

**Registered number: LH0888**

**PETER BEDFORD HOUSING ASSOCIATION LIMITED**

**Financial statements**

**Year ended 31 March 2020**

# **PETER BEDFORD HOUSING ASSOCIATION LIMITED**

## **INDEX**

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<b>Information</b>	<b>1</b>
<b>Strategic Report</b>	<b>2</b>
<b>Independent Auditor's Report to the members of Peter Bedford Housing Association Limited</b>	<b>14</b>
<b>Statement of Comprehensive Income</b>	<b>17</b>
<b>Statement of Financial Position</b>	<b>18</b>
<b>Statement of Changes in Reserves</b>	<b>19</b>
<b>Statement of Cash Flows</b>	<b>20</b>
<b>Notes to the Financial Statements</b>	<b>22</b>

# **PETER BEDFORD HOUSING ASSOCIATION LIMITED**

## **INFORMATION**

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### **BOARD**

Tim Browning  
Tim Butler  
Kevin Farrell  
Carly Fordham  
Louise Graham  
Cub Llewellyn-Davies  
Andy Love  
Paul Richmond  
Pilar Sanchez

### **REGISTERED OFFICE**

Kingsland Hub  
242-248 Kingsland Road  
London  
E8 4DG

### **SOLICITORS**

Devonshires  
30 Finsbury Circus  
London  
EC2M 7DT

### **AUDITORS**

Mazars LLP  
The Pinnacle  
160 Midsummer Boulevard  
Milton Keynes  
MK9 1FF

### **BANKERS**

Barclays Bank PLC  
Barclays Business  
1<sup>st</sup> Floor  
27 Soho Square  
London  
W1D 3QR

### **REGISTERED UNDER THE CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014**

Registration number 20037R

### **REGISTERED BY THE REGULATOR OF SOCIAL HOUSING**

LH 0888

## Constitution

Peter Bedford Housing Association Limited (PBHA) is a Social Housing Provider registered under the Co-operative and Community Benefit Societies Act 2014 (Registration number 20037R) and registered with the Homes and Communities Agency (Registration number LH0888).

## Principal activities

The principal activity of Peter Bedford Housing Association Limited is the provision of housing with support and access to community activities, work schemes, training and employment for people who have suffered social exclusion for example people who have been homeless, who face challenges through mental ill-health, or through drug or alcohol misuse, people who have been in prison and also people with learning disabilities.

## Review of results

The Association made a deficit for the year of £14,110 (surplus of £2,048,274 in 2018-19 - which included the surplus on the sale of 5 units in Croftdown Road [£1,891,439] – the underlying surplus in that year was £156,835). The deficit for the year of £14,110 compares with a budget surplus of £220,807. Void properties has been the main contributing factor as staff absence and changes have impacted more negatively than planned, the rent was not able to be collected on these properties and there were greater than expected repairs prior to re-letting. The asset management programme, and an impairment charge for a property needing upgrade, has also negatively impacted on the outturn. We invested more heavily than planned in this property as we were realising our strategy to house older people.

PBHA celebrated its 50<sup>th</sup> anniversary this year with tenants and staff. We held a series of exhibitions, a party in Clissold Park and a charity auction. The remaining publication and event have been delayed by Covid-19 but will continue into 2020-21.

## Future Developments

PBHA is in the last year of its 5 year strategy, 2015-20 following a review in year 3. The focus remains to meet growing demand as the safety net for adults with vulnerabilities reduces and housing need rises in London. This focus to the end of the strategy is to:

- Invest in our houses and implement our asset management strategy;
- Increase the number of people we house through increasing turnover (through positive move on), lettings and maximising the number of houses we manage; and
- Diversify and maintain our income but to maximise the value for money and impact in the services we provide.

We are into the third year of our 30 year asset management strategy and are funding this through surpluses and part of the receipt from the sale of our only property in Camden in 2018. We are working towards ensuring we can fund this from improvements in efficiency and growth in properties owned from 2022-23 onwards.

We are preparing for the end of 21 year leases across 68 units of our stock in 2025.

### **Land and buildings**

Details are set out in note 9. The Association's land and buildings appear on the Statement of Financial Position at cost.

### **Going Concern**

The Board has a reasonable expectation that the Association has adequate resources to continue in operation for the foreseeable future and the going concern basis has continued to be adopted in preparing the financial statements.

### **Reserves**

The Board have considered the need to maintain a level of reserves that will ensure both smooth day to day running of the organisation and allow for investment in improving and increasing its housing stock.

PBHA is developing a new Business Plan to 2025 which will be thoroughly stress tested.

### Board and Senior Management Team

During the financial period the following were members of the Board:

Andy Love	Chairman
Tim Browning	
Tim Butler	(appointed 29 February 2020)
Kevin Farrell	
Carly Fordham	(appointed 26 September 2019)
Louise Graham	(appointed 25 July 2019)
Cub Llewellyn-Davies	
Jakki Moxham	(resigned 26 September 2019)
Paul Richmond	
Pilar Sanchez	(appointed 29 February 2020)
Paul Wells	(resigned 30 September 2019)

The members of the Senior Management Team were:

Clare Norton	Chief Executive Officer
Philip Brown	Director of Finance and IT
Vanessa Morris	Director of Services (to 6 December 2019)
Chris Deacon	Director of Services (from 6 January 2020)

The Board members hold one fully paid share of £1 in the Association. The Senior Management Team members hold no interest in the Association's share capital and are not members of the Board.

### Employee involvement

Employees are informed and consulted on matters concerning them through team meetings, team briefs, an annual staff and volunteer conference, and regular supervision meetings with their managers. PBHA also recognises and consults through Unite the Union.

### Responsibilities of the Board

The Association complies with the National Housing Federation (NHF) Code of Governance: Promoting Board Excellence for Housing Associations 2015. The Board confirms that the Association has met the Regulator for Social Housing's regulatory expectations in the Governance and Viability Standard. The Chair appraises all Board members regularly to ensure the Board is developed to carry out its role.

#### (a) Shareholding membership

The Association has a shareholding membership of 26 which elect the Board at the Annual General Meeting. Of these, 9 are beneficiaries.

#### (b) Constitution of the Board

Board members may serve for a maximum of nine years, those who have not reached their nine-year term being required to stand down every three years and offer themselves for re-election if

**STRATEGIC REPORT**

**For the year ended 31 March 2020**

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they so wish. A systematic approach to Board renewal ensures that Board members between them have the skills, qualities and experience to properly oversee the Association's work. Three roles on the Board are dedicated for people with lived experience of using services similar to PBHA's.

**(c) Involvement of tenants and participants**

To improve tenant involvement the Association has established the Peter Bedford Forum, neighbourhood forums and the Tenants Efficiency Panel. A board member attended the forum this year to better understand matters under discussion. Tenants and participants are integral to developing the way in which the Association works. The Association has a Participation Strategy and an employee who leads on Participation. Outpost showcased 9 successful art exhibitions from vulnerable adults reaching out to 6,624 local people. Tenants and participants run women's and men's health groups, peer support groups, community connectors, the canteen and gardening services, and publish The Rising Star, a quarterly tenant newsletter.

The 2020 Tenant survey reported that 72% of tenants were satisfied with PBHA's service (slightly down from the previous year of 77%). An area we have been working to improve following the previous year's results is satisfaction with repairs and maintenance. This improved from 54% satisfaction to 66% as we transitioned to a new repairs contractor towards the end of the year. However, satisfaction with the Quality of the home fell from 69% to 61% which suggests the stock investment works have not reached all tenants yet. All aspects of satisfaction require further improvements this year if we are to return to the sector's highest performing associations. Plans are underway to improve how we listen to your views and Repairs and maintenance with a greater reliance on real time data. 96% of participants achieved their non-accredited learning outcomes.

We continue to move forward on the areas in the 2015-20 strategy which tenants highlighted. Increasing numbers of tenants who are either in work or seeking work (38%) remains at a high level. We have adapted our Enterprises and Training offer to meet the need of tenants to become more digitally skilled. We improved the numbers of participants who were digitally active by three quarters to 87%. We had significant success moving tenants on in a planned and positive way achieving 78% of moves positively compared to a target of 60%. We refurbished dedicated housing for older tenants and for the peer landlord properties and these opened for lettings in 2019-20. We continued to invest significantly in major repairs and renewals to improve the housing stock, particularly kitchens, bathrooms, decorations, boilers and fire safety.

**(d) Managing diversity**

The Association operates and monitors equal opportunities and anti-discrimination policies and procedures. It will always act in accordance with the Equality Act and best practice, and has an Equality and Diversity working party. Currently 74% of employees are women, 52% are Black or Minority Ethnic, 23% are aged under 30, 14% are aged over 55, 14% have a disability, and 26% have lived experience. These proportions broadly reflect the communities served and our move to encourage applications from men and older people has been successful better reflecting the client group. We now are encouraging applications to increase greater ethnic diversity at senior and Board level. PBHA has maintained its status as a Disability Confident Committed Employer, a Mindful Employer and a London Living Wage employer. 58 people volunteered with PBHA, a slight increase from the previous year. Front of house, retail and teaching assistant were the most popular volunteering activities.

**STRATEGIC REPORT**  
For the year ended 31 March 2020

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**(e) Internal control**

The Board has overall responsibility for the Association's whole system of internal controls and reviewing its effectiveness. No system of internal controls can provide absolute assurance against material misstatement or loss or eliminate all risk of failure to achieve the Association's objectives. The Association's system is designed to manage key risks and provide the Board with reasonable assurance that planned objectives and outcomes are achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Association's assets.

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

- **Identification and evaluation of key risks**  
Responsibility has been clearly defined for the identification, evaluation and control of significant risks. The Board identified our key risks and agreed our Risk Management Strategy. There is an ongoing process of management review in each area of the Association's activities. The Senior Management Team regularly consider significant risks facing the Association and the Director of Finance & IT is responsible for reporting to the Board any significant changes affecting key risks. We have an organisation wide approach to identifying and managing risk.
- **Monitoring and corrective action**  
A process of control and regular monthly management reporting on control issues provides assurance to the Senior Management Team and to the Board. This includes ensuring that corrective action is taken in relation to any significant control issues, particularly those that may have a material impact on the financial statements, the achievement of objectives or the delivery of our services.
- **Control environment and control procedures**  
The Board retains responsibility for a defined range of issues covering strategic, operational, financial, and compliance issues. The Board has adopted, and disseminated to all staff, a Code of Conduct. This sets out the Association's policies with regard to the quality, integrity and ethics of its staff. The Code of Conduct is supported by a framework of policies and procedures which staff must comply with. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection.
- **Information and financial reporting systems**  
Financial reporting systems include annual budgets, monthly management accounting, variance reporting and six monthly reforecasting. These are reviewed in detail by the Senior Management Team and are considered and approved by the Board. The Board also regularly reviews key performance indicators to assess progress towards the achievement of key objectives, targets and outcomes.

The Board has conducted its annual review of the effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of the risk management and control process.

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Association. This process has been in place throughout the year and is regularly reviewed by the Board.

**STRATEGIC REPORT**  
**For the year ended 31 March 2020**

The Board has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2020 and until the signing of the financial statements.

We planned for the exceptional risk of the UK leaving the EU on 31 January 2020. We developed an emergency contingency plan. The areas we view as highest risk are increases to living costs, fuel and utilities, interruptions to medication for our tenants and less availability of staff as the labour market shrinks across supported housing. We have developed strong protocols with local authorities, Hackney and Islington which have helped to mitigate some of these risks. There have been no discernible risks which have materialised to date, however until we leave the Transition period on 31 December 2020, we remain alert to the potential risks.

The Coronavirus (Covid-19) pandemic began just before the end of the reporting period and at the time of writing the full impact of the pandemic is still not clear. However, it is clear that trading income is falling and some costs are rising. At this point the net impact has been negligible due to government support and fundraising, however we do not expect this to remain the case. In the medium to long term we expect there to be an ongoing impact on tenants’ health and prosperity. Their employment prospects are likely to suffer, alongside their wellbeing due to isolation and the rising cost of living. As a consequence, we expect to need to invest heavily in employment and training support, while at the same time retracting our trading activities. We also need to resource our preparations for Covid-19 to impact on our ability to support and train very vulnerable people and therefore are expecting to need to access more digital forms of communication for very vulnerable and isolated tenants. We expect to be able to fundraise for the majority of this activity. We do not anticipate Covid-19 will impact on our ability to trade as a going concern, as we expect to be able to manage costs to mitigate any fall in income.

**(f) Value for Money**

This statement is written in accordance with the Value for Money Standard published in April 2018 by the Regulator of Social Housing.

The Board receives regular updates against our **performance scorecard** to monitor performance. A sample of the financial measures are below. Where relevant these measures are benchmarked with similar organisations through membership of Acuity <http://www.arap.co.uk/>

	<b>Target for 2019-20</b>	<b>At 31 March 2020</b>	<b>At 31 March 2019</b>
Operating margin %	6.7%	0%	5.5%
4 week running average of rent collected	£45,000	£40,725	£39,701
Current tenant arrears as a % of rent roll	6.5%	8%	9%
% of void loss	6%	12.2%	8%
Funds raised incl. future and multi-year	£220,000	£116,367	£204,243
Property investment deficit	£305,152	£401,806	£605,132
% of service users digitally active	60%	87%	Unknown

This year has been disappointing in terms of lettings which has impacted on margin and fundraising. Changes in staffing and management over the year impacted on our ability to let properties as did a community closure. Significant investment in our major works programmes has led to the Property deficit significantly improving as well as contributing to the rise in void properties as the works were undertaken.

**STRATEGIC REPORT**  
For the year ended 31 March 2020

We invested in refurbishing a property to prepare it for older tenants as part of our strategy to diversify our accommodation. The time to decant the property and the voids we incurred impacted over several years. Fundraising has been disappointing however, as we seemed to enter a cyclical dip this year. However several multi-year proposals developed in 2019-20 have borne fruit in 2020-21. Our capacity to grow new proposals has also developed over the year which has meant at times we have not had developed enough proposals for success. Rent collection while improving still remains an area for further improvement.

The following metrics are required to be published in accordance with the **Regulator of Social Housing’s Value for Money standard**. We have benchmarked them against peers in our Supported Housing benchmarking group.

VFM Metric	2020 Benchmark*	PBHA 2020	Quartile	2019 Benchmark*	PBHA 2019
Reinvestment	4.8%	5.63%	Q2	3.68%	2.27%
New Supply Delivered – Social Housing	1.28%	0%	N/A	3.1%	N/A
New Supply Delivered – Non Social Housing	0%	N/A	N/A	0%	N/A
Gearing	4%	3%	N/A	5.98%	3.6%
EBITDA MRI (Interest Cover)	459%	(1902%)	N/A	227%	161%
Headline Social Housing Cost per Unit	£12,474	£12,075	Q2	£10,755	£10,561
Operating margin – Social Housing Lettings	8.1%	(0.32%)	Q4	10.11%	5.4%
Operating margin – overall	4.31%	0%	Q4	5.5%	5.5%
ROCE	1.7%	0%	Q4	3.42%	12.87%

\*Acuity supported housing benchmarking peer group median with 23 members, Quartiles 1 = highest; 4 = lowest. The benchmark group is supported housing associations across the country. When we benchmark with London supported housing providers with 50 to 3000 units some benchmarks move and this is explained where relevant.

Our operating margin has fallen to quartile 4 from quartile 2 this year, as a result of the above issues on lettings, refurbishment and fundraising. Despite Covid-19 impacting at the start of 2020-21, we are projecting a more positive margin as we have recovered our lettings and fundraising positions.

As a housing association which has not developed for a significant time, our gearing is low. We are developing plans to build more homes within our existing portfolio, and over the coming years increase the number of homes we offer. We are being cautious in any development to ensure our interest cover is acceptable and so are developing a Development Strategy to clarify our options.

PBHA’s portfolio of largely shared dispersed street properties, the support needs of our client group and the challenging funding climate has meant it had been difficult to achieve sufficient levels of investment until last year. We have continued to invest in improving properties over the long term in line with our

**STRATEGIC REPORT**  
**For the year ended 31 March 2020**

Asset Management Strategy. As expected this has led to a significant increase in the Reinvestment metric, and we have moved up to quartile 2. The Return on Capital Employed decreased this year as last year’s was influenced by the sale of a property. Over the coming five years, our strategy is to grow our return (margin) so we can re-invest this into the long term future of our properties. We have been unable to achieve this this year due to high levels of void properties and additional property investment. However, we have learned from this experience and are on much more solid ground for 2020-21.

Our Headline social housing cost per unit has increased this year but it appears so has the benchmark and therefore we have stayed at quartile 2. We are seeing the benefit of streamlining our operations over the past few years with central services reducing in size and scope.

The **Social Impact** PBHA creates is central to PBHA’s purpose, and therefore we have measured this impact using the HACT Wellbeing Valuation Approach for the second time this year. We have been able to capture £4,363,047 of social impact created (unaudited) on a like for like basis with 2018-19.

- Housing and Recovery created £3,504,838 of social impact through activities such as training, tenant satisfaction with the neighbourhood, providing a support service for people in temporary accommodation, and enabling people to take part in tenants groups.
- Enterprises and Training created £858,209 of social impact through activities such as helping people gain full and part time employment, training for employment, social groups and volunteering.

The above calculations are provisional and will be certified by HACT. We will then remove the costs of the providing the service. We will publish our full Social Impact report for 2019-20 on our website. In future years, we will change some of our assumptions on impact created with general needs tenants.

This table demonstrates how we performed against our **Value for Money objectives** in 2019-20.

<b>Value for Money Objective</b>	<b>Action taken 2019-20</b>
1. Invest £659,000 in improving our assets, our target for Reinvestment is 6%	We invested £577,000 in our properties over the year achieving 5.63%.
2. Collect £39,500 Rent each week improving rent collection rates to 6.5% and to benchmark at quartile 3, maintaining the reduction in bad debts	We collected £40,725 on average each week in rent. Current rent arrears rates improved to 8% from 9%, although write offs increased slightly from £35,500 to £51,000. We have stayed at quartile 4.
3. Progress development plans to build more homes in line to achieve growth of 12 homes by March 2020, thereby improving New Supply delivered metric (target 4.1%)	We have been unable to achieve this objective, despite spending significant time developing plans to build a new property which has ultimately proved unviable. We are evaluating new opportunities as we create a Development strategy.
4. Increase the number of people we support or house to 600.	We supported 563 people in this year, a 10% increase on the previous year. The numbers of people we could work with was affected by Covid-19 towards the end of the year.

**STRATEGIC REPORT**  
For the year ended 31 March 2020

5. Achieve an operating margin of 6.7%	We achieved a margin of 0% due to higher levels of voids than expected and additional investment in homes.
6. Achieve £4,000,000 social impact created across Peter Bedford HA using the HACT Wellbeing Valuation Approach and increasing the tools we use to capture social impact.	We achieved a social impact of £4,363,047 when using comparative methods to 2018-19. This is a very slight fall from the impact created in 2018-19 of £4,411,529 but considerably above the target.
7. Review enterprises delivery and model adjusting to funding changes and to move closer to viability.	<p>The Workshop and Outpost delivery were reviewed in year, and as a result we chose to end the lease at The Workshop and transfer these activities to Kingsland Hub. This then led to us negotiating a year rent free at the premises.</p> <p>The Outpost service lease was due to end in July 20, and this alongside sustainability issues partly related to Covid-19 led us to decide to cease trading from July 20 onwards.</p> <p>These changes will make a significant positive difference to enterprises viability.</p>
8. Improve satisfaction rates focusing on repairs, listening to tenants' views and value for money.	Satisfaction rates have improved in repairs and listening to tenants' views. Value for money stayed static. Overall satisfaction with the service has improved to quartile 3.
9. Reduce long term ASB voids from 30% to 20% of all voids.	The impact of ASB voids reduced during the year as we repaired and re-let the properties concerned. This no longer merits specific attention.
10. Reduce Headline social housing cost to £10,000 aiming for quartile 3.	This has increased from £11,413 to £12,075. We are pleased to have achieved a quartile 2 benchmark while delivering great outcomes for tenants.
11. Raise a similar amount of funds through fundraising more efficiently, achieving an improved fundraising ratio of 1:4.	We raised £116,000 this year despite reduced staff resources, this meant we exceeded the fundraising ratio by achieving 1:5. However, this amount of fundraising is not enough to meet the demands presented to us and so we are putting more senior management time into fundraising going forward.

**Additional value for money achievements:**

1. Review of The Workshop will result in an ongoing saving of £20,000 from 2021-22; restructuring Marketing will result in an ongoing saving of £11,500 per annum.
2. Economically active tenants continued to increase to 38%, from 31% in 2017-18.

**STRATEGIC REPORT**

**For the year ended 31 March 2020**

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3. We re-tendered our day to day repairs service and envisage some savings. We retendered with another housing association to obtain the most competitive tender available, which was more focused on the social value it could offer and improving tenant satisfaction opportunities. We expect the combination of price and quality of the successful company, will improve the repairs experience for tenants.
  4. We increased the number of people we supported or housed this year by another 10% to 563, with less resources to do so (we also increased the number of people we work with by 10% in the previous year).
  5. Enterprises and Training achieved a higher retention rate for learners completing their course of 96% (increased from 74% in 2018-19) with 96% achieving their learning goals for non- accredited learning and 80% for accredited learning.
  6. We diversified our models of accommodation to offer Housing First in partnership and Peer Landlord and Older Persons accommodation. This will enable us to learn and respond in an agile way should Supported housing funding be disrupted in the future.
  7. We successfully negotiated uplifts in the Islington mental health contracts to cover increased costs.
  8. We maintained a reduction in negative outcomes having reduced evictions by 25% since 2017-18
  9. We invested in and developed 58 volunteers over the year across Peter Bedford.

Our **Value for Money action plan** for 2020-21 is to:

1. Achieve a void loss of 7.5% taking us to quartile 3
2. Collect £41,000 Rent each week improving current rent arrears rates to 6.5% and to benchmark at quartile 3
3. Adopt a Housing Development strategy and develop the remaining Hidden Homes for completion in 2021-22.
4. Increase the number of people we support or house to 650, although this will be very challenging due to Covid-19.
5. Achieve an operating margin of 4.2%
6. Achieve £2,500,000 social impact created across Peter Bedford HA using the HACT Wellbeing Valuation Approach and embedding the Wellbeing star tool we use to capture social impact.
7. Review the Enterprises and Training model adjusting to presenting needs arising from Covid-19 while achieving viability.
8. Further improve satisfaction rates focusing on repairs and the quality of the home as we have new contractors and are starting real time satisfaction reporting. We are aiming to reach quartile 3 for satisfaction with repairs and maintenance and listening to tenants' views. While both listening to tenants' views and value for money satisfaction levels have improved, we will continue to concentrate our work in these areas as particularly with Listening to Tenants' views we aspire to be much better at this.
9. Reduce Headline social housing cost to £11,000 aiming for quartile 1 or 2.
10. Raise £220,000 multi-year funding, a higher level through fundraising to meet growing need.

**STRATEGIC REPORT**  
**For the year ended 31 March 2020**

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Our **Value for Money action plan** to 2025 is to:

1. Reduce void rates to 5.5% or quartile 2 from 4
2. Achieve high rent collection rates at quartile 2 or 3 achieving 100% after voids
3. Grow the margin to meet the requirements for investment in the housing stock to £350,000 per annum
4. Catch up with investment in the housing stock by 2021-22.
5. The Enterprises and Training service to achieve viability through combined financial and social impact measures.

PBHA's Annual Impact Report and Social Impact Statements 2019-20 will be published on our website. Our Annual Impact Report will be distributed to our stakeholders - tenants, referral agencies, funders and local government agencies.

**(g) Responsibilities in respect of the accounts**

The Co-operative and Community Benefit Societies Act 2014 requires the Association to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus/deficit of the Association for that period. In preparing these accounts the Board is required to:-

1. Select suitable accounting policies and then apply them consistently.
2. Make judgments and estimates that are reasonable and prudent.
3. State whether applicable accounting standards have been followed.
4. Prepare the Accounts on the going concern basis unless it is inappropriate.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the accounts comply with the Co-operative and Community Benefit Societies Act 2014. The Board 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, by establishing and maintaining a satisfactory system of control over the Association's accounting records, cash holdings and all its receipts and remittances.

The Board members who held office at the date of approval of this Board report, confirm that, so far as they are each aware there is no relevant audit information of which the Association's auditors are unaware; and each Board member has taken all steps that they ought to have taken as a Board member to make themselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

**STRATEGIC REPORT**  
For the year ended 31 March 2020

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**(h) Board members' indemnity**

The Board has confirmed that the Association does have Board member and Officers insurance in place.

**(i) Financial instruments**

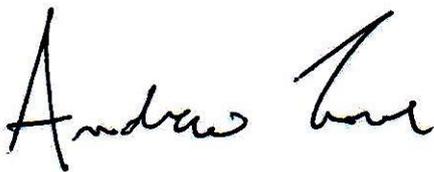
The Association does not have any abnormal exposure to price, credit, liquidity and cash flow risks arising from its trading activities. The Association does not enter into any hedging transactions and no trading in financial instruments is undertaken.

**(j) Disclosure of information to the auditor**

In the case of the persons who were Board members of the Association at the date when this report was approved:

- So far as each of the Board members is aware, there is no relevant audit information of which the auditor is unaware; and
- Each Board member has taken all the steps that they ought to have taken as a Board member to inform themselves of any relevant audit information (as defined) and to establish that the auditor is aware of that information.

On behalf of the Board

A handwritten signature in black ink that reads "Andy Love". The signature is written in a cursive, flowing style.

Andy Love  
Chairman

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PETER BEDFORD HOUSING ASSOCIATION LIMITED**

**For the year ended 31 March 2020**

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## Opinion

We have audited the financial statements of Peter Bedford 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 association's affairs as at 31 March 2020 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 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 7 and 36, and the consideration in the going concern basis of preparation on page 24.

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 Covid-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the association's trade, customers, suppliers and the wider economy.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PETER BEDFORD HOUSING ASSOCIATION LIMITED**

For the year ended 31 March 2020

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### 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 is responsible for the other information. The other information comprises the information included in the annual report, 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.

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 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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PETER BEDFORD HOUSING ASSOCIATION LIMITED**

**For the year ended 31 March 2020**

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fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of the audit report**

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



Mazars LLP  
Chartered Accountants and Statutory Auditor  
The Pinnacle  
160 Midsummer Boulevard  
Milton Keynes  
MK9 1FF

Date: 01 September 2020

**PETER BEDFORD HOUSING ASSOCIATION LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

**For the year ended 31 March 2020**

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		<b>2020</b>	<b>2019</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>TURNOVER – continuing operations</b>	3	<b>3,173,806</b>	3,238,321
Operating costs	3	<b>(3,175,849)</b>	(3,066,036)
Pension deficit charge	18	<b>4,000</b>	6,000
Gain on disposal of fixed assets		<u>–</u>	<u>1,891,439</u>
<b>OPERATING SURPLUS</b>		<b>1,237</b>	2,069,724
Finance income		<b>10,843</b>	9,124
Interest and financing costs	5	<u><b>(26,190)</b></u>	<u>(30,574)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><b>(14,110)</b></u>	<u>2,048,274</u>

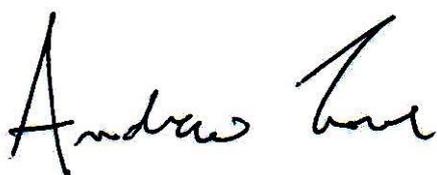
PETER BEDFORD HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION  
At 31 March 2020

	Notes	2020 £	2019 £
<b>TANGIBLE FIXED ASSETS</b>			
Housing properties – cost less depreciation	9	10,252,918	10,040,108
Other property, plant & equipment – cost less depreciation	9	3,284,412	3,319,909
<b>TOTAL FIXED ASSETS</b>		<b>13,537,330</b>	<b>13,360,017</b>
<b>CURRENT ASSETS</b>			
Stock		15,956	16,445
Debtors	10	327,965	181,776
Cash at bank and in hand		2,708,936	3,262,231
		<b>3,052,857</b>	<b>3,460,452</b>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	11	<b>(775,986)</b>	<b>(733,872)</b>
<b>NET CURRENT ASSETS</b>		<b>2,276,871</b>	<b>2,726,579</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>15,814,201</b>	<b>16,086,596</b>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	12	<b>(8,869,774)</b>	<b>(9,128,059)</b>
<b>NET ASSETS</b>		<b>6,944,427</b>	<b>6,958,537</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	16	26	32
Revenue reserves		6,944,401	6,958,505
<b>TOTAL CAPITAL AND RESERVES</b>		<b>6,944,427</b>	<b>6,958,537</b>

The notes on pages 22 to 36 form an integral part of these financial statements.

The financial statements on pages 17 to 36 were approved by the Board of Management on 23 July 2020 and were signed on its behalf by:



Member of the Board of Management



Member of the Board of Management

**PETER BEDFORD HOUSING ASSOCIATION LIMITED**

**STATEMENT OF CHANGES IN RESERVES**

At 31 March 2020

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	<b>Revenue Reserves 2020 £</b>	<b>Revenue Reserves 2019 £</b>
<b>BALANCE AT 1 APRIL</b>	<b>6,958,505</b>	4,910,231
<b>Net reduction in shareholders capital (see note 16)</b>	<b>6</b>	–
Surplus / (deficit) from statement of comprehensive income	<b>(14,110)</b>	2,048,274
<b>BALANCE AT 31 MARCH</b>	<b>6,944,401</b>	6,958,505

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**PETER BEDFORD HOUSING ASSOCIATION LIMITED**

**STATEMENT OF CASH FLOWS**  
**For the year ended 31 March 2020**

	Notes	2020 £	£	2019 £	£
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	A	<b>107,237</b>		257,448	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Interest paid		(26,190)		(30,574)	
Interest received		10,843		9,124	
Housing loan repaid		(295)		(1,497)	
Other loans repaid		(23,986)		(22,932)	
Shares issued		4		2	
Shares forfeited		(10)		(2)	
			<b>(39,634)</b>		(45,879)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Additions to housing properties		(577,194)		(227,836)	
Purchase of other fixed assets		(43,704)		(39,071)	
Proceeds from the disposal of housing properties		–		1,900,000	
			<b>(620,898)</b>		<u>1,633,093</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>			<b>(553,295)</b>		(84,504)
Cash and cash equivalents at the beginning of the year			<b>3,262,231</b>		<u>1,417,569</u>
Cash and cash equivalents at the end of the year			<b>2,708,936</b>		<u>3,262,231</u>

**PETER BEDFORD HOUSING ASSOCIATION LIMITED**

**STATEMENT OF CASH FLOWS**

**For the year ended 31 March 2020**

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**A) RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Surplus / (deficit) for the year	(14,110)	2,048,274
Movement in stock	489	(647)
Movement in debtors	(146,189)	16,256
Movement in creditors	40,115	6,237
Depreciation	252,243	265,279
Impairment to housing properties	191,342	–
Movement in capital grants	(170,000)	(180,976)
Grant recycled	–	5,488
Movement in pension liability	(62,000)	(39,000)
Surplus on disposal of housing properties	–	(1,884,913)
Interest payable	26,190	30,574
Interest received	(10,843)	(9,124)
Net cash inflow from operating activities	<u><b>107,237</b></u>	<u><b>257,448</b></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

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**GENERAL INFORMATION**

Peter Bedford Housing Association Limited (PBHA) is a Social Housing Provider registered under the Co-operative and Community Benefit Societies Act 2014 (Registration number 20037R) and registered with the Homes and Communities Agency (Registration number LH0888).

**1. ACCOUNTING POLICIES**

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

**(a) Basis of accounting**

The financial statements are prepared under the historical cost convention, modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (March 2018) (FRS102) issued by the Financial Reporting Council and comply with the Statement of Recommended Practice for registered social housing providers 2018 Update (SORP), the Housing and regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2019. PBHA is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed "PBE" in FRS 102.

The March 2018 edition of FRS 102 includes amendments arising from the Financial Reporting Council's triennial review of the standard.

**(b) Turnover**

Turnover primarily represents rents and service charges receivable (net of losses from voids), Supporting People Grant together with sundry sources of income.

**(c) Depreciation and impairment**

***Housing Properties***

Freehold land is not depreciated. Depreciation is charged so as to write off the cost of freehold housing properties, to their estimated residual value on a straight line basis over their expected useful economic lives as follows:

Structure: 100 years

Major components are treated as separable assets and depreciated over their expected useful life as follows:

Roofs:	70 years	Electrical installations:	40 years
Kitchens:	20 years	Mechanical systems:	30 years
Bathrooms:	30 years	Windows:	30 years
Boilers:	15 years		

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

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**1. ACCOUNTING POLICIES (Continued)**

***Impairment of social housing properties***

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of asset exceeds its recoverable amount, an impairment loss is recognised in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and included in the Statement of Comprehensive Income.

***Other property, plant & equipment (PP&E)***

Depreciation is calculated to write off the cost of other PP&E over their estimated useful lives as follows:

Head office fit-out	3 $\frac{1}{3}$ % straight line
Computer equipment	33 $\frac{1}{3}$ % straight line
Office and shop equipment	20 % straight line

The costs of acquisition of the Head Office lease are being written off over the lifetime of the lease which is 250 years.

**(d) Social Housing Grant (SHG) and other grants**

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the expected useful life of the housing property structure and components.

Grants received from non-government sources are recognised as revenue using the performance model.

**(e) Improvements to properties**

Expenditure on existing housing properties, other than the replacement of components, is capitalised when it:

- Relates to a major overhaul of the property;
- Improves the economic benefit of the asset either through an increase in rental income, a reduction in maintenance costs or through an extension of the life of the property.

**(f) Interest and financing costs**

Interest charges incurred on the financing of housing properties are capitalised up to the date of practical completion. Interest charges arising after that date are charged to the income and expenditure account.

**(g) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and demand deposits.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

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**(h) Operating leases**

Rentals payable under operating leases are charged on a straight line basis over the term of the lease.

**(i) Pension costs**

Contributions payable to individual staff member's pension schemes are charged to the statement of comprehensive income in the period to which they relate.

**(j) Financial instruments**

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

***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.

**(k) Stock**

Stock is carried at cost less any provision for stock unlikely to be sold.

**(l) Going concern**

After reviewing the Association's forecasts and projections, and considering the implications of the Covid-19 pandemic on cash flows, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Association continues to adopt the going concern basis in preparing its financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2020

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**2. SIGNIFICANT MANAGEMENT JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

**Significant management judgements**

The following is a management judgement in applying the accounting policies of the Association that have the most significant effect on the amounts recognised in the financial statements.

*Impairment of social housing properties*

The Association have to make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP. The assessment is that there are no current indicators of impairment.

*Capitalisation of works to existing properties*

The Association capitalises work to existing properties in accordance with the accounting policy on housing properties.

**Estimation uncertainty**

*Arrears provisioning*

Provision is made for any impairment of arrears of rents. These provisions require management's best estimate of the recoverability of arrears by reference to estimated future cash flows from identified groups of debtors and judgements to identify appropriate groups of debtors within the overall arrears that have similar credit risk characteristics. These formulae are kept under active review, and reflect changes in credit risk characteristics.

*Grant to income*

Government grants relating to housing properties are recognised in income over the expected useful life of the housing property structure. The association considers whether there are any indications that the useful lives require revision at each reporting date to ensure that the recognition of income remains appropriate.

*Components of housing properties and useful lives*

Major components of housing properties have significantly different patterns of consumption of economic benefits and estimates are made to allocate the initial cost of the property to its major components and to depreciate each component separately over its useful economic life. The association considers whether there are any indications that the useful lives require revision at each reporting date to ensure that they remain appropriate.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

3. TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	Turnover £	2020 Operating costs £	Operating surplus £
<b>INCOME AND EXPENDITURE FROM LETTINGS</b>			
Housing accommodation (Note 3a)	3,165,723	(3,175,849)	(10,126)
<b>OTHER INCOME AND EXPENDITURE</b>			
Pension deficit charge	–	4,000	4,000
Other	7,363	–	7,363
<b>OPERATING SURPLUS</b>	<b>3,173,086</b>	<b>(3,171,849)</b>	<b>1,237</b>
		2019	
	Turnover £	Operating costs £	Operating Surplus £
<b>INCOME AND EXPENDITURE FROM LETTINGS</b>			
Housing accommodation (Note 3a)	3,235,274	(3,066,036)	169,238
<b>OTHER INCOME AND EXPENDITURE</b>			
Pension deficit charge	–	6,000	6,000
Other	3,047	–	3,047
<b>SUB-TOTAL</b>	<b>3,238,321</b>	<b>(3,060,036)</b>	178,285
Gain on disposal of fixed assets			1,891,439
<b>OPERATING SURPLUS</b>			<b>2,069,724</b>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

3a INCOME AND EXPENDITURE FROM LETTINGS

	General Needs Housing £	Supported Housing £	Total 2020 £	Total 2019 £
<b>Income</b>				
Rents	296,015	980,039	1,276,054	1,353,287
Service charges	220,983	706,478	927,461	803,981
Amortised government grant	–	170,000	170,000	170,000
Grants from Local Authorities and other agencies	–	185,814	185,814	189,571
Supporting People contract income and other Supporting People Charges	–	244,054	244,054	244,054
Other	–	362,340	362,340	474,381
<b>Total income from lettings</b>	<b>516,998</b>	<b>2,648,725</b>	<b>3,165,723</b>	<b>3,235,274</b>
<b>Expenditure</b>				
Services	161,908	517,614	679,522	645,918
Management	107,590	343,964	451,554	461,196
Routine maintenance	152,397	487,210	639,607	657,162
Planned maintenance	35,835	114,562	150,397	3,216
Rent and property tax	30,948	98,940	129,888	133,356
Rent losses from bad debts	12,139	38,807	50,946	35,505
Care and support costs	–	1,073,935	1,073,935	1,129,683
<b>Total expenditure on lettings</b>	<b>500,817</b>	<b>2,675,032</b>	<b>3,175,849</b>	<b>3,066,036</b>
<b>Operating surplus/(deficit) on letting activities</b>	<b>16,181</b>	<b>(26,307)</b>	<b>(10,126)</b>	<b>169,238</b>
<b>Void losses</b>	<b>71,826</b>	<b>229,627</b>	<b>301,453</b>	<b>181,276</b>

4. SURPLUS FOR THE YEAR

	2020 £	2019 £
<b>The surplus for the year is stated after charging / (crediting):</b>		
Depreciation of tangible fixed assets	252,243	265,280
Impairment of housing properties	191,342	–
Amortisation of government grants	(170,000)	(170,000)
Auditors' remuneration - audit services (excluding VAT)	9,850	8,950
Operating lease rentals	7,688	50,821

5. INTEREST AND FINANCING COSTS

	2020 £	2019 £
On loans repayable wholly or partly in more than five years	26,190	30,574

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

6. TAXATION

No taxation charge arises as the Association has been granted charitable status by HM Revenue & Customs.

7. STAFF COSTS

	2020 £	2019 £
<b>Staff costs including directors:</b>		
Wages and salaries	1,065,929	1,114,965
Social security costs	101,387	106,425
Pension and other costs	47,886	36,818
	<u>1,215,202</u>	<u>1,258,209</u>
	<b>Number</b>	<b>Number</b>
Average number of persons expressed as full time equivalents (including the directors) employed during the year	<u>33</u>	<u>37</u>

This is calculated by dividing the total number of paid staff hours each month by the Association's standard working week of 37.5 hours.

8. DIRECTORS' AND THE EXECUTIVE OFFICERS' EMOLUMENTS

	2020 £	2019 £
Emoluments (including pension contributions and benefits in kind)	<u>175,632</u>	<u>173,105</u>

**The emoluments of directors and the executive officers disclosed above (excluding pension contributions and benefits in kind) include amounts paid to:**

The highest paid director – Chief Executive Officer (CEO)	<u>73,250</u>	<u>72,000</u>
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The CEO is the only member of staff to have a salary over £60,000.

The CEO is an ordinary member of the TPT Retirement Solutions defined contribution scheme. No enhanced or special terms apply.

The Board received no emoluments in the year (2019: £NIL). Two members received reimbursement of travel expenses totalling £165. (2019: £NIL).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

9. TANGIBLE FIXED ASSETS

	Housing properties £	Head office £	Computers £	Office & shop equipment £	Total £
<b>COST</b>					
At 1 April 2019	11,392,926	3,451,128	128,853	168,450	15,141,357
Additions	577,194	–	42,855	849	620,898
Impairment	(191,342)	–	–	–	(191,342)
Disposals	–	–	–	–	–
At 31 March 2020	<u>11,778,778</u>	<u>3,451,128</u>	<u>171,708</u>	<u>169,299</u>	<u>15,570,913</u>
<b>DEPRECIATION</b>					
At 1 April 2019	1,352,818	175,911	127,100	125,511	1,781,340
Charge for year	173,042	42,934	8,186	28,081	252,243
Disposals	–	–	–	–	–
At 31 March 2020	<u>1,525,860</u>	<u>218,845</u>	<u>135,286</u>	<u>153,592</u>	<u>2,033,583</u>
<b>NET BOOK VALUE</b>					
At 31 March 2020	<u>10,252,918</u>	<u>3,232,283</u>	<u>36,422</u>	<u>15,707</u>	<u>13,537,330</u>
At 31 March 2019	<u>10,040,108</u>	<u>3,275,217</u>	<u>1,753</u>	<u>42,939</u>	<u>13,360,017</u>
Housing properties at net book value comprise				<b>2020</b> £	2019 £
Freeholds				<b>10,077,623</b>	9,868,452
Long leaseholds				<b>175,295</b>	171,656
Short leaseholds				–	–
				<u><b>10,252,918</b></u>	<u>10,040,108</u>
				<b>2020</b> £	2019 £
Works to existing properties				<b>1,251,586</b>	611,529
Less: Amounts capitalised in housing properties components				<b>577,194</b>	227,836
Amounts charges to the Statement of Comprehensive Income				<u><b>674,392</b></u>	<u>383,691</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

10. DEBTORS

	2020	2019
	£	£
<b>Amounts falling due within one year:</b>		
Rental and service charge debtors	211,479	185,617
Less: provision for bad debts	<u>(104,088)</u>	<u>(136,335)</u>
	107,391	49,281
Other contracts and sales debtor	116,012	40,658
Other debtors, prepayments and accrued income	<u>104,562</u>	<u>91,836</u>
	<u>327,965</u>	<u>181,776</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade creditors	171,122	137,324
Rent paid in advance	81,313	27,896
Taxation and social security payable	48,700	35,081
Accruals and deferred income	119,817	202,694
Loans	27,165	27,165
Other creditors	97,869	75,712
Government grants (note 14)	170,000	170,000
Pension scheme liability (note 18)	<u>60,000</u>	<u>58,000</u>
	<u>775,986</u>	<u>733,872</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020	2019
	£	£
Head Office and Housing loans	305,047	329,332
Government grants (note 14)	8,334,727	8,504,727
Pension scheme liability (note 18)	<u>230,000</u>	<u>294,000</u>
	<u>8,869,774</u>	<u>9,128,059</u>

The loan for the acquisition of the Head Office is secured by a legal charge over the premises at 242-248 Kingsland Road and is repayable over 15 years at a rate of interest of 4.3%. Housing loans are secured by specific charges on the Association's housing properties and are repayable at rates of interest of 9.5% and 10.125%.

	2020	2019
	£	£
<b>Amounts repayable by instalments:</b>		
Repayable within one year	27,165	27,165
Repayable between two and five years	108,662	108,662
Repayable after five years	<u>196,385</u>	<u>220,670</u>
	<u>332,212</u>	<u>356,497</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

13. ANALYSIS OF CHANGE IN DEBT

	At 31 March 2019 £	Cash flows £	Other changes £	At 31 March 2020 £
Cash at bank and in hand	3,262,231	(553,295)	–	2,708,936
Overdrafts	–	–	–	–
	<u>3,262,231</u>	<u>(553,295)</u>	<u>–</u>	<u>–</u>
Debt due within one year	27,165	–	–	27,165
Debt due after more than one year	329,332	(24,285)	–	305,047
Current asset investments	–	–	–	–
	<u>356,497</u>	<u>(24,285)</u>	<u>–</u>	<u>332,212</u>

14. GOVERNMENT GRANTS – DEFERRED INCOME

	2020 £	2019 £
At 1 April	<b>8,674,727</b>	8,850,215
Amortised to Statement of Comprehensive Income (note 3a)	<b>170,000</b>	170,000
Recycled grant on disposal	–	5,488
At 31 March	<u><b>8,604,727</b></u>	<u>8,674,727</u>
Due < 1 year (note 11)	<u><b>170,000</b></u>	<u>170,000</u>
Due > 1 year (note 12)	<u><b>8,334,727</b></u>	<u>8,504,727</u>

The cumulative amount of SHG received by the Association was £10,286,060.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

**15. FINANCIAL INSTRUMENTS**

The carrying values of the Company's financial assets and liabilities are summarised by category below:

	2020 £	2019 £
<b>Financial assets</b>		
Measured at undiscounted amount receivable		
Rent arrears and other debtors (see note 10)	308,205	180,377
Cash and cash equivalents	<u>2,708,936</u>	<u>3,262,231</u>
	<u><b>3,017,141</b></u>	<u><b>3,442,608</b></u>
 <b>Financial liabilities</b>		
Measured at amortised cost		
Loans payable (see notes 11 & 12)	332,212	356,498
Measured at undiscounted amount receivable		
Trade and other creditors (see note 11)	<u>350,304</u>	<u>240,932</u>
	<u><b>682,516</b></u>	<u><b>597,430</b></u>

The Association's income, expense, gains and losses in respect of financial instruments are summarised below:

**Interest income and expense**

Total interest income for financial assets at undiscounted amount	10,843	9,124
Total interest expense for financial liabilities at amortised cost	<u>(26,190)</u>	<u>(30,574)</u>

**16. SHARE CAPITAL**

	2020 £	2019 £
At 31 March	32	32
Issued during the year	4	2
Forfeited during the year	<u>(10)</u>	<u>(2)</u>
<b>At 31 March</b>	<u><b>26</b></u>	<u><b>32</b></u>

The shares, with a Par value of £1, provide members with the right to vote at general meetings but do not have a right to any dividend or distribution in a winding-up, and are not redeemable.

**17. RESERVES**

Revenue reserves represent the cumulative surplus and deficits of the Association.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

**18. PENSION OBLIGATIONS**

**The Pensions Trust – The Growth Plan**

The Association participates in the scheme, a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

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 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.

A full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

**Deficit contributions**

From 1 April 2019 to 31 January 2025:	£11,243,000 per annum	(payable monthly and increasing by 3% each on 1st April)
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Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £793.4m, liabilities of £969.9m and a deficit of £176.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

**Deficit contributions**

From 1 April 2016 to 30 September 2025:	£12,945,440 per annum	(payable monthly and increasing by 3% each on 1st April)
From 1 April 2016 to 30 September 2028:	£54,560 per annum	(payable monthly and increasing by 3% each on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the Association has agreed to a deficit funding arrangement the Association recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

**PETER BEDFORD HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 March 2020**

PRESENT VALUES OF PROVISION

	31 March 2020 (£000s)	31 March 2019 (£000s)	31 March 2018 (£000s)
Present value of provision	290	352	391

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2020 (£000s)	Period Ending 31 March 2019 (£000s)
Provision at start of period	352	391
Unwinding of the discount factor (interest expense)	4	6
Deficit contribution paid	(58)	(50)
Remeasurements - impact of any change in assumptions	(8)	3
Remeasurements - amendments to the contribution schedule	-	2
Provision at end of period	290	352

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2020 (£000s)	Period Ending 31 March 2019 (£000s)
Interest expense	4	6
Remeasurements – impact of any change in assumptions	(8)	3
Remeasurements – amendments to the contribution schedule	-	2

ASSUMPTIONS

	31 March 2020 (% per annum)	31 March 2019 (% per annum)	31 March 2018 (% per annum)
Rate of discount	2.53	1.39	1.71

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

DEFICIT CONTRIBUTIONS SCHEDULE

Year ending	31 March 2020 (£000s)	31 March 2019 (£000s)	31 March 2018 (£000s)
Year 1	60	58	50
Year 2	62	60	52
Year 3	64	62	53
Year 4	66	64	55
Year 5	56	66	57
Year 6	–	56	58
Year 7	–	–	60
Year 8	–	–	31

The Association must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.

It is these contributions that have been used to derive the company's balance sheet liability.

19. CAPITAL COMMITMENTS

	2020 £	2019 £
Capital expenditure contracted for but not provided for in the financial statements	–	–
Capital expenditure authorised but not yet contracted for in the financial statements	<b>387,000</b>	659,000

20. OTHER FINANCIAL COMMITMENTS

Total minimum lease payments under non-cancellable operating leases are as follows:

	2020 £	2019 £
<b>Payments due:</b>		
Within 1 year	<b>7,688</b>	50,821
Between one and five years	<b>13,884</b>	18,101
After 5 years	<b>1,733</b>	5,204
	<b>23,305</b>	74,126

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

**21. SOCIAL HOUSING UNITS / BEDSPACES IN MANAGEMENT**

	<b>2020</b>	2019
	<b>Number</b>	Number
<b>Under management at end of year</b>		
Owned:		
Housing accommodation	<b>65</b>	65
Supported housing	<b>201</b>	201
	<u><b>266</b></u>	<u>266</u>
Managed for others:		
Housing accommodation	<b>1</b>	1
Supported housing	<b>10</b>	10
	<u><b>11</b></u>	<u>11</u>
Total units/bed spaces in management	<u><b>277</b></u>	<u>277</u>

There were no units under development at year end (2019 Nil).

**22. RELATED PARTY TRANSACTIONS**

There are no related party transactions.

**23. EXTERNAL SUPPORT**

**23.1 Big Lottery Fund**

In the year ended 31 March 2017 the Association was awarded a three year grant of £410,825 by the Big Lottery Fund through its Reaching Communities Programme. The final part of this funding £8,514 was utilised early in 2019-20.

**23.2 Good Things Foundation**

In this year the Association was awarded a grant over 2 years of £56,323 for the Power Up project for digital champions.

**24. LEGISLATIVE PROVISIONS**

PBHA is an independent association and is incorporated under the Co-operative and Community Benefit Societies Act 2014.

**25. GOING CONCERN**

While we do anticipate rising demand for employment and training support from tenants arising from Covid-19, we do not anticipate this will impact on our ability to trade as a going concern. We expect to be able to manage costs to mitigate any fall in income alongside increasing our fundraising.