method. Actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

Historically the scheme was accounted for as a defined contribution scheme as there was insufficient information for each social landlord's share of SHPS to allow for defined benefit accounting. In the prior year, the liability previously recognised for the present value of the social landlord's deficit funding agreement was derecognised. The difference between the deficit funding agreement liability social landlords historically recognised for SHPS, and the net DB deficit for SHPS, was recognised in other comprehensive income (OCI). This accounting policy change was accounted for in accordance with FRS 102.

Further details of the SHPS and its assumptions are included at note 16.

The Association also operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable. Differences between contributions payable in the year and contributions actually paid are shown as either other debtors or other creditors.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument, and are offset only when the Association has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Association only has financial assets and financial liabilities of a kind that qualify as basic financial

DEBTORS AND CREDITORS

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

LOANS AND BORROWINGS

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method.

Glebe Housing Association Limited

ACCOUNTING POLICIES (cont.)

For the year ended 31 March 2020

IMPAIRMENT

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. Impairment of fixed assets is assessed at the level of each separate development. The key indicators considered are the obsolescence of the whole, or a significant part, of the asset, changes in government policy, regulation or legislation with material detrimental effects and changes in demand which are considered irreversible. If such indication exists, the recoverable amount is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in expenditure through the statement of comprehensive income.

JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The critical judgements and key sources of estimation uncertainty in applying the Association's accounting policies are as follows:

Multi-employer defined benefit pension scheme:

The Association has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Key assumptions applied in the valuations are given in Note 16.

Glebe Housing Association Limited

ACCOUNTING POLICIES (cont.)

For the year ended 31 March 2020

Useful economic lives of tangible assets and components:

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on future developments, economic utilisation and the physical condition of the assets.

See note above on Tangible Fixed Assets for the useful economic lives for each class of assets and note 7 for the carrying amount of Tangible fixed assets.

Impairment of housing properties

In assessing whether there are any indications of impairment of housing properties the Association has estimated the recoverable amount, being the value in use in respect of service potential using depreciated replacement cost as the measure. In measuring depreciated replacement cost assumptions have been applied concerning the the cost of building replacements and the cost of purchasing replacement properties in the immediate locality for similar use.

GOING CONCERN

The Board considers the Association to have adequate resources to continue in business for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing the accounts. This analysis has been based on the Association's: level of cash held at 31 March 2020, Q1 management accounts to 30 June 2020, annual budget for 2020-21, longer term cashflow projections to September 2021 and the five year Business Plan. The board has reviewed the business from the perspective of the core areas of rental income, sales, care provision, assets and liabilities, loan covenants, cash reserves and overall financial viability.

Whilst the board's forecasts in the light of Covid-19 show that potential breaches of covenants could occur in respect of the year ended 31 March 2021 for both the debt with Lloyds and Charity Bank, management have sought and obtained assurance from both banks that where any breach is due to the Covid-19 related environment that a waiver is likely to be forthcoming. The Board considers the Association to have adequate resources and a robust Covid-19 recovery plan which will ensure that the Association continues in operational existence for the foreseeable future. It is therefore appropriate to adopt the going concern basis in preparing these accounts.

Glebe Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

1 a TURNOVER, COST OF SALES, OPERATING COSTS AND SURPLUS ARISING FROM SOCIAL HOUSING ACTIVITIES FOR OLDER PEOPLE

	Year ended 31 March 2020				Year ended 31 March 2019			
	Turnover £	Cost of sales £	Operating costs £	Operating surplus/ (deficit) £	Turnover £	Cost of sales £	Operating costs £	Operating surplus/ (deficit) £
Social housing lettings								
Other Social Housing Activities								
Leasehold bungalow services	149,534	-	(291,013)	(141,479)	145,174	-	(302,356)	(157,182)
Leasehold bungalow sales	1,025,199	(925,000)	-	100,199	2,770,000	(2,174,675)	-	595,325
Leasehold bungalows sales and services	1,174,733	(925,000)	(291,013)	(41,280)	2,915,174	(2,174,675)	(302,356)	438,143
Apartment rents and services	1,057,837	-	(1,057,189)	648	1,073,658	-	(981,114)	92,544
Activities other than Social Housing Activities								
Restaurant and leisure - Adams Hall	62,998	(75,372)	-	(12,374)	58,130	(58,130)	-	-
Nursing home - Glebe Court	2,565,117	-	(2,442,996)	122,121	2,674,279	-	(2,385,109)	289,170
Other	116,683	-	(37,583)	79,100	177,576	-	(82,135)	95,441
TOTAL	4,977,368	(1,000,372)	(3,828,781)	148,215	6,898,817	(2,232,805)	(3,750,714)	915,298

1 b

	Year ended 31 March 2020						Year ended 31 March 2019
	Bungalows £	Apartments £	Adams Hall £	Glebe Court £	Other £	Total £	Total £
Gross rents, fees and sales revenue	1,025,199	725,180	62,998	2,683,734	116,683	4,613,794	6,484,692
Void losses	-	(11,534)	-	(118,617)	-	(130,151)	(75,240)
Net rents, fees and sales revenue	1,025,199	713,646	62,998	2,565,117	116,683	4,483,643	6,409,452
Service charges receivable	149,534	323,401	-	-	-	472,935	468,575
Amortised government grants	-	20,790	-	-	-	20,790	20,790
Turnover	1,174,733	1,057,837	62,998	2,565,117	116,683	4,977,368	6,898,817
Cost of sales	(925,000)	-	(75,372)	-	-	(1,000,372)	(2,232,805)
Services	(78,861)	(500,349)	-	(2,200,060)	(31,852)	(2,811,122)	(2,826,354)
Management	(162,963)	(346,299)	-	(169,754)	-	(679,016)	(521,103)
Maintenance	(49,189)	(210,541)	-	(73,182)	-	(332,912)	(402,340)
Other	-	-	-	-	(5,731)	(5,731)	(917)
Total operating costs	(291,013)	(1,057,189)	-	(2,442,996)	(37,583)	(3,828,781)	(3,750,714)
Operating surplus/(deficit)	(41,280)	648	(12,374)	122,121	79,100	148,215	915,298
Units of accommodation in management At 1 April 2019 and 31 March 2020	65	137	-	47	-	249	249

Other activities include domiciliary care and development planning. Other costs include financial assistance to residents

Glebe Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Year ended 31 March 2020	Year ended 31 March 2019
2 OPERATING SURPLUS		
This is stated after charging:	£	£
Depreciation and amounts written off tangible fixed assets:		
Housing properties	170,975	103,068
Other tangible fixed assets	103,961	106,495
Auditor's remuneration (excluding VAT) - audit services	21,720	16,100
Cost of stock recognised as an expense	39,771	42,863
	<u> </u>	<u> </u>
3 INTEREST RECEIVABLE		
Bank deposit interest	£ 23,325	£ 19,686
	<u> </u>	<u> </u>
4 INTEREST AND FINANCE COSTS PAYABLE		
Bank loan interest (note 13)	£ 107,689	£ 938
Pension scheme net interest and expenses (note 16)	27,749	26,000
	<u> </u>	<u> </u>
	<u>135,438</u>	<u>26,938</u>

Glebe Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

5 BOARD AND KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel are defined as the people responsible for planning and directing the activities of the Association. Members of the Board of Management, the Chief Executive, Head of Operations, Finance Manager, Head of Housing, Registered Manager and Maintenance Contracts Manager are considered to be key management personnel. No remuneration was payable to any member of the Board of Management who are all non-executives.

	Year ended 31 March 2020	Year ended 31 March 2019
	£	£
The remuneration paid to key management personnel was:		
Emoluments (including pension contributions, employers NIC and benefits in kind)	292,775	362,652
Emoluments (excluding pension contributions and benefits in kind) paid to the highest paid employee	100,000	87,000

The Association's Chief Executive is a member of the Social Housing Pension Scheme. The same pension terms applied to their membership of the Social Housing Pension Scheme (see note 16) as for other staff. The Association does not contribute to any individual pension arrangement for its Chief Executive. The Association has a NHF indemnity policy in place for Board and staff members.

Emoluments band (including pension contribution and benefits in kind)

£80,001 to £100,000	1	1
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6 STAFF NUMBERS AND COSTS

The average number of persons (including the Chief Executive) employed was:

	No.	No.
Administration	11	10
Care and nursing services	60	68
Housing services	18	22
	<u>89</u>	<u>100</u>
Full time	43	48
Part time	46	52
	<u>89</u>	<u>100</u>
Full time equivalents	<u>76</u>	<u>81</u>

Full time equivalents are based on the ratio of the contracted working hours of employees working part time to those working full time.

	£	£
Staff costs:		
Wages and salaries	1,931,571	2,013,341
Social security costs	165,154	166,546
Other pension costs	92,697	63,052
Agency staff	453,591	213,606
	<u>2,643,013</u>	<u>2,456,545</u>

Glebe Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

7a TANGIBLE FIXED ASSETS - HOUSING PROPERTIES

	Completed properties £	Assets in the course of construction £	Total £
Cost			
At 1 April 2019	4,950,774	2,325,864	7,276,638
Additions to existing properties	3,322,666	-	3,322,666
Transfers	2,325,864	(2,325,864)	-
Disposals	(204,456)	-	(204,456)
At 31 March 2020	<u>10,394,848</u>	<u>-</u>	<u>10,394,848</u>
Depreciation			
At 1 April 2019	1,265,302	-	1,265,302
Charge for year	170,975	-	170,975
On disposals	(204,456)	-	(204,456)
At 31 March 2020	<u>1,231,821</u>	<u>-</u>	<u>1,231,821</u>
Net Book Value			
At 31 March 2020	<u>9,163,027</u>	<u>-</u>	<u>9,163,027</u>
At 31 March 2019	<u>3,685,472</u>	<u>2,325,864</u>	<u>6,011,336</u>

All housing properties are freehold and land is not depreciated.

Works to existing properties are capitalised where an enhancement or upgrade is carried out on the property which leads to an increase in economic benefits for the Association.

Total expenditure for the year on work to existing freehold properties was £3,655,578 (2019: £2,531,657) of which £3,322,666 (2019: £2,129,317) has been capitalised and £332,912 (2019: £402,340) has been charged to comprehensive income.

Glebe Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

7b OTHER TANGIBLE FIXED ASSETS

	Glebe Court Development Freehold £	Other Property £	Plant Machinery Fixtures & Vehicles £	Total £
Cost				
At 1 April 2019	2,721,508	471,730	791,014	3,984,252
Additions	5,162	-	22,273	27,435
Disposals	-	-	-	-
At 31 March 2020	<u>2,726,670</u>	<u>471,730</u>	<u>813,287</u>	<u>4,011,687</u>
Depreciation				
At 1 April 2019	838,965	103,258	601,984	1,544,207
Charge for year	50,739	9,160	44,062	103,961
Disposals	-	-	-	-
At 31 March 2020	<u>889,704</u>	<u>112,418</u>	<u>646,046</u>	<u>1,648,168</u>
Net Book Value				
At 31 March 2020	<u>1,836,966</u>	<u>359,312</u>	<u>167,241</u>	<u>2,363,519</u>
At 31 March 2019	<u>1,882,543</u>	<u>368,472</u>	<u>189,030</u>	<u>2,440,045</u>

Freehold property with a net book value of £1,836,966 (2019: £1,882,543) is subject to a fixed charge in respect of bank loans (See Note 13).

Glebe Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

	2020 £	2019 £
8 STOCKS AND WORK IN PROGRESS		
Goods for resale	4,804	4,804
	<u>4,804</u>	<u>4,804</u>
9 DEBTORS		
Rent and service charge debtors	50,994	66,965
Prepayments and accrued income	41,849	68,131
	<u>92,843</u>	<u>135,096</u>
10 CURRENT ASSET INVESTMENTS		
Short term deposits	1,499,476	1,474,026
	<u>1,499,476</u>	<u>1,474,026</u>
<p>Short term deposits have a maturity at the balance sheet date of 95 days (2019 - 95 days) and an average interest rate of 0.9% (2019 - 0.9%).</p>		
11 CREDITORS: Amounts falling due within one year		
Bank loans (note 13)	961,774	-
Trade Creditors	149,068	163,987
Other creditors	36,422	6,801
Other taxation and social security	42,716	33,192
Accruals	152,912	302,969
Deferred income:		
Glebe Court Conservatory	2,000	2,000
Social Housing Grant	20,789	20,790
	<u>1,365,681</u>	<u>529,739</u>
12 CREDITORS: Amounts falling due in more than one year		
Bank loans (note 13)	2,310,189	660,850
Deferred income:		
Glebe Court Conservatory	4,030	6,030
Social Housing Grant (note 14)	1,103,172	1,123,861
	<u>3,417,391</u>	<u>1,790,741</u>

Glebe Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

13 BANK LOANS

The bank loan is secured by a fixed charge over Glebe Court freehold property. The bank loan terms of repayment are that the Borrower shall repay in full by a single instalment on the final repayment date of 24th June 2025 and interest is payable as the aggregate of a margin of 1.75% above Base Rate. Included within the amounts are administration fees of £39,150.

14 DEFERRED CAPITAL GRANT INCOME

	2020 £	2019 £
At 1 April	1,144,751	1,165,541
Released to the income in the year	(20,790)	(20,790)
At 31 March	<u>1,123,961</u>	<u>1,144,751</u>
	2020 £	2019 £
Amounts to be released within one year	20,789	20,790
Amounts to be released in more than one year	<u>1,103,172</u>	<u>1,123,961</u>
	<u>1,123,961</u>	<u>1,144,751</u>

The total accumulated amount of social housing grants received at 31 March 2020 was £2,102,003 (2019: £2,102,003) which is repayable under certain circumstances.

15 FINANCIAL INSTRUMENTS

	2020 £	2019 £
The carrying amounts of the financial instruments are as follows:		
Financial assets that are the debt instruments measured at amortised cost:		
Rent and service charge debtors	50,994	66,965
Financial liabilities measured at amortised cost:		
Bank loans	3,271,963	660,850
Other creditors	36,422	170,788
Accruals	152,912	302,969
	<u>3,461,297</u>	<u>1,134,607</u>

Glebe Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

16 PENSION COMMITMENTS

The Association participates in The Pension Trust - Social Housing Pension Scheme (SHPS), a multi-employer pension scheme which provides benefits to non-associated participating employers. The scheme is classed as a 'last man standing' arrangement. Therefore, the association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

The most recent formal actuarial valuation was completed as at 30 September 2017 and rolled forward, allowing for the different financial assumptions required under FRS 102, to 31 March 2020 by a qualified independent actuary.

Under the defined benefit pension accounting approach, the SHPS net deficit as at 1 April 2019 is £960,000 and £395,000 as at 31 March 2020.

Present values of defined benefit obligation, fair value of assets and defined benefit asset (liability)

	Year ended 31/03/2020	Year ended 31/03/2019
Fair value of plan assets	2,876,749	2,870,000
Present value of defined benefit obligation	3,271,749	3,830,000
Surplus (deficit) in plan	(395,000)	(960,000)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(395,000)	(960,000)

Reconciliation of opening and closing balances of the defined benefit obligation

	Year ended 31/03/2020	Year ended 31/03/2019
Defined benefit obligation at start of period	3,830,000	3,620,000
Expenses	6,749	7,000
Interest expense	86,000	90,000
Contributions by plan participants	-	-
Actuarial losses (gains) due to scheme experience	(25,000)	40,000
Actuarial losses (gains) due to changes in demographic assumptions	(38,000)	13,000
Actuarial losses (gains) due to changes in financial assumptions	(428,000)	217,000
Benefits paid and expenses	(160,000)	(157,000)
Defined benefit obligation at end of period	3,271,749	3,830,000

Glebe Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

16 PENSION COMMITMENTS

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

	Year ended 31/03/2020	Year ended 31/03/2019
Fair value of plan assets at start of period	2,870,000	2,820,000
Interest income	65,000	71,000
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(5,000)	28,000
Contributions by the employer	106,749	108,000
Benefits paid and expenses	(160,000)	(157,000)
Fair value of plan assets at end of period	<u>2,876,749</u>	<u>2,870,000</u>

The actual return on the plan assets (including any changes in share of assets) over the period from 31 March 2019 to 31 March 2020 was £60,000.

Defined benefit costs recognised in Statement of Comprehensive Income (SOCl)

	Year ended 31/03/2020	Year ended 31/03/2019
Expenses	6,749	7,000
Net interest expense	21,000	19,000
Defined benefit costs recognised in statement of comprehensive income (SoCl)	<u>27,749</u>	<u>26,000</u>

Defined benefit costs recognised in Other Comprehensive Income

	Year ended 31/03/2020	Year ended 31/03/2019
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(5,000)	28,000
Experience gains and losses arising on the plan liabilities - gain (loss)	25,000	(40,000)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	38,000	(13,000)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	428,000	(217,000)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	<u>486,000</u>	<u>(242,000)</u>
Total amount recognised in other comprehensive income - gain (loss)	<u>486,000</u>	<u>(242,000)</u>

Glebe Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

16 PENSION COMMITMENTS (CONTINUED)

Assets

	Year ended 31/03/2020	Year ended 31/03/2019
Global Equity	421,000	483,000
Absolute Return	150,000	248,000
Distressed Opportunities	55,000	52,000
Credit Relative Value	79,000	53,000
Alternative Risk Premia	201,000	165,000
Fund of Hedge Funds	2,000	13,000
Emerging Markets Debt	87,000	99,000
Risk Sharing	97,000	87,000
Insurance-Linked Securities	88,000	82,000
Property	63,000	65,000
Infrastructure	214,000	150,000
Private Debt	58,000	39,000
Opportunistic Illiquid Credit	70,000	-
Corporate Bond Fund	164,000	134,000
Liquid Credit	1,000	-
Long Lease Property	50,000	42,000
Secured Income	109,000	103,000
Liability Driven Investment	956,000	1,049,000
Net Current Assets	11,749	6,000
Total Assets	2,876,749	2,870,000

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

Key assumptions

	Year ended 31/03/2020 % per annum	Year ended 31/03/2019 % per annum
Discount Rate	2.39%	2.28%
Inflation (RPI)	2.65%	3.30%
Inflation (CPI)	1.65%	2.30%
Salary Growth	2.65%	3.30%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

Glebe Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

16 PENSION COMMITMENTS (CONTINUED)

The mortality assumptions adopted at 31 March 2019 imply the following life expectancies:

	Life expectancy at (Years)
Male retiring in 2020	21.5
Female retiring in 2020	23.3
Male retiring in 2040	22.9
Female retiring in 2040	24.5

Contributions paid by the Association for its members of the defined contribution section of the scheme amounted to £104,697 (2019:£63,052).

The numbers of employees for whom contributions were made during the year were as follows:

Defined contribution section	At 31 March:	
	2020	2019
	96	106
Total	96	106

Entry to the DB section was closed on 31 March 2013. Accrual of further benefits for DB section members ceased on 31 March 2016 with transfer to the defined contribution section offered to them from that date.

17 SHARE CAPITAL	2020	2019
	£	£
At 1 April 2019	37	34
(Forfeited)/issued during the year	-	3
At 31 March 2020	37	37

The Association has ordinary share capital of 37 shares of £1 each. The Association's shareholders do not receive a dividend from their shareholdings. Its rules prohibit a distribution to shareholders on winding up.

Shareholders are entitled to attend the Annual General Meeting and receive a copy of the Association's Annual Report and information on the accounts, and stand for election to the Board or any committee.

18 RESERVES	At 1 April 2019	Income	Expenditure	At 31 March 2020
	£	£	£	£
Revenue reserve	8,775,179	5,000,693	(4,478,591)	9,297,281
Total funds	8,775,179	5,000,693	(4,478,591)	9,297,281
	At 1 April 2018	Income	Expenditure	At 31 March 2019
	£	£	£	£
Revenue reserve	8,252,840	6,818,503	(6,296,164)	8,775,179
Restricted reserve: Glebe Court Legacy		100,000	(100,000)	-
Total funds	8,252,840	6,918,503	(6,396,164)	8,775,179

Restricted reserves consist of a legacy received in the year ended 31 March 2019 the benefit of Glebe Court, the Association's nursing home. All funds were spent on the nursing home in the year and no restricted reserves were held at 31 March 2019.

Glebe Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

19 RELATED PARTY TRANSACTIONS

One Board member has close family who is a tenant. Two Board members are tenants. Transactions are made at arm's length, on normal commercial terms and Board members cannot use their position to their advantage. During the periods of relevant Board membership, rents and service charges paid by the related party tenants amounted to £21,152.04 (2019: £17,009). No amounts were outstanding from any of the related parties at either year end.

The Friends of Glebe Housing Association are considered a related party because a Board member of the Association is a committee member of The Friends. Moreover, the purpose of The Friends is to benefit the Association and its residents. During the year The Friends made donations of £0 (2019: £65,879) to the Association. No amounts were owed by either to the other at 31 March 2020 or 2019.

20 TAXATION

The Association is an exempt charity for taxation purposes and, accordingly, its income and gains are not chargeable to taxation to the extent that these are applied for charitable purposes and arise from primary purpose charitable activities.

21 CAPITAL COMMITMENTS

	2020 £	2019 £
Expenditure contracted for but not provided in the accounts	-	2,923,109
Expenditure authorised by the board, but not contracted	46,800	508,447
	<u>46,800</u>	<u>3,431,556</u>

The above commitments will be financed from the Association's own reserves.