

NEW FOREST VILLAGES ASSOCIATION LIMITED

Co-operative and Community Benefit Society No: 24622R

Regulator of Social Housing No: L3704



New Forest Villages Housing Association Ltd.

REPORT AND FINANCIAL STATEMENTS

FOR THE 18-MONTH PERIOD ENDED

31ST MARCH 2020

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NEW FOREST VILLAGES HOUSING ASSOCIATION LIMITED
BOARD MEMBERS, DIRECTORS, ADVISORS AND BANKERS
FOR THE PERIOD ENDED 31ST MARCH 2020

Board members:

Pam Reynolds	(Chairman)
Clive Milone	Retired 30 th Sept 2019
Rachel Smith	Retired 11 th Mar 2019
Michael Harris	
Mark Böckle	Retired 30 th Sept 2019
John Ward	Retired 30 th Sept 2019
Vanessa De Mowbray	Retired 30 th Sept 2019
Russell Tucker	Retired 30 th Sept 2019
Adrian Maunders	Appointed 24 th Sept 2019
Karen Eagles	Appointed 24 th Sept 2019
Sarah Nield	Appointed 24 th Sept 2019
Brian Carroll	Appointed 24 th Sept 2019

Company Secretary and Head Office:

Karen Eagles
7a Strutton Ground
London
SW1P 2HY

External Auditor:

Mazars LLP
45 Church Street
Birmingham
B3 2RT

Principal

Bankers:

Lloyds Banking Group
25 Gresham Street
London
EC2V 7HN

Registered Office:

7a Strutton Ground,
Westminster
London
SW1P 2HY

NEW FOREST VILLAGES HOUSING ASSOCIATION LIMITED

BOARD REPORT

The Board is pleased to present its report and audited financial statements for the 18-month period ended 31st March 2020.

Principal activities and review of the business

New Forest Villages Housing Association Limited is a Registered Provider of Social Housing under the Co-operative and Community Benefit Societies Act 2014. The Association provides rented housing for households in the New Forest District Council area in the greatest need and who are least able, through limited income, advanced age or disability, to obtain suitable accommodation in their own communities.

During the period, the association continued to manage the 47 properties owned at the end of the previous year in accordance with the principal activity described above. A further 4 properties are managed by the association on behalf of the Nalder Trust.

On the 30th September 2019, the Association became a subsidiary of English Rural Housing Association but retains an independent Board to support strategic direction and oversee the Association's affairs. The Board continue to have ambitions to grow and believe that these ambitions are best served by being part of a Group, where the expertise and skills are readily available. The Board is pleased to report that the decision has very much been vindicated, with the Association now having a very bright future.

The Association ends the 18-month period with share capital and reserves of £1,562,491 (2018 - £1,445,555).

Board Members

The present Board Members are set out on page 1. The Board comprises up to six non-executive members and is responsible for the strategy and viability of the Association. Board Members are drawn from a wide background bringing together professional, commercial and other relevant experience. The Board met six times during the 18-month period to discuss strategy and related matters.

All members of the Board hold one share of £1 each in the Association and no member had any interest in any contract or arrangement with the Association.

Auditors

The Association's financial year end was changed to March to coincide with that of the Group. Also, during the period, Jones Avens were replaced as auditors of the association by Mazars LLP UK, the Group's auditor. A resolution proposing that Mazars be reappointed as auditor of the association will be put to the forthcoming Annual General Meeting.

Statement of the Board's Responsibilities in Respect of the Accounts

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

In preparing those financial statements, the Board is required to: -

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

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BOARD REPORT

- state whether applicable accounting standards 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 the Accounting Direction for Social Housing in England from April 2019. The Association is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102.

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.

Code of governance

Group Standing Orders have been updated during the period, and this has meant that the Association has taken steps during the period to comply with Excellence in Governance, revised edition, Code of Governance as published by the National Housing Federation, with the exception only of an ongoing training programme for board members and annual appraisal for board members; this reflecting changes that occurred during the period which involved merging into the English Rural Group.

Going Concern

Covid-19 - The Board has considered, and continues to review, the operational and financial impact of the Covid-19 pandemic on the Association. The Board has implemented appropriate measures in response to the pandemic and has reviewed its business plans and stress tests, including potential financial impacts to its property maintenance and customer service obligations. Based on this review and on-going measures, the Board has determined there are no material going concern uncertainties arising as a result of the pandemic. The Board continues to review the Government and the Regulator of Social Housing (RSH) advice, monitor sector publications on the potential impacts of the pandemic as well as to continue to closely monitor impacts on the Association.

The Association has sufficient resources to finance the Association's day to day operations. The Association also has a long-term financial forecast, which shows that the debt outstanding and interest due can be paid in accordance with the loan agreements.

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

Value for money

The Value for Money (VfM) Standard, issued by the Regulator for Social Housing (RSH), came into effect from April 2018. It moved the focus of the RSH approach away from the primarily narrative VfM Statements to reporting through the statutory annual accounts by providers on progress in meeting their own targets, including a suite of metrics to be defined, from time to time by the RSH. The outcomes required by the new standard are that providers registered with the RSH must:

- Clearly articulate their strategic objectives;
- Have an approach agreed by the Board to the achievement of VfM in meeting those objectives and the demonstration of the delivery of VfM to stakeholders;

NEW FOREST VILLAGES HOUSING ASSOCIATION LIMITED

BOARD REPORT

- Through the strategic objectives to articulate the Board's strategy for delivering homes that meet a range of needs;
- Ensure that optimal benefit is derived from resources and assets to secure economy, efficiency and effectiveness in the delivery of strategic objectives.

The new VfM Standard encourages Registered Providers to provide additional measures and targets which are bespoke to the organisation and which supplement the VfM metrics. Despite being a smaller registered provider, New Forest Villages Housing Association Limited (NFVHA) can still demonstrate VfM in the services it provides to its residents. The financial position of NFVHA continues to be strong, enabling investment in existing homes and provision for future investment in developing new affordable homes. Our Parent, English Rural have continued to advise us on financial matters including improving VfM. Good examples of this include sourcing services such as insurance, audit services, electricity supplies and maintenance contracts through competitive arrangements. Each of these examples has resulted in lower charges to NFVHA, with cost savings also being secured for residents. These savings along with the further rent reduction of 1% have provided residents with some financial relief and will assist those who are facing changes from the Government's welfare reforms.

VfM Metric	NFVHA 18-Months to Mar 20	NFVHA 2017/18	Median RP's < 2,500 units *
1 - Reinvestment %	1.1%	0.3%	4.3%
2 - New supply delivered %:			
A. New supply delivered (Social Housing Units)	0%	0%	0.6%
B. New supply delivered (Non-Social Housing Units)	0%	0%	0%
3 - Gearing %	(23.3%)**	(13.9%)**	34.1%
4 - EBITDA MRI Interest Cover (inc sales) %	400%	493%	194%
5 - Headline social housing cost per unit	£3,451	£2,765	£4,880
6 - Operating Margin %:			
A. Operating Margin (social housing lettings only)	32.7%	37.4%	23.3%
B. Operating Margin (overall)	33.1%	37.4%	20.3%
7 - Return on capital employed	2.8%	3.2%	3.1%

* Source: Regulator of Social Housing – Value for money metrics and reporting 2019 Annex to 2019 Global Accounts

** Cash exceeds debt, therefore negative gearing

The above metrics for NFVHA, when compared to peers, demonstrate strong financial metrics eg operating margin, negative gearing, high interest cover and low operating costs per unit. One-off costs were incurred in the 18-month period to March 2020 relating to becoming a subsidiary of English Rural. In particular, legal and other professional fees were incurred.

Despite ambitions to grow, the relatively low re-investment and new supply metrics reflect the unpredictability of new development opportunities. Benefitting from the new position within the English Rural Group, opportunities have now progressed which, when completed, will significantly improve performance against these metrics.

Chair

Pamela M Reynolds

Pamela M Reynolds (Jul 9, 2020 15:58 GMT+1)

Date: Jul 9, 2020

NEW FOREST VILLAGES HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

Independent Auditor's Report to the members of New Forest Villages Housing Association Limited**Opinion**

We have audited the financial statements of New Forest Villages Housing Association (the 'association') for the period ended 31 March 2020 which comprise the association's Statement of Comprehensive Income, the association's Statement of Financial Position, the association's Statement of Changes in Reserves, the association's 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 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 for the period ended 31 March 2020 and association's surplus for the period 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 Co-operative and Community Benefit Societies Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Emphasis of matter - impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on the association financial statements, which is not modified, we draw your attention to the Boards' view on the impact of the COVID-19 as disclosed on page 3, and the consideration in the going concern basis of preparation also on page 3.

During the latter part of the period, 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 impact of COVID-19 is still evolving and, based on the information available at this point in time, the Board have assessed the impact of COVID-19 on the association and reflected the Boards' conclusion that adopting the going concern basis for preparation of the financial statements is appropriate.

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FINANCIAL STATEMENTS

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

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard.

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

Use of the audit report

This report is made solely to the association's members as a body in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014 and Chapter 4 of Part 2 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association's members those matters we are

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FINANCIAL STATEMENTS

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.



Vincent Marke (Jul 24, 2020 12:52 GMT+1)

Mazars LLP
Chartered Accountants and
Statutory Auditor

45 Church Street
Birmingham
B3 2RT

Jul 24, 2020

NEW FOREST VILLAGES HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME
for the period ended 31 March 2020

	Notes	March 2020	Sept 2018
		£	£
Turnover	3	450,431	295,513
Operating expenditure	3	(301,172)	(185,498)
Operating surplus		<u>149,259</u>	<u>110,015</u>
Interest receivable and similar income	5	7,749	2,342
Interest payable and similar charges	6	<u>(40,076)</u>	<u>(27,036)</u>
Surplus before tax	8	116,932	85,321
Taxation	9	-	-
Surplus for the period after tax		<u>116,932</u>	<u>85,321</u>
Other comprehensive income		-	-
Total comprehensive income for the current period and preceding year		<u><u>116,932</u></u>	<u><u>85,321</u></u>

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STATEMENT OF CHANGES IN RESERVES
for the period ended 31 March 2020

	Notes	Revenue reserves	Total
		£	£
Balance at 30 September 2018		1,445,529	1,445,529
Surplus from statement of comprehensive income for the period		116,932	116,932
Other comprehensive income		-	-
		<hr/>	<hr/>
Balance as at 31 March 2020		1,562,461	1,562,461
		<hr/> <hr/>	<hr/> <hr/>

	Notes	Revenue reserves	Total
		£	£
Balance at 1 October 2017		1,360,208	1,360,208
Surplus from statement of comprehensive income for the year		85,321	85,321
Other comprehensive income		-	-
		<hr/>	<hr/>
Balance as at 30 September 2018		1,445,529	1,445,529
		<hr/> <hr/>	<hr/> <hr/>

All activities reported above, both in the current period and preceding year, relate to continuing activities.

NEW FOREST VILLAGES HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION
as at 31st March 2020

		March 2020	Sept 2018
		£	£
Fixed assets	Notes		
Social housing properties	10	2,680,673	2,718,669
Current assets			
Trade and other debtors	11	23,631	21,355
Cash and cash equivalents		868,613	773,772
		<u>892,244</u>	<u>795,127</u>
Less: Creditors: amounts falling due within one year	12	<u>(65,820)</u>	<u>(64,389)</u>
Net current assets		<u>826,424</u>	<u>730,738</u>
Total assets less current liabilities		3,507,097	3,449,407
Creditors: amounts falling due after more than one year	13	<u>(1,944,606)</u>	<u>(2,003,852)</u>
Total net assets		<u><u>1,562,491</u></u>	<u><u>1,445,555</u></u>
Capital and reserves			
Non-equity share capital	14	30	26
Revenue Reserve		<u>1,562,461</u>	<u>1,445,529</u>
		<u><u>1,562,491</u></u>	<u><u>1,445,555</u></u>

These financial statements were approved by the Board on 6 July 2020 and signed on its behalf by:

Pamela M Reynolds
Pamela M Reynolds (Jul 9, 2020 15:58 GMT+1)

Pam Reynolds (Chair)

M.R.Harris
M.R.Harris (Jul 10, 2020 11:53 GMT+1)

Michael Harris

K Eagles
K Eagles (Jul 7, 2020 11:56 GMT+1)

Karen Eagles (Secretary)

The accompanying notes form part of these financial statements

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STATEMENT OF CASH FLOWS
for the period ended 31st March 2020

	Notes	March 2020	Sept 2018
		£	£
Net cash generated from operating activities	17	<u>194,587</u>	<u>111,938</u>
Cash flow from investing activities			
Property expenditure		(44,391)	(9,789)
Interest received		7,749	2,342
		<u>(36,642)</u>	<u>(7,447)</u>
Cash flow from financing activities			
Finance charges		(40,076)	(40,509)
Loans received		-	-
Loans repaid		(23,032)	(21,147)
Proceeds from issue of shares		4	-
		<u>(63,104)</u>	<u>(61,656)</u>
Net change in cash and cash equivalents		94,841	42,835
Cash and cash equivalents at beginning of period		773,772	730,937
Cash and cash equivalents at end of period		<u><u>868,613</u></u>	<u><u>773,772</u></u>

The accompanying notes form part of these financial statements

NEW FOREST VILLAGES HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31st March 2020

1. Legal status

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 and is also registered with the Regulator of Social Housing as a Registered Provider as defined by the Housing and Regeneration Act 2008.

2. Principal Accounting Policies**(a) Basis of accounting**

The financial statements of the Association are prepared on an historical cost basis and are in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019. The Association is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102. The Board is satisfied that the current accounting policies are the most appropriate for the Association.

(b) Going concern

The financial statements have been prepared on a going concern basis after consideration of the future prospects of the Association and the preparation of long-term financial forecasts and plans which include an assessment of the availability of funding and the certainty of cash flow from rental of social housing stock.

(c) Accounting judgements and estimations**Significant management judgements**

The following are the significant management judgements made in applying the accounting policies of the Group that have the most significant effect on the financial statements:

Impairment - housing properties are annually assessed for impairment indicators. Where indicators are identified an assessment for impairment is undertaken comparing the asset's carrying amount to its recoverable amount. Where the carrying amount of an asset is deemed to exceed its recoverable amount, the asset is written down to its recoverable amount. The resulting impairment loss is recognised as expenditure in the statement of comprehensive income.

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.

Useful lives of depreciable assets - judgements have been made in determining the main components and useful lives of property, plant and equipment for depreciation purposes. Details are provided in note (g) – Housing properties and depreciation.7

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Rental and other trade receivables - Estimations have been made internally regarding the recoverable amount of rental and other trade receivables.

(d) **Turnover and revenue recognition**

Turnover represents rental income receivable, amortised capital grant, income from the sale of shared ownership and other income and are recognised in relation to the period when the goods or services have been supplied. Rental income is recognised when the property is available for let. Income from property sales is recognised on legal completion.

(e) **Service charges**

Service charge income and costs are recognised on an accruals basis. The Association operates variable service charges on a scheme by scheme basis in full consultation with residents. The charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Where periodic expenditure is required a provision may be

built up over the years, in consultation with the residents; until these costs are incurred this liability is held in the Statement of Financial Position within current creditors.

(f) **Housing properties and depreciation**

In accordance with SORP 2018, the Association operates a full component accounting policy in relation to the capitalisation and depreciation of its completed housing stock. Housing properties (in development and completed) are stated at cost less accumulated depreciation and any accumulated impairment losses. Staff costs and overheads which are directly attributable to bringing housing properties into working condition for their intended use are capitalised. Interest incurred during the development phase is capitalised rather than expensed to the statement of comprehensive income.

Housing properties are split between land, structure and major components which require periodic replacement. Replacement or refurbishment of such major components is capitalised and depreciated over their estimated useful lives which have been set taking into account professional advice. Freehold land is not subject to depreciation.

On becoming a subsidiary of English Rural Housing Association, the Association adopted the same useful economic lives as the Parent. The only change being that windows and doors are now depreciated over 20 years rather than 30 years.

Major components are treated as separate assets and depreciated over their expected useful economic lives at the following rates:

	Economic Life (years)
Land	n/a
Bathrooms	30
Heating systems	15 -20
Kitchens	20
Electrics	40
Mechanical Systems	30
Roofs	70
Structure	100
Windows and doors	20-25

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Housing assets are depreciated from the month of acquisition, or in the case of a larger project, from the month of completion. Where there is evidence of impairment, the fixed assets are written down to the fair value after deducting costs to sell, and any write down is charged to operating surplus.

Housing properties in the course of construction are held at cost and not depreciated. They are transferred to completed properties when handed over for letting or sale.

Any surplus arising on first tranche sales of shared ownership properties are restricted to the “overall surplus” which is defined as the difference between the net present value of cash flows and cost. The Association charges a rent on the retained percentage of the property. Therefore, the net cost allocated to first tranche sale is the balance after allowing for the proportion of the property that is expected to be retained by the Association.

(g) Office equipment and leasehold improvements

Office Equipment is depreciated over 3 years and leasehold improvements are depreciated over the term of the lease of 10 years.

(h) Government and other grants

Social housing grant (SHG), receivable from Homes England, and other capital grants are recognised in income over the expected useful life of the housing property structure under the accruals model.

SHG must be recycled by the Association under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by Homes England. However, SHG may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as Turnover. In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

(i) Financial instruments

The Association has determined that its financial instruments meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised historical cost model. This includes loans where there are two-way breakage cost clauses as part of the terms of the loan agreement.

(j) Properties held for disposal

Where the Association has identified properties to be sold within the short term, they have been transferred to current assets.

(k) Works to existing properties

Where a major component of a housing property is replaced or restored, the works are capitalised. All other costs of works to existing properties are charged to the Statement of Comprehensive Income.

NEW FOREST VILLAGES HOUSING ASSOCIATION LIMITED

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(l) Taxation

The Association is accepted as a charity by HMRC. Income and capital gains of the Association are generally exempt from tax if applied for charitable purposes. There is no provision required for deferred tax.

(m) Value added tax

The Association is registered for VAT and accordingly, where specifically applicable, expenditure incurred in selling shared ownership schemes is shown net of VAT. All other expenditure is shown inclusive of VAT.

(n) Apportionment of management expenses

Management expenses are allocated to activities either directly or on the basis of estimated staff time spent on the activity.

(o) Pension costs**Defined Contribution Schemes**

In respect of the defined contribution schemes, employers' contributions are charged to the Statement of Total Comprehensive Income in the period incurred.

NEW FOREST VILLAGES HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS

3. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	Note	----- March 2020 -----				----- Sept 2018 -----			
		Turnover	Cost of sales	Operating costs	Operating surplus/ (deficit)	Turnover	Cost of sales	Operating costs	Operating surplus/ (deficit)
		£	£	£	£	£	£	£	£
Social Housing Lettings:	4								
General needs housing		447,491	-	(301,172)	146,319	293,722	-	(185,498)	108,224
		447,491	-	(301,172)	146,319	293,722	-	(185,498)	108,224
Other Social Housing Activities:									
Other income		2,940	-	-	2,940	1,791	-	-	1,791
		450,431	-	(301,172)	149,259	295,513	-	(185,498)	110,015

NEW FOREST VILLAGES HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS

4. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	March 2020		Sept 2018	
	General Needs Housing £	Total £	General Needs Housing £	Total £
Rent receivable net of identifiable service charges	388,428	388,428	259,823	259,823
Service charges receivable	24,086	24,086	10,581	10,581
Grants released from deferred income	34,977	34,977	23,318	23,318
Turnover from Social Housing Lettings	447,491	447,491	293,722	293,722
Housing management	133,904	133,904	63,636	63,636
Housing services	31,158	31,158	19,361	19,361
Routine maintenance	34,374	34,374	18,397	18,397
Planned maintenance	5,009	5,009	10,546	10,546
Major repairs	15,953	15,953	18,844	18,844
Bad debts	(1,614)	(1,614)	765	765
Depreciation of housing properties	82,388	82,388	53,949	53,949
Operating costs on social housing lettings	301,172	301,172	185,498	185,498
Operating surplus on social housing lettings	146,319	146,319	108,224	108,224
Void Losses	523	523	2,141	2,141

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5. INTEREST RECEIVABLE AND SIMILAR INCOME

	March 2020	Sept 2018
	£	£
Interest Receivable on Bank Deposit Accounts	7,749	2,342
	<u>7,749</u>	<u>2,342</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	March 2020	Sept 2018
	£	£
Interest on loans	40,076	27,036
	<u>40,076</u>	<u>27,036</u>

7. EMOLUMENTS AND EXPENSES

(a) Directors' Emoluments and Expenses

New Forest Villages Housing Association does not employ any Executive Directors. Instead, these services are provided its parent, English Rural Housing Association, and included as part of their management fee. Non-executive board members for New Forest Villages Housing Association are not remunerated but did receive expenses of £464 (£nil 2018).

(b) Employee Costs

	£	£
Salaries	11,651	9,418
Social security costs	431	-
Pension costs	142	54
	<u>12,224</u>	<u>9,472</u>

Average weekly number of employees
(expressed as full-time equivalent)

<u>1</u>	<u>1</u>
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No employees received remuneration of more than £60,000

8. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

The surplus on ordinary activities before taxation is stated after charging:

	March 2020	Sept 2018
	£	£
Auditor's remuneration including VAT:		
In their capacity as auditors	5,456	2,688
For other services	-	-
Depreciation:		
Housing Properties	80,399	59,949
	<u>80,399</u>	<u>59,949</u>

NEW FOREST VILLAGES HOUSING ASSOCIATION LIMITED
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9. TAXATION

New Forest Villages Housing Association Limited is an exempt charity registered with the Regulator for Social Housing and are exempt from liability to taxation on its income and capital gains.

10. FIXED ASSETS (PROPERTIES)

	Completed Properties for Letting	Total
	£	£
Cost		
At 1 st October 2018	3,636,230	3,636,230
Works to existing properties	44,391	44,391
Components written off	(31,517)	(31,517)
At 31 st March 2020	<u>3,649,104</u>	<u>3,649,104</u>
Depreciation		
At 1 st October 2018	917,561	917,561
Charge for period	80,399	80,399
Released on disposal	(29,529)	(28,371)
At 31 st March 2020	<u>968,431</u>	<u>968,431</u>
Net Book Value		
At 31 st March 2020	<u>2,680,673</u>	<u>2,680,673</u>
At 1 st October 2018	<u>2,718,669</u>	<u>2,718,669</u>

11. DEBTORS

	March 2020	Sept 2018
	£	£
Arrears of rent and service charges	7,910	10,116
Provision for doubtful debts	(761)	(2,753)
	<u>7,149</u>	<u>7,363</u>
Amounts due from parent	-	9,703
Recharges to tenants	1,542	-
Sundry debtors and prepayments	14,940	4,289
	<u>23,631</u>	<u>21,355</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	March 2020	Sept 2018
	£	£
Other creditors	16,781	5,308
Rents paid in advance	-	6,427
Deferred income – capital grants	23,318	23,318
Housing loans	15,912	14,674
Accruals and deferred income	9,809	14,662
	<u>65,820</u>	<u>64,389</u>

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

	March 2020	Sept 2018
	£	£
Housing loans	228,096	252,366
Deferred income – capital grants	1,716,509	1,751,486
	<u>1,944,605</u>	<u>2,003,852</u>

Housing Loans

	March 2020	Sept 2018
	£	£
Borrowings are repayable as follows:		
Due in less than 1 year	<u>15,912</u>	<u>14,674</u>
Due between 1 and 2 years	9,902	15,011
Due between 2 and 5 years	3,575	20,692
Due after 5 years	<u>214,619</u>	<u>216,663</u>
Due after more than one year	228,096	252,366
Total	<u>244,008</u>	<u>267,040</u>

Loan balances were as follows:

	March 2020	Sept 2018
	£	£
Lender Debt:		
Orchardbrook	<u>244,008</u>	<u>267,040</u>
Total debt	<u>244,008</u>	<u>267,040</u>

Deferred income – capital grants

	Total
	£
Capital grants received	
At 1 st October 2018	2,331,715
Grant received during the period	-
Grant recycled during the period	-
At 31 st March 2020	<u>2,331,715</u>
Less grant amortisation	
At 1st October 2018	556,911
Grant amortised for period	34,977
At 31 st March 2020	<u>591,888</u>
Net deferred income at 31 st March 2020	<u>1,739,827</u>
Net deferred income at 1st October 2018	<u>1,774,804</u>

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	March 2020	Sept 2018
	£	£
Amount due to be released in less than one year	23,318	23,318
Amount due to be released in more than one year	<u>1,716,509</u>	<u>1,751,486</u>
	<u>1,739,827</u>	<u>1,774,804</u>

14. CALLED UP SHARE CAPITAL

	March 2020	Sept 2018
	£	£
Shares of £1 each – allotted, issued and fully paid at 30 th September 2018	26	26
Issued during the period	4	-
Cancelled during the period	-	-
Shares of £1 each – allotted, issued and fully paid at 31 st March 2020	<u>30</u>	<u>26</u>

The shares provide Members with the right to vote at General Meeting, but they do not provide any rights to dividends or distributions, if the Association is wound up or dissolved. When a shareholder ceases to be a shareholder, his or her share shall be cancelled. The amount paid up becomes the property of the Association.

15. CAPITAL COMMITMENTS

There were no capital commitments at the end of the period.

16. HOUSING STOCK

	Units in Management	
	March 2020	Sept 2018
	No.	No.
The number of units of housing accommodation in management at 30 th September 2018 and 31 st March 2020 were:		
General needs housing - social rent	47	47
Total units owned or in development	<u>47</u>	<u>47</u>
Units managed on behalf of other registered providers	4	4
	<u>51</u>	<u>51</u>

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17. CASH FLOW FROM OPERATING ACTIVITIES

Reconciliation of surplus to net cash inflow from operating activities

	March 2020	Sept 2018
	£	£
Surplus for the period	116,932	85,321
Adjustments for non-cash items:		
Depreciation and assets written off	82,388	53,318
(Increase)/Decrease in trade and other debtors	(2,276)	12,515
Increase/(Decrease) in trade and other creditors	193	(41,223)
Adjustments for investing or financing activities:		
Loss on disposal of fixed assets	-	631
Government grants utilised during the period	(34,977)	(23,318)
Interest Receivable	(7,749)	(2,342)
Interest Payable	40,076	27,036
Net Cash Inflow from Operating Activities	194,587	111,938

Analysis of change in net cash/(debt)

	At 30 th Sept 2018	Cashflows	Other Changes	At 31 st March 2020
	£	£	£	£
Cash at bank and in hand	730,738	95,686	-	826,424
Overdrafts	-	-	-	-
	730,738	95,686	-	826,424
Debt due within one year	(14,674)	(1,238)	-	(15,912)
Debt due after more than one year	(252,366)	24,270	-	(228,096)
Current asset investments	-	-	-	-
Net cash	463,698	118,718	-	582,416

18. RETIREMENT BENEFIT SCHEMES

	March 2020	Sept 2018
	£	£
Defined contribution schemes		
Charge to the comprehensive income statement in respect of Defined contribution schemes	142	54

19. RELATED PARTIES

There was one resident on the Board who resigned on the 30th September 2019. His transactions with the Association continue to be on the same terms as for other residents. The Board have confirmed that there are no other related party transactions.

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20. OPERATING LEASE COMMITMENTS

There were no operating lease commitments in the period.

21. PARENT – ENGLISH RURAL HOUSING ASSOCIATION

English Rural Housing Association is parent company to New Forest Villages Housing Association. English Rural Housing Association is a Registered Provider of Social Housing under the Co-operative and Community Benefit Societies Act 2014 whose registered office is 7a Strutton Ground, London SW1P 2HY.