

Barnsbury Housing Association Limited

Annual Report and Financial Statements

Year ended 31 March 2020

Cooperative and Community Benefit Society Reg No. 18135R

Homes & Communities Agency Reg No. L2518

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Company Information

Chairman	Martyn Waring (resigned 19 September 2019) Sean McLaughlin (appointed 19 September 2019)
Secretary	Susan French
Board Members	Nancy Korman Charles Culling Barbara Sidnell Aaron Elliot Stephane Croce Jonathan Bunt Chyrel Brown
Chief Executive	Susan French
Registered address	16b Cloudesley Street London N1 0HU Tel: 020 7704 2324 Fax: 020 7607 8710 E-mail: susan@barnsbury.org
Auditor	Mazars LLP Chartered Accountants and Statutory Auditor The Pinnacle 160 Midsummer Boulevard Milton Keynes MK9 1FF
Principal Solicitors	Devonshires Solicitors LLP 30 Finsbury Circus London EC4M 7DT
Bankers	Royal Bank of Scotland Plc 60-62 Threadneedle Street London EC2R 8LA
Co-operative and Community Benefit Society Reg No.	18135R
Homes & Communities Agency Reg No.	L2518

Chair's Report

This is my first year as Chair of Barnsbury Housing Association (BHA), having taken over from Martyn Waring in September 2019. Martyn had been involved with BHA since 2011 and had been Chair since 2014 and it was a real honour for me to take over the role from him. My thanks, and those of the Board, go to him for his many years of service to BHA and for his contribution to making BHA the financially strong and well-regarded organisation that it is.

I also want to thank Richard Bull, our senior Caretaker who retired after 43 years with the organisation. Richard (and Jean, his wife and our recently-retired Finance Manager) have been at the heart of BHA since it was established, both as tenants and as much valued members of staff. We thank them for their service and wish them a long and happy retirement.

The financial year 2019/20 ended as the lockdown in response to the Covid-19 pandemic began. Barnsbury HA's response demonstrated its many strengths: focus, agility, adaptability and seamless coordination between those who work for us, those we house and local support services, including those of our partner local authority.

The direction we pursue in future will be underpinned by these strengths. We are already known locally as an able, efficient and caring neighbour, and Barnsbury is widely known for its strong community spirit. But we have so much more to offer.

We are ambitious, creative and far-sighted. We mean to expand our offer to tenants, supporting more independence, choice and control in thriving and supportive neighbourhoods.

We will maintain the personal contact people value and will adopt new technology to make services accessible online for both tenants and staff.

We have an impeccable record of building homes that stand the test of time and respect Islington's architectural heritage. Our new homes and an ambition to improve energy efficiency across our stock will cut household fuel bills.

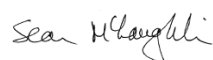
These ambitions were set out by the Board at our Strategy Day in late 2019, and will be worked up and agreed with tenants, led by our Resident Panel.

Our strategy will adapt to meet the demands of the continued threat from Covid-19, as well as taking into account the opportunities and learning from working in this new environment. The pandemic has brought much hardship but also a glimpse of a simpler, greener way of life, and a resolve to focus on what really matters to people.

Review of the year

Over the last 12 months BHA had another busy and productive year. The highlights were:

- we made a surplus of £436,921
- co-opting three tenants to the Board and Committees, putting tenants at the heart of shaping our strategy
- strengthening tenant involvement with a new Resident Panel which has quickly become a strong, diverse and distinct tenant voice
- agreeing a new vision and purpose for BHA
- developing a strategic approach to asset management, with an ambitious carbon reduction plan at its heart
- securing planning permission to convert underused garages into six new homes and a new community room, after a lengthy and sometimes difficult process
- letting three of our bedsits to key workers who would otherwise be priced out of the area
- investing further in modernising the way we work, particularly around our financial management
- improving 40 homes, including installing 10 new kitchens, 5 new boilers and 10 new bathrooms



Sean McLaughlin
Chair

24 September 2020

Report of the Board

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

Legal Status

The Association is registered under the Co-operative and Community Benefit Society Act 2014 and is a registered social landlord.

Principal Activities

The Association's principal activities are the development and management of social housing.

Corporate Governance

The Association ensures full compliance with the Homes and Communities Agency Regulatory Framework as it relates to small social housing providers with fewer than 1,000 homes. The Board has adopted the National Housing Federation Code of Governance (2015 edition) and the National Housing Federation Model Rules 2015 to ensure full compliance. This includes Board self-assessment and independent assessment. The Board has adopted the National Housing Federation Code of Conduct and Board members confirm their compliance with the Code on an annual basis.

We review our compliance with the Code on an annual basis and confirm that we have complied with the Code and the HCA's Governance and Financial Viability Standard in all areas.

Board

BHA's Board comprised eight members during 2019-20, all of whom are non-executive and, for legal purposes, are regarded as directors. Members are recruited externally by a formal interview process and are drawn from a variety of backgrounds. Two tenants were co-opted to the Board during the year, Janice Walsh and Chris Bell. They are expected to formally join the Board in September 2020, which will bring our complement back up to ten members.

The Board is responsible for the overall direction of the Association's affairs which are set out in the Board Terms of Reference. The day-to-day management of the organisation is delegated to the Chief Executive and the team. The Board meets five or six times each year. The average attendance at Board meetings during the year was 66%.

Under our committee structure the Board is supported by two committees with responsibilities for Audit & Risk and Governance & Remuneration respectively. The committees report back to the Board after each meeting where their recommendations are considered and approved as appropriate.

We also conduct Board appraisals each year.

Principal Risks and Uncertainties

The Association identifies risks which will impact the delivery of its corporate objectives, which are:

- To be a great landlord
- To be a modern, effective organisation
- To help meet Islington's diverse housing needs

The process for identifying, evaluating and managing risk is embedded throughout the organisation through a strong risk management culture, where staff are empowered to raise risks as they emerge. Significant risks which require involvement of the Leadership Team are monitored via the Association's risk register and the top ten risks are reported to the Audit & Risk Committee and Board. Each risk is evaluated for the probability of its materialising and for its potential impact, which could be financial, reputational, operational or legal. The Association also conducts stress testing on its business plans to meet the Regulator's Governance and Financial Viability Standard, using the scenarios identified in the risk register.

The key risks presenting the greatest threat to the Association are outlined in the table below:

Report of the Board

Key Risk	Controls in place to mitigate the risk
<p>Impact of Covid-19</p> <p>As of the date of this report, the Covid-19 global pandemic is still on-going and its full impact is still to be seen. The Association was able to adapt swiftly with the lockdown and services have continued to be delivered where possible.</p> <p>The risks envisaged are:</p> <ul style="list-style-type: none"> • Increased arrears due to the likely downturn of the economy, especially when the government furlough scheme winds down. • Negative impact on the repairs and maintenance service due to social distancing measures, shortage of materials and increased wear and tear of components. • Reduced levels of public spending. • Non-compliance with health & safety requirements. 	<p>The Association has been pro-active in communicating with tenants via newsletters, phone calls and e-mails, and providing assistance with Universal Credit.</p> <p>During the lockdown, only emergency repairs could be carried out. Where tenants reported repairs, which could not be done during lockdown, they were logged and completed when restrictions were lifted. The Association employs a caretaker who was able to perform minor repairs so the backlog was reduced fairly swiftly. The lockdown also meant that work on voids had to be stopped. This has been resumed and voids are being turned around as fast as possible.</p> <p>The impact of Covid-19 will clearly strain government finances and tough decisions will need to be made. This is a key uncertainty as well as a key risk and will be closely monitored.</p> <p>Due to the lockdown and with a number of our tenants shielding, gas compliance had not been at the target of 100% due to access issues. A risk assessment has been performed as to the service history, age of the boiler and documenting our attempts for access. Regular contact is in place with the affected tenant until checks can be performed.</p>
<p>Health & Safety</p> <p>Failure to manage health & safety requirements leading to a major incident.</p>	<p>An independent Health & Safety audit was carried out in 2018, the outcome of which was reported to the Board and an action plan was produced to address the gaps identified.</p> <p>Health & Safety requirements are monitored by the Leadership Team with performance indicators reported to the Audit & Risk Committee and Board.</p> <p>We have updated the Health & Safety policy.</p> <p>Fire Risk Assessments – delays to FRA works at Highbury View were delayed due to Covid-19. Lettings for this scheme have been reviewed to ensure prospective tenants with mobility issues are not placed in unsuitable properties.</p>
<p>Morland Mews garage conversion project</p> <p>Delays to the project could negatively impact relationship between the tenants and the Association.</p>	<p>Although planning has been obtained, the project has been delayed partially due to Covid-19. Communication will be carefully managed due the sensitivity of the project.</p>

As a local housing Association with a small geographical footprint, the impact and risk of Brexit has been assessed and deemed to be immaterial in the context of the overall risk profile.

Report of the Board

Value For Money

Our approach

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

In line with the regulatory standard, our Board has agreed a Value for Money Strategy. This identifies our strengths and weaknesses on VFM and sets out metrics we will use to improve our performance.

In summary our strategy is "**grow, modernise and streamline**", acknowledging that our VFM gains will be made by achieving economies of scale through growth, introducing more efficient ways of working (smarter processes and selective use of new technology). We have already made good progress in these areas including:

- having a **growth strategy** which sets out our ambitious targets for growth. We have obtained planning permission for converting garage spaces at Morland Mews to six new homes.
- ensuring our **IT Strategy** is fit for purpose and is aligned to our residents' needs. When the UK went into lockdown, we were able to adapt quickly and service interruptions were minimal.
- re-engineering our asset management strategy to ensure our properties achieve close to zero carbon by 2050.

Performance against our targets and our peer groups

Our VFM Strategy identifies a range of metrics against which we measure our performance on VFM. As well as the regulatory metrics, we have identified others that focus on those areas of the business where we can make gains and improve performance.

The following table shows a summary of our performance for the current and previous years and against our immediate peer group (the BM320) for the current year, as well as our targets for 2020/21. Targets in **bold and italics** represent our VFM metrics.

Report of the Board

Measure	Barnsbury		BM320 Peer group median	Performance against target 2019/20	VFM Target 2020/21
	2018/19	2019/20	2018/19		
Investment					
<i>New supply delivered (Social housing units)</i>	1.34%	0%	0%	Development delayed	Six new homes in the pipeline
<i>New supply delivered (Non-Social housing units)</i>	0.00%	0%		BHA does not intend to develop non-social housing units	0
<i>Reinvestment %</i>	9.32%	1.69%	1.69%	-	See commentary
<i>Return on Capital Employed (ROCE) %</i>	2.73%	3.13%	2.80%	Target met	Peer group median
Investment in communities	£21,563	£25,864	£1	-	£30,000
Units completed during the period April-March; Social Housing	4	0	0	Development delayed	Six new homes in the pipeline with planning permission
Customer Service					
<i>Satisfaction - overall service</i>	88%	88%	90%	Target not met	Peer group median
<i>Average re-let time (days) - GN</i>	25.5	45.6	23.4	Target not met	Peer group median
Occupancy - GN	99.62%	99.25%	99.50%	-	-
<i>Current tenant arrears % - GN & HfOP</i>	4.00%	5.21%	2.55%	Target not met	Peer group median 19/20 4% 20/21
% rent collected - GN & HfOP	101.00%	100.13%	100.49%	Target not met	Peer group top quartile
<i>Number of responsive repairs per property</i>	3.70	2.51	2.46	Target met	Peer group third quartile
% dwellings with a valid gas safety cert	99.70%	98.32%	100.00%	Target not met	100%
Financial					
<i>Headline social housing cost per unit</i>	£5,122	£5,020	£4,723	Target met	Peer group third quartile
<i>Operating margin (overall)</i>	22.80%	24.09%	16.50%	Target met	Peer group top quartile
Operating margin (social housing lettings)	22.80%	23.09%	22.90%	Target met	Peer group lower quartile due to planned investment in staffing and systems in the year
EBITDA MRI (as a percentage of interest)	729.00%	526.30%	405.10%		Peer group median
Gearing (RSH and Scorecard measure)	23.00%	20.54%	14.70%		Peer group median
Management cost per unit	£1,598	£908	£1,006	Target met	19/20 Peer group median 20/21 Peer group third quartile
Maintenance cost per unit	£849	£2,071	£1,065	Target not met	19/20 Peer group median 20/21 Peer group third quartile
Major repairs cost per unit	£552	£1,597	£1,409	Target not met	Under £1,000

Report of the Board

Quartile Ranking	
1	First
2	Second
3	Third
4	Fourth

No colour coding means that either the data is not available, or the ranking was not produced by the BM320.

Note 1: EBITDA MRI = Earnings before interest, tax, depreciation and amortisation (major repairs included).

Areas of underperformance

The overall satisfaction is 88% and we are pleased with this result given the challenges with residents on the consultation regarding the conversion on garages to homes on our largest estate. We now have an active resident panel and have received positive feedback on our new caretaker following the retirement of our longest serving member of staff.

The re-let time has significantly increased and this was due to the higher number of voids where significant void works were required. This in turn negatively impacted the occupancy rate. The Association has now adopted a team work approach for voids where staff from the maintenance and housing management teams convene and assesses the requirement for each void. However, we have experienced and further anticipate challenges due to the Covid-19 pandemic and re-let times to not significantly improve for 2020-21.

The current rent arrears were adversely impacted from a late payment of housing benefits which was paid shortly after 31 March 2020. Without this, the arrears percentage would have been approximately 3%. The Association is currently assessing its approach to arrears management and is aiming to provide a more rounded service with accessing benefits. This is particularly important as we anticipate that our working tenants could require assistance, especially if they have not had to apply for benefits previously.

Our gas safety was below 100% due to a number of tenants shielding following the government's approach for protecting the vulnerable. We are risk assessing each one as to service history, age of the boiler and documenting our attempts for access. It is clear that Covid-19 is still causing a delay in checks being carried out. However, as lockdown eases, we are discussing with our contractors when it may be appropriate to resume the checks.

The maintenance and major repairs costs per unit are both below target, partly due to the higher amount of staff time needed to manage the process, the number of repairs per property and the increased amount of void works that became major repairs. The Association is currently updating the asset management strategy to also include preventative works such as gutter clearing which will, in time, reduce repairs.

Strategy for delivering new homes

The Board has a development strategy, which sets out our ambition to seek opportunities to develop new homes in our chosen area of north London. We will leverage our strong balance sheet to maximise our development potential over the next five years. We have obtained planning permission to convert underused garages on our main estate into six new homes.

Conclusion

The Association and its Board has reviewed the latest Value for Money Standard and can demonstrate that it complies with the regulatory standard on Value for Money and has met the required outcomes.

Report of the Board

Internal Controls

The Board acknowledges its responsibility for ensuring we have in place a system of controls appropriate to the environment in which we operate. These controls are designed to give reasonable assurance with respect to:

- The reliability of financial information used within the Association or for publication;
- The maintenance of proper accounting records;
- The safeguarding of assets against unauthorised use or disposition;
- Bribery and money laundering legislation.

It is the Board's responsibility to establish and maintain systems of internal financial accountability. Such systems can only give reasonable and not absolute assurance against material misstatement or loss. Key elements include ensuring that:

- Formal financial regulations are in place, including rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;
- Forecasts and budgets are prepared which allow the Board to monitor the key business risks and financial objectives and progress towards financial plans set for the year;
- Quarterly accounts are prepared promptly, providing relevant up to date financial and other information. Significant variances from budget are investigated as appropriate;
- All significant new initiatives, major investment commitments and investment projects are subject to formal authorisation procedures through the Board;
- A thirty-year financial plan is prepared to ensure that the Association's finances remain viable in view of planned and potential development and expected future asset management costs. This plan is stress tested using various significant risk scenarios;
- The Risk Management strategy and identification of key risks is reviewed by the Audit and Risk Committee on a quarterly basis;
- An external accountant provides an internal audit service and advises both the Audit & Risk Committee and the Board.

No weaknesses in financial control were found by the Board, which resulted in material losses, contingencies, or uncertainties, which would require disclosure in the financial statements or in the external auditors' report.

The recommendations arising from the Internal Controls Review we commissioned in July 2018 have now been addressed and remedial actions implemented and/or new controls introduced. We are now working on a five-year plan to audit our internal controls going forward. The Board is kept apprised of developments in the Internal Control environment, and reviews the viability and efficacy of these controls at least annually.

During 2018/19, we instigated a programme of process improvements as part of our digital strategy. That work has continued in the current year, but already our control over our finances has been strengthened as a result. Also, we have recently overhauled and modernised our Financial Regulations. All staff are required to confirm that they have read and understood the Regulations.

Statement of the responsibilities of the Board

The Board is responsible for preparing the Report of the Board and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under the Co-operative and Community Benefit Societies Act 2014 the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Association for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;

Report of the Board

- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014 and other applicable legislation and standards. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information 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.

Disclosure of information to auditor

Each of the Board members at the time when this Report of the Board is approved has confirmed that:

- so far as that Board member is aware, there is no relevant audit information of which the Association's auditor is unaware, and
- that Board member has taken all the steps that ought to have been taken as a Board member in order to be aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

Statement of Viability and Going Concern

The Board is confident that the future prospects for the Association are sound. In view of the uncertainties around Covid-19, the Association has assessed and has taken appropriate measures to protect the business operations and finances against the potential impact of Covid-19. The Association's operating budget has been stress-tested for anticipated changes in its key assumptions which might arise as a result of the pandemic, including increases in arrears and void periods, and an increase in works costs and capital cost. This has shown that the Association currently has sufficient capacity to endure the current situation and comply with its current loan covenants.

As at 31 March 2020, the Association had a cash balance of £618,752. By 24 September this had increased to over £870,000. We also have £3,850,000 undrawn funds on our loan facility with Clydesdale Bank.

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.

This report of the Board was approved on 24 September 2020 and signed by order of the Board.



S French
Secretary

Independent Auditors' Report to the Members of Barnsbury Housing Association Limited

Opinion

We have audited the financial statements of Barnsbury Housing Association (the 'association') for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, The Statement of Changes in Reserves, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Board's affairs as at 31 March 2020 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

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.

Emphasis of matter – Impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on the company financial statements, which is not modified, we draw your attention to the directors' view on the impact of the COVID-19 as disclosed on pages 6 and 11, and the consideration in the going concern basis of preparation on page 19 and non-adjusting post balance sheet events on page 33.

There has been a global pandemic from the outbreak of COVID-19, The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The full impact following the recent emergence of the COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the company and group's trade, customers, suppliers and the wider economy.

Conclusions relating to going concern

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

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

Other information

The Board are responsible for the other information. The other information comprises the information included in the annual, other than the financial statements and our auditor's report thereon. 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.

Independent Auditors' Report to the Members of Barnsbury Housing Association Limited

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

As explained more fully in the Statement of the Board's responsibilities statement set out on page 10, the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either 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

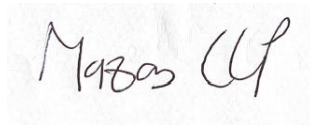
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditors' Report to the Members of Barnsbury Housing Association Limited

Use of the audit report

This report is made solely to the association's members as a body in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014 and Chapter 4 of Part 2 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink that reads "Mazars LLP". The signature is written in a cursive style and is positioned above the printed name of the firm.

Mazars LLP

Chartered Accountants and Statutory Auditor

The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Date:
25 September 2020

Statement of Comprehensive Income

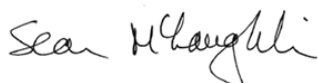
For the year ended 31 March 2020

	Note	2020 £	2019 £
Turnover	3	2,356,642	2,346,937
Operating costs	3	(1,790,809)	(1,687,299)
		<hr/>	<hr/>
Operating surplus	5	565,833	659,638
Finance income	6	106	198
Interest and financing costs	7	(129,018)	(133,850)
Surplus on revaluation of investment property	12	-	462,043
		<hr/>	<hr/>
Surplus and total comprehensive income for the financial year		436,921	988,028
		<hr/> <hr/>	<hr/> <hr/>

The results relate wholly to continuing operations.

The accompanying notes form part of these financial statements.

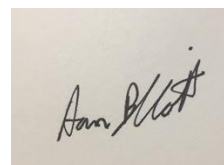
These financial statements were approved by the Board on 24 September 2020.



S McLaughlin
Chair of the Board



S French
Secretary



A Elliot
Chair – Audit and Risk Committee

Statement of Changes in Reserves

	Income and expenditure reserve
	£
Balance at 1 April 2018	8,075,189
Total comprehensive income for the year ended 31 March 2019	988,028
	<hr/>
Balance at 31 March 2019	9,063,217
Total comprehensive income for the year ended 31 March 2020	436,921
	<hr/>
Balance at 31 March 2020	9,500,138
	<hr/> <hr/>

The income and expenditure reserve represents the cumulative surpluses and deficits of the Association.

Statement of Financial Position

At 31 March 2020

	Note	2020 £	2019 £
Tangible fixed assets			
Housing properties	11	17,190,938	17,455,784
Investment property	12	550,000	550,000
Other tangible fixed assets	13	27,825	25,335
		<u>17,768,763</u>	<u>18,031,119</u>
Current assets			
Debtors	14	126,335	70,451
Short term deposits	15	155,455	155,455
Cash and cash equivalents		463,297	807,027
		<u>745,087</u>	<u>1,032,933</u>
Creditors: Amounts falling due within one year	16	<u>(426,839)</u>	<u>(429,276)</u>
Net current assets		<u>318,248</u>	<u>603,657</u>
Total assets less current liabilities		<u>18,087,011</u>	<u>18,634,776</u>
Creditors: Amounts falling due after more than one year	17	<u>8,586,858</u>	<u>9,571,544</u>
Total net assets		<u>9,500,153</u>	<u>9,063,232</u>
Capital and reserves			
Non-equity share capital	20	15	15
Reserves		9,500,138	9,063,217
		<u>9,500,153</u>	<u>9,063,232</u>
Total capital and reserves		<u>9,500,153</u>	<u>9,063,232</u>

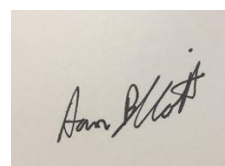
These financial statements were approved by the Board on 24 September 2020 and signed on its behalf by:



S McLaughlin
Chair



S French
Secretary



A Elliot
Chair – Audit and Risk Committee

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 31 March 2020

	Note	2020 £	2019 £
Net cash generated from operating activities	21	800,096	877,214
Cash flow from investing activities			
Purchase of tangible fixed assets		(214,914)	(641,396)
Grants received		-	419,002
Interest received		106	197
Net cash flow from investing activities		(214,808)	(222,197)
Cash flow from financing activities			
Repayment of borrowings		(800,000)	-
New loans		-	-
Interest paid		(129,018)	(133,850)
Share capital received		-	-
Net cash flow from financing activities		(929,018)	(133,850)
Net change in cash and cash equivalents		(343,730)	521,167
Cash and cash equivalents at the beginning of the year		962,482	441,315
Cash and cash equivalents at the end of the year		618,752	962,482

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1 Legal status and principal activity

The Association is registered under the Co-operative and Community Benefit Society Act 2014 and is registered with the Homes and Communities Agency as a Registered Provider of social housing in England. The registered address is shown on page 3.

The Association's principal activity is the provision of social housing.

2 Accounting policies

Basis of accounting

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

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and the Statement of Recommended Practice for registered social housing providers 2018 (SORP), and comply with the Accounting Direction for private registered providers of social housing 2019. Barnsbury Housing Association Limited is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102.

These financial statements are presented in sterling (£).

Statement of Compliance

Barnsbury Housing Association Limited has prepared its financial statements in accordance with FRS 102 for both the current and preceding financial years.

Going concern

The Association's business activities, its current financial position and factors likely to affect its future development are set out within the Report of the Board. The Association has in place long-term debt facilities, which provide adequate resources to finance committed reinvestment and development programmes, along with the Association's day to day operations. The Association also has a long-term business plan, which shows that it is able to service these debt facilities whilst continuing to comply with the lender's covenants.

In view of the uncertainties around Covid-19, the Association has assessed and has taken appropriate measures to protect the business operations and finances against the potential impact of Covid-19. The Association's operating budget has been stress-tested for anticipated changes in its key assumptions which might arise as a result of the pandemic, including increases in arrears and void periods, and an increase in works costs and capital cost. This has shown that the Association currently has sufficient capacity to endure the current situation and comply with its current loan covenants.

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

Significant management judgements

Preparation of the financial statements requires management to make significant judgements and estimates. The following are the significant judgements made in applying the accounting policies of the Association that have the most significant effect on the financial statements.

Impairment

The Covid-19 epidemic is considered to be a potential impairment indicator and therefore a review for impairment has been carried out. We estimated the recoverable amount of our housing properties as follows:

- (i) We determined the level (the cash generating unit) at which the recoverable amount is to be assessed. The CGU was determined to be an individual scheme or block of properties.
- (ii) We assessed the recoverable amount of the CGU.
- (iii) We calculated the carrying amount of the CGU.

Barnsbury Housing Association Limited

(iv) We compared the carrying amount to the recoverable amount to determine if impairment has occurred.

The recoverable amount was determined by calculating a discounted cash flow. Based on this assessment, no impairment charge was deemed necessary.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Investment property

During 2018-19 our former office property at 303B Upper Street was let at market rent. Accordingly, it has been shown as an investment property at fair value. The initial valuation was carried out by a local estate agent based on the recent selling prices of similar properties in the same area. In valuing the property as at 31 March 2020, management has conducted a discounted cash flow analysis. See Note 12 for further information.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to changes to Decent Homes Standards, which may require more frequent replacement of key components. Accumulated depreciation at 31 March 2020 was £7,077,650. The carrying amount of housing properties at 31 March 2020 was £17,190,938.

Turnover

Turnover comprises:

- a) rental income from tenants receivable in the period;
- b) amortisation of capital grants received over the useful life of the asset funded by the grant;
- c) revenue grants (if received);
- d) service charge income, and
- e) commercial rents.

Rental income is recognised from the point where properties become available for letting. Revenue grants are receivable when the conditions for the receipt of agreed grant funding have been met.

Financial Instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised historic cost model.

Debtors

Short term debtors are measured at transaction price, less any impairment. Where deferral of payment terms have been agreed, and where material, the balance is shown at the present value, discounted at a market rate.

Cash and cash equivalents

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

Financial assets carried at amortised cost

Financial assets carried at amortised cost comprise rent arrears, trade and other receivables and cash and cash equivalents. Financial assets are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. If there is objective evidence that there is an impairment loss, the amount of the loss is measured as 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. The carrying amount of the asset is reduced accordingly.

A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

If an arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial liabilities carried at amortised cost

These financial liabilities include trade and other payables and interest bearing loans and borrowings. Non-current debt instruments which meet the necessary conditions in FRS 102, are initially recognised at fair value adjusted for any directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

Pensions

The Association operates a defined contribution pension scheme. The pension costs for that scheme represent contributions payable by the Association in the year.

Housing Properties

Housing properties are properties held for the provision of social housing. They are principally properties available for rent and are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

Improvements are works which result in an increase in the net rental income, such as a reduction in future maintenance costs, or result in a significant extension in the useful economic life of the property in the business. Only the direct overhead costs associated with new developments or improvements are capitalised. Land donated by local authorities and others is added to cost at the market value of the land at the time of the donation.

Depreciation of Housing Properties

Freehold land and properties held for development are not depreciated. Depreciation is charged to write down the net book value of housing properties to their estimated residual value, on a straight line basis, over their estimated useful economic lives in the business. Refurbishment or replacement of the major components is capitalised and depreciated over the estimated useful economic life of the component. The depreciable amount is arrived at on the basis of original cost less residual value.

For the acquisition of 40 units at Highbury View, we have allocated 46% of the total cost to land, which is not depreciated. This amount is based on the NHF depreciation matrix. We accounted for components other than structure at the cost and net book value at which those components were carried in the books of the transferor housing association, and the balance of the purchase price we have allocated to structure.

The Association depreciates the major components at the following annual rates.

Structure	2%
Kitchens and bathrooms	5%
Boilers	7%
Lifts	4%
Windows	4%

Impairment

Annually housing properties are assessed for impairment indicators. Where indicators are identified, and assessment for impairment is undertaken comparing the scheme's carrying amount to its recoverable amount. Where the carrying amount of a scheme is deemed to exceed its recoverable amount, the scheme is written down to its recoverable amount. Any such write down would be charged to income and expenditure.

Investment property

The investment property is shown at fair value, based on an independent valuation. This is re-assessed each year and any difference is taken to the Statement of Comprehensive Income.

Government Grants

Government grants include grants receivable from the Homes and Communities Agency, local authorities, and other government organisations. Such grants are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model. Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate, as long as all conditions for receiving the grant have been fulfilled.

Government grants are subordinated to the repayment of loans by agreement with the HCA. Grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the statement of financial position in creditors.

Other grants

These include grants from other organisations. Grants in respect of revenue expenditure are credited to income and expenditure account in the same period as the expenditure to which they relate.

Other tangible fixed assets and depreciation

Other tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Freehold offices	10%
Furniture, fixtures and fittings	10%
Computers and office equipment	25%
Plant and equipment	20%

Cyclical repairs and maintenance

The Association's cyclical repairs and maintenance costs are charged to the income and expenditure account, as incurred.

Provisions for liabilities

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable the settlement of that obligation will be required, and a reliable estimate of the obligation can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period.

The Association recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next twelve months. The provision is measured at the salary cost payable for the period of absence.

3 Particulars of turnover, operating costs and operating surplus

2020	Turnover	Operating costs	Operating surplus
	£	£	£
Social housing lettings	2,323,092	(1,788,750)	534,342
Non-social housing activities	33,550	(2,059)	31,491
	<u>2,356,642</u>	<u>(1,790,809)</u>	<u>565,833</u>
2019			
Social housing lettings	2,326,921	(1,687,299)	639,622
Non-social housing activities	20,016	-	20,016
	<u>2,346,937</u>	<u>(1,687,299)</u>	<u>659,638</u>

Income and expenditure from social housing lettings

	General needs housing	
	2020	2019
	£	£
Rent receivable net of identifiable service charge	1,981,359	1,987,983
Service charge income	157,047	154,252
Amortisation of government and other grants	184,686	184,686
	<u>2,323,092</u>	<u>2,326,921</u>
Management	271,523	490,683
Service charge costs	334,247	194,466
Routine maintenance	370,661	287,941
Cyclical maintenance	-	-
Major repairs	295,937	138,443
Housing property depreciation	467,385	478,721
Development	46,862	89,990
Deficit on disposal of housing properties	1,947	-
Other costs	188	7,055
	<u>1,788,750</u>	<u>1,687,299</u>
Operating cost on social housing lettings		
	<u>534,342</u>	<u>639,622</u>
Operating surplus on social housing lettings		
	<u>33,420</u>	<u>20,951</u>

4 Accommodation in management and development

	2020	2019
General housing		
Social rent	299	299
Investment property	1	1
	<u>300</u>	<u>300</u>
Accommodation in development at the year-end	<u>6</u>	<u>0</u>

5 Operating surplus

	2020 £	2019 £
Operating surplus is arrived at after charging/(crediting):		
Amortisation of government and other grants	(184,686)	(184,686)
Depreciation of housing properties	467,385	463,091
Deficit on disposal of tangible fixed assets	1,947	-
Depreciation of other tangible fixed assets	7,936	13,633
Operating lease payments	40,000	40,000
Auditors' remuneration (excluding VAT):		
- for audit services	9,450	8,400
	<u>9,450</u>	<u>8,400</u>

6 Interest receivable and similar income

	2020 £	2019 £
Interest receivable from cash deposits	106	197
	<u>106</u>	<u>197</u>

7 Interest and finance costs

	2020 £	2019 £
Interest on loans	99,566	110,066
Costs of obtaining new loan and other charges	29,451	23,784
	<u>129,018</u>	<u>133,850</u>

8 Employees

Average monthly number of employees expressed in full-time equivalents (calculated based on a standard working week of 35 hrs):

	2020	2019
	No.	No.
Administration	2	2
Development	1	1
Housing, support and care	7	6
	<hr/>	<hr/>
	10	9
	<hr/> <hr/>	<hr/> <hr/>
Employee costs:	£	£
Wages and salaries	350,311	332,526
Social security costs	31,430	30,324
Other pension costs	29,494	31,633
	<hr/>	<hr/>
	411,235	394,483
	<hr/> <hr/>	<hr/> <hr/>

There was one employee (2019: one), with remuneration in excess of £60,000 during the year.

9 Key management personnel

Key management personnel are those people having authority and responsibility for planning, directing, and controlling the Association's activities, either directly or indirectly. This includes the Board of Directors and the Chief Executive. The Chief Executive works part time.

The Chief Executive's emoluments (highest paid employee) include:

	2020	2019
	£	£
Basic salary	63,493	62,280
	<hr/> <hr/>	<hr/> <hr/>
Pension contributions	4,994	4,936
	<hr/> <hr/>	<hr/> <hr/>

No emoluments were paid to Board directors during the year (2019: £nil).

No expense allowances were paid during the year to members of the Board (2019: £nil)

There are no special pension arrangements for the Chief Executive, who is an ordinary member of the defined contribution pension scheme.

10 Taxation

The association has charitable status and benefits from various exemptions from taxation afforded by the tax legislation and is not therefore liable to corporation tax on income or gains falling within these exemptions. The association is not registered for Value Added Tax.

11 Tangible fixed assets – housing properties

	Freehold properties held for development £	Freehold housing properties held for letting £	Total £
Cost			
At 1 April 2019	-	23,870,145	23,870,145
Works to existing properties	-	181,647	181,647
Disposal of components	-	(2,443)	(2,443)
Additions	22,841	-	22,841
	<hr/>	<hr/>	<hr/>
At 31 March 2020	22,841	24,049,349	24,072,189
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 April 2019	-	6,414,361	6,414,361
Charge for the year	-	467,385	467,385
On disposals	-	(496)	(496)
	<hr/>	<hr/>	<hr/>
At 31 March 2020	-	6,881,251	6,881,251
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 March 2020	22,841	17,168,098	17,190,938
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2019	-	17,455,784	17,455,784
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Expenditure on works to existing properties

	<u>2020</u> £	<u>2019</u> £
Improvement works capitalised	78,141	147,069
Components capitalised	103,506	194,884
	<hr/>	<hr/>
Total works on existing properties capitalised	181,647	341,953
Amounts charged to the statement of comprehensive income	85,763	106,716
	<hr/>	<hr/>
	267,409	448,669
	<hr/>	<hr/>

Social housing assistance

	<u>2020</u> £	<u>2019</u> £
Total accumulated social housing grant received or receivable at 31 March:		
Recognised in the Statement of Comprehensive Income	5,438,688	5,254,003
Held as deferred income	4,621,544	4,806,229
	<hr/>	<hr/>
	10,060,232	10,060,232
	<hr/>	<hr/>
Capital grant received	9,234,285	9,234,285
Revenue grant received	825,947	825,947
	<hr/>	<hr/>
	10,060,232	10,060,232
	<hr/>	<hr/>

No finance costs have been capitalised.

Impairment

We consider individual schemes to be separate Cash Generating Units when assessing for impairment, in accordance with the requirements of FRS 102 and SORP 2018.

No impairment is considered necessary as at 31 March 2020.

12 Investment properties non-social housing properties held for letting

	2020 £	2019 £
Net book value		
At 1 April	550,000	-
Transfer from Housing properties	-	51,196
Transfer from Other tangible fixed assets	-	36,761
Gain on revaluation	-	462,043
	<hr/>	<hr/>
At 31 March	550,000	550,000
	<hr/> <hr/>	<hr/> <hr/>

During the year ended 31 March 2019 the former office at 303B Upper Street was let at a market rent. The valuation of £550,000 was undertaken by a local firm of valuers, and was based on the then recent selling price of similar properties in the same area. The Board's assessment, based on the net present value of future cash flows, is that the value at 31 March 2020 is at least equal to the initial valuation. Management intends to conduct another formal valuation as at 31 March 2021.

In valuing the investment property, a discounted cash flow methodology was adopted with the following key assumptions.

Discount rate	2%
Annual rent increases	1%
Annual inflation rate	1%

13 Tangible Fixed Assets - Other

	Freehold offices £	Furniture, fixtures & fittings £	Computers & office equipment £	Total £
Cost				
At 1 April 2019	63,270	29,978	120,549	213,798
Additions	-	1,054	9,373	10,427
	_____	_____	_____	_____
At 31 March 2020	63,270	31,031	129,922	224,225
	_____	_____	_____	_____
Depreciation				
At 1 April 2019	62,298	13,210	112,955	188,463
Charge for the year	162	2,331	5,443	7,936
	_____	_____	_____	_____
At 31 March 2020	62,460	15,541	118,399	196,399
	_____	_____	_____	_____
Net book value				
At 31 March 2020	810	15,491	11,524	27,825
	=====	=====	=====	=====
At 31 March 2019	972	16,768	7,594	25,335
	=====	=====	=====	=====

14 Debtors

	2020 £	2019 £
Arrears of rent and service charges	138,178	105,247
Less: provision for bad and doubtful debts	(53,942)	(48,230)
	_____	_____
	84,236	57,017
Prepayments and accrued income	42,099	13,434
	_____	_____
	126,335	70,451
	=====	=====

The difference between the net present value of arrears balances with a payment plan is not materially different from the actual balances. Therefore, no adjustment has been made in these financial statements.

15 Short term deposits

	2020	2019
	£	£
Money market deposits	155,455	155,455
	<u>155,455</u>	<u>155,455</u>

16 Creditors: amounts falling due within one year

	2020	2019
	£	£
Rent and service charges received in advance	68,908	69,304
Trade creditors	50,907	81,654
Deferred grant income (note 18)	184,686	184,686
Other taxation and social security	8,584	9,940
Accruals and deferred income	108,678	76,201
Other creditors	5,076	7,491
	<u>426,839</u>	<u>429,276</u>
	<u>426,839</u>	<u>429,276</u>

The balance above includes an accrual for holiday leave pay of £5,683 (2019: £3,185), which represents holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The accrual is measured as the salary cost payable for the period of absence.

17 Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Debt (note 19)	4,150,000	4,950,000
Deferred grant income (note 18)	4,436,858	4,621,544
	<u>8,586,858</u>	<u>9,571,544</u>
	<u>8,586,858</u>	<u>9,571,544</u>

18 Deferred grant income

	2020 £	2019 £
At 1 April	4,806,229	4,571,913
Released to income in the year	(184,686)	(184,686)
Grant received	-	419,002
	<hr/>	<hr/>
At 31 March	4,621,544	4,806,229
	<hr/> <hr/>	<hr/> <hr/>

	2020 £	2019 £
Amounts to be released within one year	184,686	186,686
Amounts to be released in more than one year	4,436,858	4,621,543
	<hr/>	<hr/>
	4,621,544	4,806,299
	<hr/> <hr/>	<hr/> <hr/>

19 Debt analysis

	2020 £	2019 £
Due within one year	-	-
	<hr/>	<hr/>
Due after more than one year		
Clydesdale Bank plc	4,150,000	4,950,000
	<hr/>	<hr/>
Within one year	-	-
Between one and two years	-	-
Between two and five years	-	-
After five years	4,150,000	4,950,000
	<hr/>	<hr/>
	4,150,000	4,950,000
	<hr/> <hr/>	<hr/> <hr/>

The loan from Clydesdale Bank plc is secured by fixed and floating charges on individual properties.

This loan is a ten year £8m facility, fully revolving for the first five years, with capital repayments thereafter. The loan is interest only for the first five years. Interest is paid quarterly at 1.45% over three-month LIBOR, plus non-utilisation fees of 0.725% on the undrawn balance of the facility.

No adjustments have been made to the carrying value of this loan.

20 Non-equity share capital

	2020 £	2019 £
Number of members		
At 1 April	15	17
Joining during the year	1	-
Cancelled during the year	(1)	(2)
	<hr/>	<hr/>
At 31 March	15	15
	<hr/> <hr/>	<hr/> <hr/>

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distributions on winding up. Each member agrees to contribute £nil in the event of winding up.

21 Cash flow from operating activities

	2020 £	2019 £
Surplus for the year	436,921	988,028
Depreciation of tangible fixed assets	475,321	492,516
Deficit on disposal of fixed assets	1,947	-
Amortisation of government grants	(184,686)	(184,686)
(Increase)/decrease in debtors	(55,883)	4,448
Increase/(decrease) in trade and other creditors	(2,436)	(94,702)
Interest payable	129,018	133,850
Interest receivable	(106)	(197)
Surplus on revaluation of investment property	-	(462,043)
	<hr/>	<hr/>
Cash generated from operations	800,096	877,214
	<hr/> <hr/>	<hr/> <hr/>

22 Analysis of changes in net debt

	At 1 April 2019 £	Cash flows £	At 31 March 2020 £
Cash	962,482	(343,730)	618,752
Bank loans over one year	(4,950,000)	800,000	(4,150,000)
	<hr/>	<hr/>	<hr/>
Total	(3,987,518)	456,270	(3,531,248)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

23 Financial commitments

Capital commitments are as follows.

	2020 £	2019 £
Expenditure contracted for but not provided in the accounts	-	-
Expenditure approved by the Board but not contracted	3,800,000	3,800,000
	<u>3,800,000</u>	<u>3,800,000</u>

The expenditure approved by the Board but not contracted for at 31 March 2020 and 31 March 2019 represents (a) an offer the Association has made for a section 106 development for £2,200,000, (b) the approved cost of the proposals to develop some of the garages at Morland Mews into six new units for £1,600,000,

Since 31 March 2020 the Association has bid £2.1m for a land and buildings development in Highbury, London N5.

Operating lease commitments.

	2020 £	2019 £
Payments due		
Within one year	40,000	40,000
Between two and five years	160,000	160,000
After five years	118,034	158,034
	<u>318,034</u>	<u>358,034</u>

In February 2018 the Association entered a ten-year lease of office premises. The annual rent is £40,000. The rent recognised as expense in the year was £40,000.

24 Related parties

There were no related parties in the year.

25 Post balance sheet events

The Association continues to assess the possible effect of the global pandemic on its business operations. As noted in the Board Report, management has stress-tested the operating budget for possible costs arising from the pandemic, and has concluded that there is no realistic prospect of any material additional costs and therefore it is appropriate to prepare these accounts on the going concern basis.