

Keniston

# **KENISTON HOUSING ASSOCIATION LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 MARCH 2021**

# **KENISTON HOUSING ASSOCIATION LIMITED**

## **REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

<b>CONTENTS</b>	<b>Pages</b>
Officers and Professional Advisers	2
Report of the Board	3
Statement of Board Responsibilities	12
Independent Auditor's Report	13
Statement of Comprehensive Income	16
Statement of Financial Position	17
Statement of Changes in Capital and Reserves	18
Statement of Cash Flows	19
Notes to the Statement of Cash Flows	20
Notes to the Financial Statements	21

# **KENISTON HOUSING ASSOCIATION LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **BOARD**

Simone Bailey  
Shehla Husain (Co-Vice Chair)  
Seema Jassi  
Emma Keegan (Chair)  
Barry Luhmann (Chair: Audit & Risk Committee)  
Sally Rice (Chair: Development & Growth Committee)  
Sheila Sackey  
Lucy Worrall  
Peter Voisey (Co-Vice Chair)

### **CHIEF EXECUTIVE**

Jonathan Card

### **COMPANY SECRETARY**

Andrew Shiatis

### **BANKERS**

National Westminster Bank Plc  
235 High Street  
Orpington  
Kent  
BR6 0NS

### **AUDITORS**

Nexia Smith & Williamson  
25 Moorgate  
London  
EC2R 6AY

### **REGISTERED OFFICE**

13 Artington Close  
Farnborough  
Orpington  
Kent  
BR6 7UL

### **STATUTORY REGISTRATIONS**

Registered Society under the  
Co-operative and Community Benefit  
Societies Act  
No. 19475R

Registered Social Landlord  
No. L1965

## **KENISTON HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE BOARD OF KENISTON HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2021**

The Board is pleased to present its report together with the audited Financial Statements for the year ended 31 March 2021.

#### **Principal Activities**

The principal activity of the Association is the provision and management of affordable rented accommodation for people in housing need.

The Association's vision is to deliver:

- **Better Homes:** Keeping its homes safe and well-maintained, now and into the future;
- **Better Services:** Delivering good quality, cost-effective services and putting residents at the heart of what it does; and
- **Better Neighbourhoods:** Remaining a responsible, caring and personal landlord that creates sustainable neighbourhoods and supports communities.

#### **Review of the Business**

The financial results for the year ended 31 March 2021 show a satisfactory position.

The Association made a surplus for the year of £865,896 (2020: £560,893), on a turnover of £5,846,842 (2020: £5,836,268). Total reserves are £18,433,805 (2020: £18,148,819).

After taking account of investments in housing properties, the Association's assets before deducting long-term loans and other long-term creditors total £48,090,773 (2020: £48,098,697).

During the year, the Association has continued to consider the recommendations and good practice guidance, together with any changes in regulations, emerging as a result of the ongoing Grenfell fire enquiry. Although compliant with all current requirements, the Association has enhanced and will continue to look for ways to enhance its fire safety working practices across all its schemes.

As a result of the ongoing Covid-19 pandemic, the Association has focused on continuing to deliver its core services to all residents throughout the year, whilst taking all necessary steps to minimise the risk to all and to avoid adding to the pressures on the health service. During the year under review, the Association made the decision to:

- Defer some of its planned maintenance programme to the next financial period, other than works which had already commenced on site,
- Restrict responsive repairs to emergency, urgent and health & safety related works only,
- Restrict staff visits to the office, and to install strict health & safety requirements such as separation of zones within the office, social distancing, hygiene, and,
- Risk assessing all property lettings prior to proceeding.

As such, the Association has completed a smaller planned maintenance and cyclical decorations programme during the year. Contracts started during the year include:

- Stock re-investment works to 92 properties, totalling £554,037.
- External redecoration works covering 46 properties totalling £90,811.
- Adaptations to 27 properties for people with disabilities.
- Various other improvement works to 7 scheme sites totalling £13,104.

## **KENISTON HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE BOARD OF KENISTON HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2021 (continued)**

#### **Composition of the Board**

The Board currently comprises nine non-executive members and normally meets with the Management Team five times a year. The Finance & Resources Director is elected as Company Secretary.

The members of the Board of the Association, who have served during the year, are as follows:

Simone Bailey  
Shehla Husain  
Seema Jassi  
Emma Keegan  
Barry Luhmann  
Sally Rice  
Sheila Sackey  
Lucy Worrall  
Peter Voisey

The members of the Board are expected to:

- Determine and uphold the Association's values and ethos.
- Set the annual and longer-term objectives for the Association.
- Uphold the Association's adopted Code of Governance and Code of Conduct.
- Enable the achievement of the Association's objectives through appropriate delegated authorities, operational procedures, and the employment of staff with the appropriate skills.
- Ensure that suitable policies are established for the Association.
- Review the performance of the Association and maintain its financial viability.
- Manage the risk exposure within the Association.
- Protect the public funds invested in the Association.
- Ensure that the interests and needs of the Association's current and future residents are considered in all matters.
- Ensure that the Association's properties are maintained to a high standard.
- Ensure the Association is a good employer.
- Promote the accountability of the Association through openness and contact with communities in which it works and with local authorities.
- Attend regularly and contribute to Board meetings and to review the performance of the Board to ensure it has the capacity and commitment to understand and control the Association.
- Ensure that the Association is positive about equalities and diversity and works towards meeting its targets in this area.
- Take overall responsibility for health and safety in the organisation.
- Scrutinise and challenge reports from executives and advisers.
- Attend training, functions and other meetings in the interests of the Association.

Once an appointment has been approved by the Board, each member of the Board holds one fully paid share of £1 in the Association. As with all registered societies under the Co-operative and Community Benefit Societies Act 2014, profits are not distributable to Shareholders.

The Board has a formal schedule of matters reserved for its decision, which includes overall strategy and future development, allocation of financial resources, risk management, acquisitions and disposals, approval of major financial transactions, annual budgets, annual results, appointment of the Chief Executive and various policies including treasury management.

The Audit & Risk Committee met twice during the year to discuss matters relating to risk, internal controls and internal and external audits.

## **KENISTON HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE BOARD OF KENISTON HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2021 (continued)**

The Development & Growth Committee met twice during the year to discuss matters relating to the property assets and the growth of the Association.

The Complaints Panel only meets when there is a requirement to do so. The Complaints Panel has not been required to meet during the year.

#### **The Management Team**

Responsibility for the Association's day to day operations is delegated to the Management Team who report through the Chief Executive.

The senior staff of the Association, who have served during the year, are as follows:

Jonathan Card	Chief Executive
Andrew Shiatis	Finance & Resources Director and Company Secretary
Sue McDonnell	Operations Director (appointed 11 <sup>th</sup> May 2020)
Tony Coward	Property Services Director
Vivienne Astall	Operations Director (resigned 26 <sup>th</sup> May 2020)

The Management Team hold no interest in the Association's share capital. They act as executives within the authority delegated by the Board. The detailed scrutiny and performance, the development of policy and procedures and expenditure approvals within budget are carried out by the Management Team in conjunction with other staff and advisers. The Management Team normally meets once every two weeks.

#### **Employees**

The Association has continued its practice of keeping employees informed on matters affecting them and on the progress of the Association. This is normally carried out in a number of ways, including formal and informal briefings, team meetings and access to Management Team meeting minutes.

During the Covid-19 pandemic, the Association has assessed and has taken appropriate measures in order to protect the wellbeing of its employees, including conducting staff 'pulse' surveys, the results of which are reported to the Board, and to keep employees fully up to date with any changes to working practices through a mixture of arrangements including health and safety updates, advice regarding its employee assistance scheme, online team meetings and regular briefings from the Chief Executive.

It is the policy of the Association that training, career development and promotion opportunities should be available to all employees. The training programme was severely reduced in the current year under review due to the Covid-19 pandemic, and alternative more cost-effective courses were identified with approximately 77 training sessions provided for 37 staff and Board members at a total cost of approximately £3,590 (2020: £11,663).

Applications for employment by disabled persons are given full and fair consideration for all vacancies, having regard to their aptitude and abilities. In the event of employees becoming disabled, the policy is to make all reasonable adjustments to retain their employment within the organisation.

#### **Equality and Diversity**

The Association operates an Equality and Diversity Policy in all areas of its work, including the recruitment, training and development of staff and in the delivery of its services in a way which is seen to be fair.

## **KENISTON HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE BOARD OF KENISTON HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2021 (continued)**

#### **Donations**

The Association made small charitable donations of money to other organisations supporting local communities in which the Association works or for the homeless.

#### **Corporate Governance and Regulatory Code**

The Board has elected to adopt the principles of the new National Housing Federation's (NHF) Code of Governance (2020) with a view of achieving compliance by 31 March 2022.

For the current period under review, the Board has continued to adopt the principles of the National Housing Federation's (NHF) Code of governance 2015: promoting board excellence for housing associations ("the Code") and Code of Conduct 2012: with good practice for members of Housing Associations. The Board is committed to integrity and accountability in the stewardship of the Association's affairs and considers that the Association has complied throughout the period under review with the provisions of the Code.

As a point of note, the Code requires that the Board must appoint a Company Secretary (or a person with that function) with a clear accountability to the Board, to advise it on compliance with the organisation's constitution, this code and other statutory or regulatory requirements. Whilst the Finance & Resources Director acts as Company Secretary for most matters, the Chief Executive currently fulfils the role of providing advice to the Board on compliance.

The Association's compliance with the Regulator for Social Housing's Governance and Financial Viability Standard is reviewed each May with the Board. Other than as noted above, the Association has complied with this standard.

#### **Insurance**

Insurance policies are maintained by the Association for all buildings, certain areas of risk and for members of the Board and for all staff against liabilities in relation to the Association.

## **KENISTON HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE BOARD OF KENISTON HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2021 (continued)**

#### **Internal Controls**

The Board is ultimately responsible for the Association's system of internal control and for reviewing its effectiveness, with the Audit & Risk Committee, taking the role of overseeing internal control assurance activities. However, it is recognised that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

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

The Board has reviewed the effectiveness of the system of internal control by reviewing the evidence of controls, the Risk Management policy and the procedures in place over the year. In particular, it continues to review and update the process for identifying and evaluating the significant risks affecting the business and the policies and procedures by which these risks are managed.

The Risk Management policy includes the need for managing on-going viability, especially to fund stock reinvestment works and development of new homes, with the avoidance of high impact risks, balancing growth and existing service provision, insurance and the use of internal and external auditors.

The Management Team are responsible for the identification and evaluation of significant risks applicable within the Association, together with the design and operation of suitable internal controls. These risks are assessed on an on-going basis and may be associated with a variety of internal or external sources, including control breakdowns, disruption in information systems, competition, natural catastrophe, pandemics, regulatory requirements, and failure to achieve business critical objectives.

A thirty-year financial plan is prepared to ensure that the Association's finances remain viable, and this is stress tested using various significant risk scenarios.

Independent internal auditors also provide a degree of assurance as to the operation and validity of the systems of internal control. An annual programme of internal audit derived from an audit needs assessment includes reviewing the risk identification procedures and control processes implemented by the Management Team. Internal auditors have continued the programme of reviews during the year and the internal audit reports with management responses have been presented to the Audit & Risk Committee and summarised to the Board. Planned corrective actions are monitored for timely completion.

The Chief Executive also reports to the Board on behalf of the Management Team on significant changes in the business and the external environment which affect significant risks. The Finance & Resources Director provides the Board with a quarterly risk update and financial information, and the Management Team include key performance and risk indicators within their quarterly reports to the Board. Performance measures on key areas of activity are also reported to the Board quarterly.



## KENISTON HOUSING ASSOCIATION LIMITED

### REPORT OF THE BOARD OF KENISTON HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2021 (continued)

#### Value for Money

##### *Approach to Value for Money*

Value for Money is about achieving an optimal balance of economy, efficiency and effectiveness, in order to achieve the maximum benefit from available resources, while managing risks and ensuring long term viability. Keniston is not necessarily aiming to achieve the lowest costs for its operations, but rather to deliver quality services and homes, that meet its residents' needs and deliver satisfaction, while protecting affordability to its residents and viability for the Association.

The Association's governance structure supports how it ensures the achievement of value for money across the organisation and the Board approves its value for money report as set out in these Financial Statements. Every board report considers the value for money implications of its topic and the Audit & Risk Committee acts on behalf of the Board to ensure that Keniston obtains appropriate assurance through the internal and external audit functions.

To help achieve value for money, the Association is focused on having the right people to provide the right level of service at the right cost. Staff need to be properly trained to do their work and have the right resources to enable them to carry out their roles effectively.

##### *Performance against our own targets and the Regulator for Social Housing's metrics*

Keniston analyses its cost and performance across a range of activities, complimenting those determined by the Regulator for Social Housing with additional metrics which it, and its peers, believe to be relevant to ongoing operations. The Association compares trends over time and with two peer groups, regionally with its chosen benchmarking group (BM320) which comprises 17 comparable small London based associations and nationally with the National Small Housing Associations data (SPBM) comprising approximately 140 organisations. This shows areas where, to achieve the optimum combination of cost and quality, the Association is performing well and areas that the Association may need to focus on. Where appropriate and meaningful, Keniston sets and monitors its performance against targets. These targets together, with a summary of its performance are shown in the table below.

The Covid-19 pandemic, as with every organisation, has had an impact on Keniston's operations, costs and revenues. The Association, has, however, managed the impact with significant success, investing in more versatile technology, including portable IT equipment, a cloud-based telephony system and a web-based HR system, to allow a greater degree of flexible and remote working from its staff. Operational performance has overall been maintained and in several areas enhanced, while costs have been constrained.

Costs of delivering landlord services present a mixed picture. The Headline Social Housing cost per unit has decreased from the previous year but remains marginally above the peer group average. This is attributable to a range of factors primarily related to the Bickley acquisition: higher average service charges reflecting the type of accommodation, provision of a fire warden service, and costs associated with decanting Robert Whyte House. In addition, we spent more on void costs.

Housing Management costs are better than average and have reduced further during the year, while repair costs and stock investment expenditure, typically both above average, have reduced and are now close to the average, showing a lower volume of work as a result of Covid restrictions. The Association continues to prioritise expenditure on stock investment, seeking to maintain the quality of the stock, high resident satisfaction and deliver long term value for money, and the works deferred from 2020-21 due to Covid have all been included in the 2021-22 programme.

# KENISTON HOUSING ASSOCIATION LIMITED

## REPORT OF THE BOARD OF KENISTON HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2021 (continued)

### Value for Money (continued)

				Peer Group median	Peer Group Quartile (note 1)	National small median	National Small Quartile (note 1)		
Measure	Keniston 2018-19	Keniston 2019-20	Keniston 2020-21	2019-20		2019-20		Keniston 2020-21	TARGET 2021-22
REGULATORY METRICS									
Business Health									
Operating margin (overall)	26.0%	15.9%	22.2%	20.7%	2	17.6%	2	-	-
Operating margin (social housing)	25.5%	18.2%	24.1%	22.9%	3	18.2%	2	-	-
Return on capital employed (ROCE)	3.8%	1.8%	2.4%	2.8%	3	2.4%	3		
EBITDA MRI Interest Cover	870%	336%	1204%	405%	N/A	254%	N/A	-	-
Headline social housing cost/ unit	4,218	4,967	4,462	4,386	3	4,636	2	-	-
Growth and capacity									
New supply % social housing units	<1%	14.3%	0.0%	0.0%	N/A	0.0%	N/A	-	-
New supply % non-social housing units	0.0%	0.0%	0.0%	0.0%	N/A	0.0%	N/A	-	-
Reinvestment in supply of properties	4.1%	3.0%	2.2%	1.5%	2	3.7%	3	-	-
Gearing % (net debt calculation)	(10.3)%	11.3%	9.6%	14.7%	N/A	17.0%	N/A	-	-
ADDITIONAL METRICS									
Business Process									
Occupancy GN	99.8%	99.8%	99.9%	99.5%	1	99.8%	2	99.8%	99.8%
% rent collected (all tenants)	98.9%	101.3%	101.2%	100.5%	2	100.0%	1	100.0%	100.0%
Current arrears as % of rent due (all tenants)	3.9%	3.5%	2.6%	2.4%	3	2.6%	2	3.5%	3.25%
Repairs fixed on first visit	97%	96%	87%	98%	4	94%	4	95%	90%
Repairs completed in target time	97%	97%	98%	98%	3	96.9%	2	97%	97%
Average days to complete all responsive repairs	6.4	7.6	5.7	7.6	1	7.2	2	6.5	6.5
Cost per property p.a - Housing Management/ £	383	299	277	428	1	386	1		
Cost per property p.a - Responsive repairs & voids/ £	754	814	776	796	2	716	3		
Cost per property p.a - Major & Cyclical works / £	1,171	1,391	1,203	1,368	2	1,078	3		
Homes & Neighbourhoods									
Average relet time - GN (days)	19	25	16	22	2	18	2	20	18
Average relet time - HfOP (days)	16	27	17	15.4	3	18	2	20	18
Services									
Satisfaction with overall services - GN	94%	94%	94%	90%	1	89%	2		
Satisfaction with overall services - HfOP	97%	97%	97%	N/A		N/A			
Satisfaction with repairs & maintenance - GN	94%	91%	87%	86%	2	88%	3	95%	95%
Satisfaction with planned repairs	93%	93%	99.5%	N/A		N/A		95%	95%
Satisfaction with estate services	85%	85%	85%	89%	3	89%	3	85%	85%
People									
Staff Turnover	13.0%	8.5%	22.3%					-	-
Average days lost to short term sickness	5.2	5.9	3.5	3.7	2	3.4	3	4.8	4.0

#### Key

GN - General Needs

HFOP - Housing for Older People

1 Quartile data compares the most recent data for Keniston with the most recent peer group data. Datasets may therefore not be the same year.

1	Keniston's performance is within the first / top quartile compared to the benchmark data available
2	Keniston's performance is within the second quartile compared to the benchmark data available
3	Keniston's performance is within the third quartile compared to the benchmark data available
4	Keniston's performance is within the fourth / bottom quartile compared to the benchmark data available

## KENISTON HOUSING ASSOCIATION LIMITED

### REPORT OF THE BOARD OF KENISTON HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2021 (continued)

#### Value for Money (continued)

Target setting for 2021-22 has carried more uncertainty than usual due to unknowns related to the Covid pandemic as Keniston emerges from the restrictions and with the risk of further waves of infections, together with the impacts on the wider economy. In general, targets have been retained at similar levels to last year, with some raised such as the arrears % to reflect current performance and others scaled back to reflect ongoing operational challenges.

#### *Performing well:*

- **Income management.** This operational area continues to be a significant success. The Association exceeded its target of 100% with 101.2% collection and exceeded the arrears target of 3.5% with 2.6% of the rent collectable at year end. The Association is reaping the benefits of efficient and effective remote working practices, a settled income management team and appropriate resources.
- **Reactive repairs.** Although a slightly mixed picture (see below), generally performance should be seen as positive given the impact of the pandemic: 97.5% completion on time exceeds the challenging target of 97%. Average job completion in 5.7 days is ahead of the target of 6.5 days and compares well to Keniston's comparison groups, albeit in part reflecting the Covid related restriction to emergency and urgent repairs only during lockdown. The volume of repairs is significantly lower (34% down) and the average job cost remained static.
- **Lettings & void management.** Turnover of the Association's stock at 5.4% has increased in the last year. Rent loss from voids at 5.23% has increased stemming largely from the Association's supported housing scheme at Bickley, Robert Whyte House decant programme. The speed of re-letting empty properties at an average of 17 days is within the target of 20 days and an improvement on the previous year, despite the higher volume and the challenges of Covid.
- **Staff sickness levels.** Sickness levels have dropped significantly during the year and are within the target of 4.8 days for short-term sickness. Long-term sickness has reduced but remains high, attributable to two staff members with longstanding chronic health conditions, and for whom there is no ongoing salary cost to Keniston.

#### *Strategy for delivering homes which meet a range of needs*

Following the acquisition of the Bickley estate in 2019, the Association's has modified its development priorities with its primary focus now on developing a long-term masterplan for the estate and initiating the first phase of redeveloping Robert Whyte House following the scheme's closure.

In addition, although delayed by Covid, the Association progressed the delivery of its development strategy, conducting further work around the planning for a significant infill development at Darrick Wood, its largest estate.

#### *Conclusion*

In the light of all the above, having considered the Association's performance and the high levels of resident satisfaction, the conclusion drawn is that the Association can demonstrate its compliance with the regulatory standard on Value for Money.

#### Post Balance Sheet Events

There have been no significant events since the end of the financial year.

## **KENISTON HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE BOARD OF KENISTON HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2021 (continued)**

#### **Going Concern**

Given the uncertainties around Covid-19, the Association has assessed and has taken appropriate measures to protect the organisation against the impact of the pandemic on its business operations and finances. The Association's long-term plan has been tested to determine its durability to anticipated changes in its key assumptions as a result of the pandemic, including increases in arrears and void periods, an increase in works costs and capital cost and a potential increase in its pension deficit liability as a result of the next pension valuation due later this year. This has shown that the Association currently has sufficient capacity to endure the current situation and will be in compliance with all current loan covenants.

In addition, as at 31 March 2021, the Association has a cash balance of £2,649,791 (2020: £2,007,481) and also as at 31 March 2021, there is £4,500,000 (2020: £4,500,000) of available loan facility funds to draw down upon as required. No further amounts have been drawn on this facility since the year end up to the date of signing these Financial Statements. There are also no significant payments or commitments due over the next year.

As such, the Board has a reasonable expectation that the Association has adequate resources to continue in operation for the foreseeable future, being a period of no less than one year from the date of approval of these financial statements. The Association therefore continues to adopt the going concern basis in preparing the Financial Statements.

#### **Auditor**

A resolution to reappoint the auditor, Nexia Smith and Williamson will be proposed at the next Board Meeting.

#### **Disclosure of Information to the Auditor**

In the case of each person who was a member of the Board at the time this report was approved:

- so far as that member was aware, there was no relevant available information of which the Association's auditor was unaware; and
- that member had taken all steps that he or she ought to have taken as a member of the Board to make himself or herself aware of any relevant audit information and to establish that the Association's auditor was aware of that information.

By order of the Board



Emma Keegan (Jul 31, 2021 12:22 GMT+1)

Emma Keegan  
Chair

Date: 22 July 2021

## **KENISTON HOUSING ASSOCIATION LIMITED**

### **STATEMENT OF BOARD RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The Board is responsible for preparing the Financial Statements in accordance with applicable law and regulations.

The Board has elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”.

The Co-operative and Community Benefit Societies Act 2014 and Housing and Regeneration Act 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 of the Association for that period. In preparing these Financial Statements the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and its assets and liabilities and to enable them to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It has general responsibility for taking reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

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



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENISTON HOUSING ASSOCIATION LIMITED**

### **Opinion**

We have audited the financial statements of Keniston Housing Association Limited (the 'association') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Capital and Reserves, the Statement of Cash Flows and the 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 income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance 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 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 is responsible for the other information contained within the Report and Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement

## **KENISTON HOUSING ASSOCIATION LIMITED**

in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Matters on which we are required to report by exception**

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

- a satisfactory system of control over transactions has not been maintained; or
- the association has not kept proper books of account; 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 Board's Responsibilities set out on page 12, 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 controls as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained a general understanding of the association's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We obtained an understanding of the entity's policies and procedures in relation to compliance with relevant laws and regulations. We also drew on our existing understanding of the association's industry and regulation.

We understand that the association complies with the framework through:

- Updating operating procedures, manuals and internal controls as legal and regulatory requirements change;
- A risk assessment framework and register that includes regular review and scrutiny by the Board and Audit and Risk Committee;
- An annual assessment of compliance with regulatory standards as applied to Registered Providers and enforced by the Regulator of Social Housing; and
- The Board's close oversight through regular board meetings and compliance reporting.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the association's ability to conduct operations

## KENISTON HOUSING ASSOCIATION LIMITED

and where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the association:

- FRS 102, the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019, in respect of the preparation and presentation of the financial statements;
- Health and safety regulations, including building and fire safety; and
- Regulatory standards as applied to Registered Providers and enforced by the Regulator of Social Housing.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations above:

- Performed a review of board minutes to identify any indicators of known or suspected non-compliance with significant laws and regulations; and
- Reviewed any correspondence between the Regulator of Social Housing and the association.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the association's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were with regard to the manipulation of the financial statements through manual journal entries and incorrect recognition of revenue.

The procedures carried out to gain evidence in the above areas included:

- Testing of a sample of manual journal entries, selected through applying specific risk assessments applied based on the association's processes and controls surrounding manual journal entries;
- reviewing and challenging estimates made by management; and
- substantive work on revenue transactions.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

This report is made solely to the association's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Nexia Smith & Williamson*

**Nexia Smith & Williamson**  
Statutory Auditor  
Chartered Accountants

25 Moorgate  
London  
EC2R 6AY

09 August 2021



# KENISTON HOUSING ASSOCIATION LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
<b>Turnover</b>	2,3	5,846,842	5,836,268
Operating expenditure	3	(4,712,003)	(4,948,880)
<b>Operating surplus</b>	3	1,134,839	887,388
Interest receivable and finance income		5,461	14,632
Interest payable and other finance costs	6	(274,314)	(341,127)
<b>Surplus for the year</b>	7	865,986	560,893
<b>Other comprehensive income</b>			
Actuarial (loss) / gain on defined benefit pension plan for the year	16	(581,000)	700,000
<b>Total comprehensive income for the year</b>		284,986	1,260,893

The Association's activities are all classified as continuing.


# KENISTON HOUSING ASSOCIATION LIMITED


## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Notes	2021 £	2020 £
<b>Fixed assets</b>			
Housing properties	9	46,257,532	46,998,157
Other fixed assets	10	365,520	398,861
		<hr/>	<hr/>
		46,623,052	47,397,018
		<hr/>	<hr/>
<b>Current assets</b>			
Debtors	11	285,756	226,062
Cash and cash equivalents		2,649,791	2,007,481
		<hr/>	<hr/>
		2,935,547	2,233,543
		<hr/>	<hr/>
<b>Creditors: amounts falling due within one year</b>	12	(1,467,826)	(1,531,864)
		<hr/>	<hr/>
<b>Net current assets</b>		1,467,721	701,679
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		48,090,773	48,098,697
		<hr/>	<hr/>
<b>Creditors: amounts falling due after more than one year</b>	13	28,790,959	29,526,869
		<hr/>	<hr/>
<b>Provisions for liabilities</b>	16	866,000	423,000
		<hr/>	<hr/>
<b>Capital and Reserves</b>			
Non-equity share capital	17,18	9	9
Revenue reserves	18	18,433,805	18,148,819
		<hr/>	<hr/>
		18,433,814	18,148,828
		<hr/>	<hr/>
		48,090,773	48,098,697
		<hr/>	<hr/>

The Financial Statements were approved by the Board on 22 July 2021 and signed on their behalf by:

  
Emma Keegan (Jul 31, 2021 12:22 GMT+1)  
 .....  
**Emma Keegan**  
**Chair**

  
Barry Luhmann (Jul 31, 2021 18:14 GMT+1)  
 .....  
**Barry Luhmann**  
**Board Member**

  
 .....  
**Andrew Shiatis**  
**Company Secretary**

**KENISTON HOUSING ASSOCIATION LIMITED**

**STATEMENT OF CHANGES IN CAPITAL AND RESERVES  
FOR THE YEAR ENDED 31 MARCH 2021**

	<b>Non-equity share capital £</b>	<b>Revenue reserves £</b>	<b>Total capital and reserves £</b>
At 1 April 2020	9	18,148,819	18,148,828
Total comprehensive income for the year	-	284,986	284,986
<b>At 31 March 2021</b>	<b>9</b>	<b>18,433,805</b>	<b>18,433,814</b>

	<b>Non-equity share capital £</b>	<b>Revenue reserves £</b>	<b>Total capital and reserves £</b>
At 1 April 2019	9	16,887,926	16,887,935
Total comprehensive income for the year	-	1,260,893	1,260,893
Shares issued	1	-	1
Shares surrendered	(1)	-	(1)
<b>At 31 March 2020</b>	<b>9</b>	<b>18,148,819</b>	<b>18,148,828</b>

**KENISTON HOUSING ASSOCIATION LIMITED**

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021 £	2020 £
<b>Net cash inflow from operating activities</b>	A	2,180,342	1,722,737
<b>Cash flow from investing activities</b>			
Interest received		4,767	14,849
Purchase of housing properties		-	(9,873,140)
Additions to housing property components		(1,016,315)	(752,284)
Purchase of other fixed assets		(28,492)	(73,071)
Proceeds from sale of other fixed assets		7,000	-
<b>Net cash flow from investing activities</b>		(1,033,040)	(10,683,646)
<b>Cash flow from financing activities</b>			
Interest paid		(248,510)	(276,602)
Repayment of housing loans		(242,791)	(1,218,409)
Loan arrangement fees		-	(25,813)
New secured housing loans		-	6,500,000
Grant received in the year		-	70,000
Repayment of finance leases		(13,691)	(8,898)
<b>Net cash flow from financing activities</b>		(504,992)	5,040,278
<b>Net change in cash and cash equivalents</b>	B	642,310	(3,920,631)
<b>Cash and cash equivalents:</b>			
At beginning of the financial year		2,007,481	5,928,112
<b>At the end of the financial year</b>	B	2,649,791	2,007,481

# KENISTON HOUSING ASSOCIATION LIMITED

## NOTES TO THE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

### A Reconciliation of surplus for the year to net cash inflow from operating activities

	2021 £	2020 £
Surplus for the year	865,986	560,893
Adjustments to reconcile surplus for the year to net cash flow from operating activities:		
Loss on replacement of housing property components	27,859	39,636
Impairment of social housing properties	140,233	-
(Profit) / Loss on sale of other tangible fixed assets	(7,000)	146
Interest receivable and finance income	(5,461)	(14,632)
Interest payable	243,694	292,507
Other finance costs	30,620	48,620
Depreciation charges on tangible fixed assets	1,432,963	1,395,455
Government grant amortised during the year	(481,186)	(481,899)
Increase in debtors	(59,000)	(45,436)
Increase in creditors	137,634	69,447
Net defined benefit pension costs	(146,000)	(142,000)
Net cash inflow from operating activities	2,180,342	1,722,737

### B Cash and cash equivalents

Cash and cash equivalents are comprised entirely of cash at bank or in hand.

### C Reconciliation of net debt

	At 1 April 2020 £	Cashflows £	Other non-cash changes £	At March 2021 £
Cash at hand and in bank	2,007,481	642,310	-	2,649,791
<b>Total cash and cash equivalents</b>	<b>2,007,481</b>	<b>642,310</b>	<b>-</b>	<b>2,649,791</b>
Bank borrowings due within one year	(220,171)	242,791	(269,909)	(247,289)
Bank borrowings due in more than one year	(7,008,137)	-	247,289	(6,760,848)
Finance lease due within one year	(13,678)	13,691	(11,662)	(11,649)
Finance lease due within more than one year	(16,700)		11,662	(5,038)
	(5,251,205)	898,792	(22,620)	(4,375,033)

# **KENISTON HOUSING ASSOCIATION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

### **1 Accounting policies**

The Association is incorporated as a registered society in England and Wales under the Co-operative and Community Benefit Societies Act 2014 and is a Registered Provider of Social Housing registered with the Homes and Communities Agency.

A description of the nature of the Association's operations and its principal activity is disclosed in the Report of the Board on page 3.

The Association's registered office is 13 Artington Close, Farnborough, Kent, BR6 7UL.

The Association is a public benefit entity as defined by FRS 102.

### **Basis of preparation**

These accounts are prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Housing SORP 2018 Update "Statement of Recommended Practice for Registered Social Housing Providers" ("the SORP") and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

The accounts have been prepared under the historical cost convention.

The functional currency of the Association is pounds sterling, this being the currency of the economic environment in which the Association operates.

There have not been any changes or adjustments to prior year numbers.

### **Going Concern**

Given the uncertainties around Covid-19, the Association has assessed and has taken appropriate measures to protect the organisation against the impact of the pandemic on its business operations and finances. The Association's long-term plan has been tested to determine its durability to anticipated changes in its key assumptions as a result of the pandemic, including increases in arrears and void periods, an increase in works costs and capital cost and a potential increase in its pension deficit liability as a result of the next pension valuation due later this year. This has shown that the Association currently has sufficient capacity to endure the current situation and will be in compliance with all current loan covenants.

In addition, as at 31 March 2021, the Association has a cash balance of £2,649,791 (2020: £2,007,481) and also as at 31 March 2021, there is £4,500,000 (2020: £4,500,000) of available loan facility funds to draw down upon as required. No further amounts have been drawn on this facility since the year end up to the date of signing these Financial Statements. There are also no significant payments or commitments due over the next year.

As such, the Board has a reasonable expectation that the Association has adequate resources to continue in operation for the foreseeable future, being a period of no less than one year from the date of approval of these financial statements. The Association therefore continues to adopt the going concern basis in preparing the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021  
(continued)

1 Accounting policies (continued)

**Judgements and estimates**

The preparation of the Financial Statements requires the use of estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenses for the year. The estimates and underlying assumptions are reviewed on an on-going basis.

*Significant judgements in applying the Association's accounting policies*

The following are the significant judgements, apart from those involving estimations (which are dealt with separately below), that the Board has made in the process of applying the Association's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements.

*Basic versus other for financial instruments:* The classification of financial instruments as "basic" or "other" requires judgement as to whether all applicable conditions as basic are met. This includes consideration of the form of the instrument and its financial return.

*Impairment of housing property:* Where there are indications of impairment on housing property assets, the Association performs impairments tests on these assets. As explained in the accounting policies, housing properties are grouped into schemes reflecting the way that they are managed.

Recoverable amounts are based on either future cash flows or depreciated replacement cost. Depreciated replacement cost is only considered where assets are held for their service potential. The assessment of whether an asset is held for its service potential is a matter of judgement and in making that judgement the Board considers the current use of the asset and the expected future use of the asset. If the asset is unable to be let in its current condition or is not being used for a social purpose, either now or in the foreseeable future, it is assessed as not being held for its service potential.

Recoverable amounts for assets held for their service potential is assessed as the depreciated replacement cost which is the lower of the cost of purchasing an equivalent property on the open market; and the land cost plus the rebuilding cost of the structure and components. Although the Association has some limited history of acquiring or selling properties from or to other registered providers, the Board considers that there is no active market for this.

*Key sources of estimation uncertainty*

The estimates and assumptions which have the most significant effect on amounts recognised in the Financial Statements are set out below:

*Housing property costs:* The Association accounts for its expenditure on housing properties using component accounting. Under component accounting, the housing property is divided into those major components which are considered to have substantially different useful economic lives. Judgement is used in estimating the allocation of property costs between components and in determining the useful economic lives of each component. At 31 March 2021, the cost of housing properties is £71,974,598 (2020: £71,600,611).

*Depreciation:* The depreciation expense is the recognition of the decline in the value of the asset and allocation of the cost of the asset over the periods in which the asset will be used. Judgements are made on estimating the useful life of the assets which are regularly reviewed to reflect changes in the environment. At 31 March 2021, the accumulated depreciation of housing properties is £25,717,066 (2020: £24,602,454) and the accumulated depreciation of other tangible fixed assets is £622,643 (2020: £876,782).

# KENISTON HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

### 1 Accounting policies (continued)

*Contract Works:* For contract works completed but not yet invoiced, estimates are used of the value of work completed. At 31 March 2021, a liability of £44,648 (2020: £207,365) is recorded in the Statement of Financial Position.

*Defined benefit pension liability:* Various estimates are used in the calculation of the defined pension liability, such as discount rate, inflation and mortality rates. In determining the appropriate discount rate, consideration is made to the interest rates of corporate bonds with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. Inflation is set by considering market expectations, for example taking the difference between yields available on long-dated fixed-interest and index-linked gilts. Mortality rates are set in line with SAPS tables S2, adjusted to allow for any expectation of higher or lower life expectancy of scheme members due to geographic, socio-economic or demographic factors. At 31 March 2021, a liability of £866,000 for pensions (2020: £423,000) is recorded in the Statement of Financial Position.

### Tangible fixed assets and depreciation

#### *Housing properties*

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit and are stated at cost less depreciation and less provision for any impairment in value.

The cost of properties is the initial purchase price together with those costs that are directly attributable to acquisition and construction.

Interest on a fair proportion of total borrowings on housing properties in development is capitalised during the period of development.

Development overheads are capitalised to the extent that they are directly attributable to bringing schemes into working condition for their intended use. Such expenditure consists of a proportion of the cost of staff who work on development activities. Marketing or administration costs in relation to developments are not capitalised.

Properties acquired are recognised from the date of their acquisition, being the date that the Association obtains control and is able to obtain benefit from the properties.

The Association accounts for its expenditure on housing properties using component accounting. Under component accounting, the housing property is divided into those major components which are considered to have substantially different useful lives. The components and useful economic lives are as follows:

Land	Infinite
House Structure	100 years
Roof Structure and Covering	15-40 years
Windows and External Doors	30 years
Bathrooms	25-30 years
Kitchens	15 years
Heating System	15-25 years
Biomass Boiler	2 years
Freehold office premises	50 years

Land is stated at cost and is not depreciated. Properties in the course of construction are not depreciated.



## KENISTON HOUSING ASSOCIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

#### 1 Accounting policies (continued)

Subsequent expenditure which relates to either the replacement of previously capitalised components or the enhancement of such components which results in incremental future benefit is capitalised and the carrying amount of any replaced component or part component is derecognised.

All other major repair expenditure and the cost of responsive repairs, cyclical maintenance and internal decorations is charged to the Statement of Comprehensive Income when work is performed.

Depreciation is provided on a straight-line basis on the cost over the useful economic lives of the property components.

##### *Other fixed assets*

Other fixed assets are included at cost to the Association, less provision for any impairment in value and depreciation.

Depreciation is provided on a straight-line basis on the cost over the useful lives of the assets, at the following annual rates:

Office Furniture and Equipment	10-25%
Motor Vehicles	25%
Computer Equipment	25-33%
Scheme Equipment	5-20%

#### **Impairment**

##### *Non-financial assets* (comprising housing properties and other fixed assets)

Non-financial assets, other than those measured at fair value, are assessed for indications of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income as described below.

A non-financial asset is impaired where there is objective evidence that, as a result of one or more events after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of a non-financial asset is the higher of its fair value less costs to sell and its value in use.

Value in use for housing properties is based on either the net present value of the future cash flows before interest generated from the scheme or for those housing properties which are able to be let in their current condition and which are fulfilling the social purpose for which they were acquired, is based on the depreciated replacement cost of the asset.

Where indicators exist for a reduction in an impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not exceed the original carrying value.

##### *Financial assets* (comprising rents receivable, other debtors and cash and cash equivalents)

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021  
(continued)

1 Accounting policies (continued)

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

**Grants**

*Government grant*

The Association applies the accrual model for government grant relating to assets.

Government grants include grants receivable from the Homes England, local authorities, and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure and its individual components (excluding land), on a pro rata basis under the accrual model.

The unamortised element of the government grant is recognised as deferred income in creditors due within one year or due after more than one year as appropriate in the Statement of Financial Position. Government grant which is received in advance of total development costs is shown as a current liability.

Where a component is replaced the amount of any unamortised government grant associated with this component is taken to income.

Government grant is repayable indefinitely unless formally abated or waived. On the occurrence of certain relevant events, primarily following the sale of property, the government grant repayable or to be recycled will be restricted to the net proceeds of sale where appropriate. In recognition of this, external lenders seek the subordination of Homes England's right to recover government grant to their own loans.

Government grant received in respect of revenue expenditure is recognised within income in the same period as the related expenditure, provided that the conditions for its receipt have been satisfied and there is reasonable assurance that the grant will be received using the performance model of grant accounting.

Where units are acquired from a third party who received grant funding for the development, the grant is not disclosed in the Association's Statement of Financial Position. Instead, it is classified in the notes to the financial statements as the obligation will only crystallise on the disposal of these units.

*Other grants*

Grants received from non-government sources are recognised using the performance model. A grant which does not impose a specific future performance condition is recognised as revenue when the grant proceeds are receivable. A grant that imposes specific future performance related conditions on the Association is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is shown as a liability in the Statement of Financial Position.

*Recycled capital grant fund*

Following certain relevant events, primarily the sale of dwellings, Homes England can direct the Association to recycle capital grant or to repay the recoverable capital grant back to the Authority. Where the grant is recycled the recoverable capital grant is credited to a Recycled Capital Grant Fund which is included as a creditor due within one year or due after more than one year as appropriate.

# **KENISTON HOUSING ASSOCIATION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**

### **1 Accounting policies (continued)**

#### **Financial Instruments**

Financial assets and financial liabilities are recognised when the Association becomes party to the contractual provisions of the financial instrument.

All financial assets and financial liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through the Statement of Comprehensive Income, which are initially measured at fair value (normally the transaction price less transaction costs), unless the arrangement constitutes a financial transaction. If an arrangement constitutes a financial transaction, the financial asset or financial liability is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the Statement of Financial Position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Association intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the conditions of Section 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Financial assets are only derecognised when and only when:

- the contractual rights to the cash flows from the financial asset expire or are settled,
- the Association transfers to another party substantially all the risk and rewards of ownership of the financial asset, or,
- the Association, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

The Association does not use stand-alone derivative financial instruments to reduce exposure to interest rate movements.

#### **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash in hand and at bank and short-term deposits. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash without significant risk of change in value.

#### **Leases**

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 Association. All other leases are classified as operating leases.

## **KENISTON HOUSING ASSOCIATION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**

#### **1 Accounting policies (continued)**

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) 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 profit or loss. 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 profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the Association recognises annual rent expense equal to amounts owed to the lessor.

#### **Provisions**

Provisions for liabilities and charges are recognised when the Association has a present obligation (whether legal or constructive) as a result of a past event that can be reliably estimated and it is probable that a transfer of economic benefit will be required to settle the obligation.

#### **Pension costs**

The Association is part of the Social Housing Pension Scheme, a multi-employer defined benefit (final salary) contributory pension scheme administered independently by The Pensions Trust. Sufficient information is available for the Association to account for its obligations on a defined benefit basis. As such, the Association recognises in its Statement of Financial Position the present value of its defined benefit obligations less the fair value of plan assets. The current service cost is charged against operating profit. Interest on the scheme liabilities net of the expected return on scheme assets is included in the finance costs.

The defined benefit obligation is calculated at each period end by independent actuaries using the projected unit credit method. The present value of the obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and which have terms to maturity approximating to the terms of the related pension liabilities. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are reflected in the Statement of Comprehensive Income in the period in which they arise.

#### **Holiday pay and unpaid overtime accrual**

A liability is recognised to the extent of any unused holiday pay entitlement and unpaid overtime entitlement which has accrued at the balance sheet date, has been carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

#### **Turnover**

Turnover comprises rental income and service charges receivable (net of void losses), fees receivable, revenue grants and amortised grants from local authorities and Homes England.

Rental income is recognised on the basis of the amount receivable for the year. Rental income received in advance is disclosed within creditors in the Statement of Financial Position.

## **KENISTON HOUSING ASSOCIATION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**

#### **1 Accounting policies (continued)**

Service charge and other income is accounted for on the basis of the value of goods or services supplied during the period. Any over or under recovery of service charge amounts due is reflected as a creditor or debtor, respectively.

Through its service charge, the Association collects sinking funds for significant items of future expenditure. Such funds have been recognised as a creditor in the Statement of Financial Position.

Grant income is recognised as set out in the grant accounting policy.

#### **Taxation**

The Association has charitable status and is therefore not subject to Corporation Tax on surpluses derived from charitable activities.

The Association is not registered for VAT purposes and expenditure is shown gross of any value added tax.

**KENISTON HOUSING ASSOCIATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021  
(continued)****2 Turnover and surplus analysis**

All turnover and operating costs arose from social housing activities as shown in note 3.

**3 Turnover, operating costs and operating surplus**

**Note A** - Particulars of turnover, operating costs and operating surplus

	Turnover	2021 Operating costs	Operating surplus	Turnover	2020 Operating costs	Operating surplus
	£	£	£	£	£	£
Social housing lettings (Note B)	5,693,129	(4,470,510)	1,222,619	5,680,413	(4,687,062)	993,351
Charges for support services	153,713	(241,493)	(87,780)	155,855	(261,818)	(105,963)
Total	5,846,842	(4,712,003)	1,134,839	5,836,268	(4,948,880)	887,388
Surplus on disposal of social housing properties			-			-
Operating Surplus			1,134,839			887,388

# KENISTON HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

### 3 Particulars of turnover, operating costs and operating surplus (continued)

**Note B** - Particulars of income and expenditure from Social Housing lettings

	2021 £	2020 £
<b>Income from lettings</b>		
Rent receivable net of identifiable service charges	4,582,560	4,656,260
Service charge income	585,966	522,885
	<hr/>	<hr/>
Net rents receivable	5,168,526	5,179,145
Amortised government grants	481,186	481,899
Other income	43,417	19,369
	<hr/>	<hr/>
Total income from social housing lettings	5,693,129	5,680,413
	<hr/>	<hr/>
<b>Expenditure on letting activities</b>		
Management costs	618,245	590,833
Service charge costs	656,615	761,219
Routine maintenance	1,229,901	1,377,525
Planned maintenance	287,836	398,235
Bad debts	(4,885)	6,527
Replacement of housing property components		
- accelerated depreciation	39,325	39,636
- release of grant on disposal	(11,466)	-
Impairment of social housing properties	140,233	-
Depreciation of housing properties	1,371,130	1,338,948
Loss on disposal of other fixed assets	(7,000)	146
Other costs	6,124	(12,013)
Development costs	144,452	186,006
	<hr/>	<hr/>
Operating costs on social housing lettings	4,470,510	4,687,062
	<hr/>	<hr/>
Operating surplus on social housing lettings	1,222,619	993,351
	<hr/>	<hr/>
Void losses - being rental income lost as a result of property not being let, included in rents receivable above	291,490	71,473
	<hr/>	<hr/>

# KENISTON HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

### 4 Emoluments of the Management Team

	2021 £	2020 £
Aggregate emoluments of the Management Team (including pension contributions and benefits in kind)	318,443	294,855
The emoluments of the highest paid Management Team member, the Chief Executive were:		
Gross salary (excluding pension contributions and benefits in kind)	88,081	84,379
The emoluments of the Chair of the Board were:		
Gross salary	5,000	5,000
Full time equivalent staff with remuneration between:		
£60,000 and £70,000	1	1
£70,000 and £80,000	1	-
£80,000 and £90,000	1	1

Jonathan Card as Chief Executive of the Association was the highest paid Management Team member during the year.

The Chief Executive is a member of the Association's defined contribution pension scheme, on standard terms.

Other than the Chair, no member of the Board receives any emoluments.

### 5 Employee information

The average monthly number of persons (excluding board members) employed during the year expressed in full time equivalents based on a 35-hour week was:

	2021 No.	2020 No.
Office staff	21	20
Wardens, caretakers and cleaners	11	11
Maintenance	-	1
Full time equivalents	32	32
	£	£
<b>Staff costs (including the Chief Executive)</b>		
Wages and salaries	1,107,887	1,045,092
Social security	102,661	94,390
Pension costs	100,317	97,407
	1,310,865	1,236,889



# KENISTON HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

<b>6</b>	<b>Interest payable and other finance costs</b>	<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>
	On housing loans repayable wholly or partly in more than five years	266,314	315,127
	Net interest costs on pensions	8,000	26,000
		<hr/>	<hr/>
		274,314	341,127
		<hr/>	<hr/>
<b>7</b>	<b>Surplus for the year</b>	<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>
	The surplus is stated after charging / (crediting):		
	Depreciation of tangible fixed assets		
	- housing properties	1,371,130	1,338,948
	- other fixed assets	61,833	56,507
	Amortised government grant	(481,186)	(481,899)
	Auditor's remuneration		
	- as auditor	21,600	27,444
	Surplus on disposal of fixed assets (note 8)	(7,000)	146
		<hr/>	<hr/>
<b>8</b>	<b>Surplus on disposal of fixed assets</b>	<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>
	Proceeds from sale	7,000	-
	Net book value at disposal	-	146
		<hr/>	<hr/>
		7,000	(146)
		<hr/>	<hr/>

# KENISTON HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

### 9 Housing properties

	Freehold housing properties held for letting £	Properties in the course of construction £	Long leasehold housing properties £	Total £
<b>Cost</b>				
At 1 April 2020	70,831,206	264,088	505,317	71,600,611
Additions	-	64,273	-	64,273
Component replacement	745,790	-	-	745,790
Disposals of components	(436,076)	-	-	(436,076)
At 31 March 2021	77,140,920	328,361	505,317	71,974,598
<b>Accumulated depreciation</b>				
At 1 April 2020	24,367,803	-	234,651	24,602,454
Charge for the year	1,356,235	-	14,895	1,371,130
Disposals of components	(396,751)	-	-	(396,751)
Property impairment	140,233	-	-	140,233
At 31 March 2021	25,467,520	-	249,546	25,717,066
<b>Net book value</b>				
At 31 March 2021	45,673,400	328,361	255,771	46,257,532
At 31 March 2020	46,463,403	264,088	270,666	46,998,157

Where there is an indication of impairment, the Association estimates the recoverable amount for these properties on an individual property by property basis and compares this to the carrying amount of each property to determine if an impairment loss has been incurred. The Association calculates the recoverable amount for each property using either the:

- Net Present Value, based on an assessment of future cash flows from the property in their present condition discounted by the expected rate of borrowing as at the year end, or,
- Depreciated Replacement Cost, based on appropriate construction costs and land prices and an estimate of the Open Market Value based on similar properties sold in the same area.

During the year, the Board approved the redevelopment of one of its existing sites in Bickley. This is considered to be an indication of impairment in relation to the carrying value of the building structure and of its components. As such, the value of £140,233 has been treated as impaired and has been written off in the Association's Statement of Comprehensive Income.

During the year no interest was capitalised (2020: nil) as part of housing properties in the course of construction.

**KENISTON HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**  
(continued)

**10 Other fixed assets**

	<b>Freehold office premises £</b>	<b>Office equipment £</b>	<b>Scheme equipment £</b>	<b>Motor Vehicles £</b>	<b>Computer Equipment £</b>	<b>Total £</b>
<b>Cost</b>						
At 1 April 2020	214,910	275,485	595,960	34,996	154,292	1,275,643
Additions	-	8,307	4,789	-	15,396	28,492
Disposals	-	(195,531)	(70,590)	(34,996)	(14,855)	(315,972)
At 31 March 2021	214,910	88,261	530,159	-	154,833	988,163
<b>Depreciation</b>						
At 1 April 2020	122,168	263,215	362,049	34,996	94,354	876,782
Charge for year	3,915	3,440	27,854	-	26,624	61,833
Disposals	-	(195,531)	(70,590)	(34,996)	(14,855)	(315,972)
At 31 March 2021	126,083	71,124	319,313	-	106,123	622,643
<b>Net book value</b>						
At 31 March 2021	88,827	17,137	210,846	-	48,710	365,520
At 31 March 2020	92,742	12,270	233,911	-	59,938	398,861

# KENISTON HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

11	<b>Debtors</b>	<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>
	Gross rental debtors	218,786	123,754
	Less provision for bad and doubtful debts	(82,690)	(88,580)
		<hr/>	<hr/>
		136,096	35,174
	Other debtors	49,267	91,624
	Prepayments and accrued income	100,393	99,264
		<hr/>	<hr/>
		285,756	226,062
		<hr/>	<hr/>
12	<b>Creditors: amounts falling due within one year</b>	<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>
	Trade creditors	219,454	323,447
	Rents paid in advance	224,360	175,195
	Housing loans (note 14)	247,289	220,171
	Obligations under finance leases and hire purchase contracts (note 15)	11,649	13,678
	Other creditors and accruals	248,208	276,580
	Interest payable	11,089	15,905
	Taxation and social security	23,878	24,989
	Deferred government grant (note 21)	481,899	481,899
		<hr/>	<hr/>
		1,467,826	1,531,864
		<hr/>	<hr/>
13	<b>Creditors: amounts falling due after more than one year</b>	<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>
	Sinking funds	112,852	97,159
	Housing loans (note 14)	6,760,848	7,008,137
	Obligations under finance leases and hire purchase contracts (note 15)	5,038	16,700
	Other creditors and accruals	5,500	5,500
	Deferred government grant (note 21)	21,906,721	22,399,373
		<hr/>	<hr/>
		28,790,959	29,526,869
		<hr/>	<hr/>

## KENISTON HOUSING ASSOCIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

#### 14 Housing loans

In November 2008, the Association drew down a loan of £1,450,000 from Dexia Public Service Bank which is repayable in instalments by 2028 of which £580,892 had been repaid by 31 March 2021 (2020: £505,078). Interest is charged linked to Libor and was fixed for the five-year period from March 2009 to March 2014 and subsequently fixed over the remaining term of the loan from March 2014 at 3.91%. This loan is secured by a first legal charge over certain of the Association's housing properties. This loan will be used for the general needs of the Association including development.

Housing loans totalling £2,153,359 were consolidated as a single loan from Orchardbrook Limited in March 2000 and are repayable in instalments by 2024. £1,446,469 has been repaid by 31 March 2021 (2020: £1,279,492). The loan is secured by a first legal charge over certain of the Association's housing properties and is repayable at a fixed rate of interest of 11.376%.

In February 2019, the Association entered into a £10,000,000 revolving loan facility with Clydesdale Bank for a period of 5 years. As at 31 March 2021, £5,500,000 (2020: £5,500,000) has been borrowed against this facility on a rolling 3-month basis, in order to help fund the Association's development aspirations. The loan is secured by a first legal charge over certain of the Association's housing properties and is repayable at a fixed rate of interest of LIBOR plus 1.3% for each 3-month term of the loan.

Instalments on both loans are as follows:

	2021 £	2020 £
Within one year	247,289	220,171
Between one and two years	300,070	269,909
Between two and five years	6,100,812	6,256,160
In five years or more	359,966	482,068
	<hr/>	<hr/>
	7,008,137	7,228,308
	<hr/>	<hr/>

#### 15 Obligations under finance leases and hire purchase contracts

Finance leases and hire purchase contracts relate to office equipment used by the Association and are repayable by equal instalments in less than five years as follows:

	2021 £	2020 £
Within one year	11,649	13,678
In one year or more	5,038	16,700
	<hr/>	<hr/>
	16,687	30,378
	<hr/>	<hr/>

Obligations under Finance Leases are repayable by equal instalment within five years. Finance Leases relate to computer and photocopying equipment.

## KENISTON HOUSING ASSOCIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

#### 16 Provision for liabilities

	2021 £	2020 £
Pension scheme obligations recognised as Defined Benefit schemes	866,000	423,000

#### Pension schemes

The Association's employees and past employees are deferred members or pensioners of the Social Housing Pension Scheme defined benefit schemes ("SHPS"). The Association also participates in the Growth Plan. Further information on these defined benefit schemes are given below.

At the balance sheet date there were no active members (2020: 17) of SHPS employed by the Association and there were no active members (2020: nil) of the Growth Plan.

The Association currently contributes to a defined contribution pension scheme for most of its employees which is also operated by SHPS.

The Association did not owe any contribution amounts in relation to the defined contribution pension scheme as at 31<sup>st</sup> March 2021 (2020: £nil).

As of 1<sup>st</sup> July 2019, the Association closed the SHPS Defined Benefit scheme to future accrual and transferred the participating members into the SHPS Defined Contribution scheme.

#### SHPS

The Association participated in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK. The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

The scheme is classified as a 'last-man standing arrangement'. Therefore, the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

Key assumptions	2021 %	2020 %
Discount rate	2.12	2.41
Inflation (RPI)	3.31	2.68
Inflation (CPI)	2.84	1.68
Salary growth	3.84	2.68
Allowance for commutation of pension for cash at retirement (% of maximum allowance)	75.0	75.0

# KENISTON HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

### 16 Pension scheme (continued)

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

	Life expectancy at age 65 (years)
Male retiring in 2021	21.5
Female retiring in 2021	23.3
Male retiring in 2041	22.9
Female retiring in 2041	25.1

Defined benefit costs recognised in statement of comprehensive income	2021 £'000	2020 £'000
Current service cost	-	25
Expenses	6	6
Net interest expense	8	26
	<hr/> 14	<hr/> 57

Defined benefit costs recognised in Other Comprehensive Income	2021 £'000	2020 £'000
Experience on plan assets (excluding amounts included in interest income) – gain / (loss)	416	(38)
Experience gains and losses arising on the plan liabilities – gain / (loss)	19	147
Effects of changes in demographic assumptions underlying the present value of the defined benefit obligation – (loss) / gain	(23)	52
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – (loss) / gain	(993)	539
	<hr/> (581)	<hr/> 700

### 16 Pension scheme (continued)

Present values of defined obligation, fair value of assets and defined benefit assets / (liabilities)	2021 £'000	2020 £'000
Fair value of plan assets	4,867	4,418
Present value of funded retirement benefit obligation	(5,733)	(4,841)
	<hr/>	<hr/>

# KENISTON HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

<b>Net liability</b>	(866)	(423)
<b>Reconciliation of movements on the defined benefit obligation</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Defined benefit obligation at the start of the period	4,841	5,623
Current service cost	-	25
Expenses	6	6
Interest expense	114	125
Contributions by plan participants	-	16
Actuarial (gains) / losses due to scheme experience	(19)	(147)
Actuarial losses / (gains) due to changes in demographic assumptions	23	(52)
Actuarial losses / (gains) due to changes in financial assumptions	993	(539)
Benefits paid and expenses	(225)	(216)
<b>Defined benefit obligation at the end of the period</b>	<b>5,733</b>	<b>4,841</b>
<b>Reconciliation of movements in the fair value of plan assets</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of plan assets at the start of the period	4,418	4,384
Interest income	106	99
Experience on plan assets (excluding amounts included in interest income) gain / (loss)	416	(38)
Contributions by the Association	152	173
Contributions by plan members	-	16
Benefits paid and expenses	(225)	(216)
<b>Fair value of plan assets at the end of the period</b>	<b>4,867</b>	<b>4,418</b>

### 16 Pension scheme (continued)

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £522,000 (2020: £61,000).

The fair values of each main class of assets held by the Fund and the expected rates of return for the ensuing year are set out in the following table.



## KENISTON HOUSING ASSOCIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

Categories of plan assets are as follows:	2021 £'000	2020 £'000
Absolute return	269	230
Alternative risk premia	183	309
Corporate bond fund	288	252
Credit relative value	153	121
Distressed opportunities	141	85
Emerging markets debt	196	134
Fund of hedge funds	1	3
Global equity	776	646
High Yield	146	-
Infrastructure	324	329
Insurance-linked securities	117	136
Liability driven investment	1,237	1,466
Liquid credit	58	2
Long lease property	95	76
Net current assets	30	19
Private debt	116	89
Property	101	97
Opportunistic credit	133	-
Opportunistic illiquid credit	124	107
Risk sharing	177	149
Secure income	202	168
Total assets	4,867	4,418

The overall pension shortfall is funded by additional contribution payments from each participating employer. The additional contributions for the year ended 31 March 2021 will be £153,173.

#### The Growth Plan

The Association participates in the scheme, a multi-employer defined benefit scheme which provides benefits to some 950 non-associated participating employers. At the year ended 31 March 2021 the liability in respect of this scheme was £5,040 (2020: £5,971) and as immaterial this has not been recognised in the financial statements. The additional contributions for the Association for the year ended 31 March 2021 will be £1,275.

## KENISTON HOUSING ASSOCIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

#### 17 Non-equity share capital

	2021 £	2020 £
9 (2020: 9) non-equity share of £1 each	9	9

The shares have limited rights. They carry no entitlement to dividend, they are not repayable and do not participate in a winding up. They carry the following voting rights: to approve the Financial Statements, to appoint members of the Board, to appoint the auditors and to pass resolutions.

#### 18 Capital and reserves

Non-equity share capital represents the nominal value of shares which have been issued.

Revenue reserves include all current and prior period retained surpluses and deficits.

#### 19 Analysis of accommodation

	Units under management	
	2021 No.	2020 No.
Social housing accommodation:		
General needs	610	610
Affordable housing	19	19
Housing for older people	184	184
Supported housing	35	35
	848	848

In addition, the Association has 33 (2020: 33) freehold properties which are held on long leases.

#### 20 Financial commitments

At 31 March 2021, the Association has not contracted for expenditure so far as not provided for (2020: £ nil).

At 31 March 2021, the Association has £1,692,360 (2020: £1,200,000) of capital expenditure approved by the Board but not yet contracted. This primarily relates to the Association's housing property stock reinvestment and cyclical decorations expenditure for the forthcoming year.

The above commitments are proposed to be financed by cash reserves.

## KENISTON HOUSING ASSOCIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

#### 21 Grant

	<b>Total £</b>
At 1 April 2020	40,760,468
Grant received during the year	-
Grant released on replacement of property component	(135,712)
	<hr/>
At 31 March 2021	40,624,756
	<hr/>
<b>Grant Amortisation</b>	
At 1 April 2020	17,879,196
Grant amortised in the year	481,186
Grant released on replacement of property component	(124,246)
	<hr/>
At 31 March 2021	18,236,136
	<hr/>
<b>Deferred Capital Grant at 31 March 2021</b>	<b>22,388,620</b>
	<hr/> <hr/>

The Association has received Housing Association Grant and Social Housing Grant from the government and local authorities to be applied towards the cost of acquiring, refurbishing and developing housing for rent or sale.

The Association has a total obligation of £231,010 attributable to the acquisition of 120 units in the current year from one registered provider of social housing. The obligation will only crystallise on the disposal of these units. This liability is not recognised in grants in line with the related accounting policy.

At the end of the financial year and the previous financial year all Social Housing Grant had been received.

#### 22 Related party transactions

The Board and the Management Team have the authority and the responsibility for planning, directing and controlling the activities of the Association. The Chair of the Board became a paid position during the year and receives an annual remuneration of £5,000. None of the other members of the Board received any remuneration for their services to the Association.

The aggregate remuneration received by the Management Team was £353,513 including employers' national insurance (2020: £327,306).

#### 23 Events since the end of the financial year

There have been no significant events since the end of the financial year.