



Adullam Homes Housing Association Limited
Annual Report and Financial Statements
for the year ended 31 March 2020

Registered number 20853R

Adullam Homes Housing Association Limited

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Adullam Homes Housing Association Limited

Board Report incorporating The Strategic Report

Board of Management, Non-Executive Directors:

Chair

Chris Green

Vice Chair/Senior Independent Director

Peter Walton

Board Members

Andrew Cooke

Chris Horton

Jane Newsome

Stephen Philpott

Tony Price

Kelly Sotherton

Simon Wright

Executive Directors:

Alison Sargent (Chief Executive)

Gerard Riley (Director of Housing)

Elaine Sharkey (Director of Operations)

Registered Office:

Walter Moore House

34 Dudley Street

West Bromwich

West Midlands

B70 9LS

The Regulator of Social Housing Registration Number: LH 1388

Co-operative and Community Benefit Societies Act 2014 Registration Number: 20853R

External Auditor: Beever and Struthers

Internal Auditor: RSM Internal Audit

Bankers: Santander
Lloyds Bank
Barclays

Lenders: Triodos Bank NV
Natwest (Orchardbrook)

Solicitors: Anthony Collins Solicitors LLP
Irwin Mitchell Solicitors

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Board Report incorporating The Strategic Report

Chair's Statement

The Association's day to day work is critical, and at times staff must deal with life and death scenarios. The challenges of our society today with the high incidence of rough sleeping and the shortage of accommodation and services puts incredible pressure on those charitable organisations like Adullam who choose to operate on the frontline in the response to homelessness.

Adullam works with vulnerable people to provide support and accommodation to mitigate against the impact of homelessness and rough sleeping.

As a Community Benefit Society, we are committed to reducing homelessness but more than that we want people to reach their God given potential, hence our focus on an Asset Based Approach for support for people.

We are delighted to report on the continued financial progress that the Association has made during 2019/2020, the leadership of the Board, coupled with the hard work and diligence of staff across the Association has seen gains at all levels.

As a consequence of the financial progress made the Association has been able to purchase further stock to support our ongoing work in various strategic areas. At the same time the Association was delighted to secure new contractual work and retain existing contracts.

The Association operates in a time of unprecedented uncertainty because of the Covid-19 Pandemic bringing economic and political uncertainty. We continue to robustly examine and stress test the business and all the assumptions to enable the best way of meeting our key corporate objectives, in addition the Association has strengthened its risk management framework with a live risk register which incorporates 3 lines of defence, early warning indicators are also in place which allows the Board to monitor key strategic risks. We have continued to have positive dialogue with the Regulator during the year as financial matters have progressed.

Adullam has a risk averse approach towards its financial diligence, this is demonstrated through the Boards risk appetite with particular focus on liquidity and significant headroom within lender covenants.

We remain focused on our customers and are pleased to see the high level of satisfaction for services of support accommodation and repairs which are achieved and benchmarked against our peers. We are committed to ensuring the highest level of health and safety standards across all services and we continue to remain vigilant on all aspects of our statutory responsibilities.

By continuing to focus on the work which we are passionate about we know we will continue to have a positive impact on the lives of residents, service users and our communities.

My thanks to all who have contributed to the success of the Association during this last financial year.



Chris Green
Chair

Adullam Homes Housing Association Limited

Board Report incorporating The Strategic Report

The Board of Management presents its Strategic Report with the financial statements for year ending 31 March 2020

Adullam Homes Housing Association Limited (Adullam) was founded by Walter Moore MBE in 1972. Since then, the organisation has developed and at any one time supports over 1,200 people from vulnerable backgrounds across the North West, East and West Midlands, Derbyshire, South Yorkshire and North Wales regions.

As Adullam has a subsidiary company, (Adullam Social Enterprises CIC) the parent Board of Adullam exercises control and oversight of the governance and operations of their activities too.

Mission

Adullam's mission statement is: "Restoring hope and dignity". Adullam works with young single homeless people, young people leaving care, those from offending backgrounds, vulnerable mothers and children, people recovering from drug and alcohol addiction, people living with enduring mental health issues and vulnerable families. Adullam aims to help people to access safe, comfortable accommodation and support them to go on to lead independent lives. A key part of "Restoring hope and dignity" is assisting service users to improve their employability and find opportunities to gain work and work experience, particularly through social enterprise activities.

Values and Behaviours

Adullam was formed for the benefit of the community by the late Walter Moore, as an expression of his Christian faith. The Association today continues that work as an expression of Christian faith in action. Our values at Adullam, and the expected behaviors that flow from them, were developed by the Board, service users and staff.

Board Members are guardians of the Association's values. It is essential for the culture and well-being of the Association that the Associations values are lived out in practice, because they impact upon the way that we behave towards one another, our service users and other stakeholders (Commissioners, partners, suppliers and friends of Adullam). Our values are:

- ***Valuing the Individual***
- ***Integrity and Fairness***
- ***Striving for Excellence***

Governance Framework

Adullam is an exempt charity registered with the Financial Conduct Authority and registered with the Regulator of Social Housing as a Private Registered Provider. Adullam's governing instrument is a set of rules based upon the National Housing Federation's (NHF) 2015 model rules. The rules dovetail with the 2015 NHF Code of Governance, which the Association adopted on 27th April 2016; on this date the Association also adopted the NHF Code of Conduct.

The Board has reviewed its structures, processes and values to cope with the rapidly changing demands on its activities. It regularly reviews key strategic policies, procedures, terms of reference and the organisational structure to ensure that it has effective resources. The Board undertakes regular induction training, succession planning and appraisals to ensure a high level of individual and collective competency. The Board continues to ensure that key corporate business plan objectives are developed through regular strategy days. The Board maintain a keen awareness of risk, performance and delivery by reviewing the Risk Register, Financial management accounts and performance against the business plan objectives. The Board has a good working relationship with the CEO and Senior Leadership Team.

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Board Report incorporating The Strategic Report

The primary role of the Board of Adullam Homes Housing Association (Adullam) is to provide strategic leadership and direction, to ensure that it is financially viable, properly governed and properly managed.

In addition, the Board’s role is to carry out functions as set out in the Organisation’s rules, but it may delegate any of its powers under written terms of reference to its committees and/or officers.

The purpose of the Board is to lead the Organisation innovatively within a framework of sound governance, continuous improvement and prudent control, which enables risks to be properly assessed and managed. The Board also has responsibility for the oversight of equality and performance. The Board seeks to continually improve services for resident and stakeholders to ensure high quality and strategically relevant services meet and exceed expectations whilst providing good value for money.

The Board of Adullam has overall responsibility for, and an oversight of, performance management and the internal control framework for the Association. The Board of Adullam delegate authority to the Finance, Audit and Risk Management Committee (FARM) to deal with the detailed scrutiny of financial performance, external and internal audit, internal control and risk management.

The Operations Committee ensures that the Association delivers on its operational work so to fulfil its regulatory obligations as well as its mission.

The Remuneration and Nominations Committee operates to select new Board Members, who meet identified skills that are required on the Board and Committees and to ensure optimal use of Member’s time and to evaluate Board/Committee training needs. It ensures that a periodic skills audit is undertaken to identify any skills that are missing from the Board, and latterly considers the appropriate level of remuneration for Board Members and Senior staff.

Diversity of Board Members

As part of the Board’s approach to good governance, the Association has committed to the ‘Diversity in the Boardroom’ pledge and by signing the pledge the Association is actively working towards creating a Board and Senior Leadership Team which reflects the diversity of people we work with. Working with The Governance Forum on the development of our governance, we have committed to growing talent, supporting people to progress and reach the very top of the organisation.

<u>Gender</u>		<u>Age</u>		<u>Ethnicity</u>	
Female	2	26-40	0	BME	1
Male	7	41-64	9	White British	8

Code of Governance and Regulatory Standards – Statement of Compliance

We recognise that an open, well informed and diligent Board is an important part of effective risk management, governance and internal control. The Association is regulated by the Regulator of Social Housing.

Each year we undertake a detailed analysis of the extent that we comply with our adopted code of governance, the NHF Code of Governance, in order to make sure the Board continues to function in line with best practice. The Association is fully compliant with the NHF (2015) Code of Governance.

We recognise our responsibilities as a Board to demonstrate to stakeholders and the Regulator that the Association is a going concern and fully complies with the Governance and Financial Viability Standard.

Adullam Homes Housing Association Limited

Board Report incorporating The Strategic Report

Board of Management

The Board of Management has ultimate responsibility for the Association. Its role is to lead, direct, control, scrutinise and evaluate the Association's work. This includes determining strategic direction and key policies, establishing and overseeing control and risk management frameworks, satisfying itself on the integrity of financial information and ensuring that the organisation achieves its aims and objectives.

The Board remains accountable for all of its functions; even those delegated to the Chair, Committees, individual directors or senior staff, and therefore must receive information about the exercise of delegated functions to enable it to maintain an effective governing body role. As Adullam has a subsidiary company, (Adullam Social Enterprises CIC) the parent Board of Adullam exercises control and oversight of the governance and operations of their activities too. Adullam Restorative Practice CIC previously dormant was dissolved within the year.

Board members (apart from the Chair of the Board) undertake an active role in the detailed scrutiny of key areas of the Association's work. Board members served on the following Committees and payment was made to the Chair and individual Board members as follows:

Board Member	Term	Committee Membership	Emoluments
Chris Green (Chair)	2014	Chair of Board from 14 th May 2018	£6,400
Peter Walton	2016	Nominations & Remuneration Committee (Chair)	£4,000
Andrew Cooke	2018	Finance, Audit and Risk Management Committee	£2,600
Chris Horton	2019	Nominations & Remuneration Committee	£2,400
Jane Newsome	2017	Nominations & Remuneration Committee	£2,400
Stephen Philpott	2016	Operations Committee (Chair)	£2,600
Tony Price	2017	Finance, Audit and Risk Management Committee (Chair)	£2,600
Kelly Sotherton	2015	Operations Committee	£2,600
Simon Wright	2018	Finance, Audit and Risk Management Committee	£4,436

The Board has delegated authority to three committees that operated during the year. Each has comprehensive terms of reference, which is regularly reviewed by Board. The Committees were: -

Finance, Audit and Risk Management (FARM) Committee; Operations Committee; Nominations and Remuneration Committee. The Committees provide detailed reports on required areas, reporting back to Board on a regular basis.

The Nominations and Remuneration Committee's role includes consideration of applications to membership of the Board, Committees and subsidiary Boards.

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Board Attendance - 2019 to 2020

Name of Board Member	Attended	Percentage of Meetings Attended
Chris Green	5/6	83%
Peter Walton	6/6	100%
Stephen Philpott	6/6	100%
Tony Price	6/6	100%
Kelly Sotherton	6/6	100%
Jane Newsome	6/6	100%
Andrew Cooke	6/6	100%
Simon Wright	6/6	100%
Chris Horton	6/6	100%

As part of our commitment to good governance, there are independent members on the following Committees:

Committee Member	Committee
Alastair Baillie	Operations Committee
Colin Crabtree	Operations Committee

We would like to thank Board and Committee Members, staff, volunteers and supporters, contractors, partners and “Friends of Adullam” for their hard work and support throughout this year. Their dedication has enabled us to continue to deliver our mission.

The Association has a *recruitment and selection policy* for new Board members and is committed to succession planning and maintaining a refreshment of Board Members. As part of good governance, the Association maintains a skill gap analysis and recruits on the basis of required skills and expertise.

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Financial Review of 2019/20

Five Year Highlights	2019/20	2018/19	2017/18	2016/17	2015/16
Financial Performance					
Turnover (£000)	10,806	10,848	9,837	8,508	9,746
Total comprehensive income (deficit) for the year (£000)	1,030	1,624	(956)	(304)	235
Financial return (%)	9.53	14.97	(9.7)	(3.6)	2.4
Interest payable (£000)	52	54	63	57	59
Interest cover	0	0	0	0	5.0
Financial Position					
Housing Properties (cost) (£000)	24,082	23,701	23,538	24,283	24,714
Cash and cash equivalents (£000)	3,597	2,700	1,196	1,416	2,421
Net Current Assets (£000)	3,134	2,905	1,526	1,396	912
Current Ratio	2.70	3.66	1.82	1.74	1.35
Debt (£000)	984	1,023	1,062	1,098	1,133

Financial Review – Income 2019/20

Adullam has two main areas of business:

1. Providing accommodation for vulnerable people
2. Providing support paid for under Supporting People contracts

The Association secured new contractual work in Bury, for ABEN (A Bed Every Night). The Association was also successful in re-securing contractual work in Leicestershire during 2019 for Empowering Futures. Also, Adullam secured an extension in 2019/20 with Bury for Floating Support.

Austerity is continuing to put financial pressure on Supporting People contract prices. The Group only bids for work on a full cost recovery basis.

Financial Review – Expenditure 2019/20

In the table above an exceptional item is included in 2019/20 of £443,000, this item relates to the successful VAT Tribunal outcome.

Disposals of Assets

The Association maintains an ongoing active approach to Asset Management as work in various regions changes. The overarching aim is to provide and maintain properties in the most effective and efficient locations. In 2019/20 loss on Disposals of £19,000 reflects property and component disposals.

Cashflow

The net cash generated in operating activities during the year amounts to £1,488,000. Principal repayments of £40k have been made to lenders in respect of loan obligations.

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Corporate Strategy

As a supported housing provider, the Association is focused around the needs of service users in addition to financial factors. The Association has chosen to work with vulnerable people, and it is recognised that this will not necessarily be the most profitable or easy work to accomplish, but we see this as an outworking of the Christian ethos, which is expressed through our mission and our values.

Having come through a period of uncertainty and having resolved underlying issues, the Board have committed to pursuing an independent future whilst also seeking the right strategic partnerships around specific projects if these add value and enable us to deliver services more effectively.

Achievements

The Association has continued to deliver excellent practical, positive results. The Association is an Investor in People silver.

A number of existing contracts have been extended, including Sheffield, Blackburn and Darwin, Bury, Salford, Bolton, Leicester and St Helens.

The ABEN [a bed every night] project in Bury has been established and has been a great success. We are now moving into second stage floating support. We have also been involved in the “Everyone In” initiative.

Due to the pandemic, commissioners have put on hold all tendering/re-tendering for a minimum of six months and Business Plan assumptions adjusted accordingly.

The existing Bury, Lancashire contract came to an end March 2019. However, the Association was successful in securing the new contract in 2019/20 which serves people with multiple and complex needs.

We continue to re-invest in our properties and have adequate resources to purchase new stock to support new and existing contracts.

Brexit

Twelve months on, a clear picture of the impact of Brexit remains unresolved. The main areas of uncertainty remain as identified in last year’s report.

The Board continue to monitor the risks associated with Brexit. These are perceived as a deteriorating housing market and therefore the values of housing decrease; interest rates could be increased and inflation to 5% or more. There could be difficulty for new lending and access to finance; also, a shortage of labour to the Association; access to components for repairs and maintenance and access to data if the cloud storage is in an EU country. There is also a risk of wider economic uncertainty.

In responding to the risks of Brexit, Adullam has significant asset to loan cover. Existing loan covenants, which are value to loan, are able to be supported by charging other free assets if necessary. Triodos, one of our existing active lenders has now established a UK company and is keen to lend more; the 2020/21 business plan does see further lending being actively considered, so to maintain high cash liquidity for the Association, however borrowing more could be delayed if there were problems post Brexit. Potential Interest rate and inflation rises could be problematic, it really depends to what extent they occur, the Association has plans for capital works and refurbishment works this year, a modest increase in inflation could be covered. With regard to the delay in components for repairs, the main risk is perceived to be around boilers, the Association has alternative heating solutions in this eventuality. The

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Association's data centre is UK based, in London and therefore this element of the risk is mitigated. The Board are continuing to monitor the risks associated with Brexit as matters unfold at a national level.

COVID and Going Concern

In preparing these accounts, the board are aware of the unprecedented uncertainty created by the current Pandemic, and its potential short and long term impact upon the sectors within which we work.

We are aware that this is an evolving and rapidly changing environment with often limited information available to make decisions.

In response, the senior leadership team, board and committees have considered major risks over the next twelve months and how to best mitigate these to ensure going concern.

A specific COVID19 action plan has been developed to identify and mitigate risks to the organisation. This is being and implemented and is regularly reviewed by management and communicated to Board.

COVID19 impact has been imbedded into the Risk Management Framework as well as relevant KPIs for 2020/2021. Spend associated with COVID19 is separately tracked and monitored.

Business growth assumptions have been downgraded by £100,000 due to the large-scale suspension of the contracting environment, with many local authorities also extending current contracts until the autumn or beyond.

The association has made use of available government initiatives for small business where we are eligible to apply.

The cash reserves policy has been increased by one million pounds (to £3 million) to provide extra assurance of liquidity should remedial action be required, or short term risks need to be mitigated. The Board and FARM committee regularly monitor the cash position and at year end there was over £3 million available.

The Association's asset base has been revalued, and properties with loans secured against them have been subject to scrutiny. Adullam must ensure that loans charged against these properties, have enough equity within their open market value to comfortably service this debt. Adullam has a financial obligation of circa £1.5 million against properties valued at £4.1 million. Post COVID 19, we would have to experience a 63% reduction in the housing market and a depreciation of £2.6 million in the value of our properties with loans against them before the Association was in-breach of any existing loan covenants.

The Association is also in the latter stages of renegotiating with its lenders, to consolidate loans and increase our existing borrowing and to make use of current, favourable interest rates.

The scheduled Internal Audit plan has slightly refocused and brought forward planned work on voids management and support contract profitability to provide information most pertinent to improve performance and manage risks in these key areas.

The robustness and stability of income streams has been assessed and is monitored regularly. Funders have been proactive in front-loading payments.

Value for Money (VFM)

To reflect the Regulators approach to reinforce the strategic significance of Value for Money (VFM) within the sector, the Association has embedded the principles of VFM throughout its operational and strategic policies. Adullam's

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Value for Money (VFM) performance will be measured against its own strategic VFM targets, its peer groups, and the set of regulatory metrics.

Value for Money is integral to Adullam's strategic approach, which is both explicit in our stated business plan objectives and implicit in the targets that drive improvement in the efficiency and effectiveness of our services.

The Association aims to derive the most value out of every pound spent, balancing costs against the diverse requirements of our customer base. Adullam provides supported accommodation to young single homeless people, young people leaving care, those from offending backgrounds, vulnerable mothers and children, people recovering from drug and alcohol addiction, people living with enduring mental health issues and vulnerable families.

Adullam aims to help people to access safe, comfortable accommodation and support them to go on to lead independent lives. A key part of "Restoring hope and dignity" is assisting service users to improve their employability and find opportunities to gain work and work experience, particularly through social enterprise activities.

As a supported housing provider, Adullam competes on quality and cost for the awarding of support contracts from various local authority Commissioners. Through various returns to Commissioners, the Association undertakes returns on the utilisation of bed spaces and support hours provided. For the Association to thrive in this challenging environment it must constantly be aware of its cost base, the pricing of staff costs, property costs and those of its competitors. It has had to react quickly to changing geography, contract wins, and losses and subsequent costs associated with winning and losing work and properties. The Association has had to contend with changing demand for its property stock to respond to various contact/commissioner requirements.

Strategic objectives are set and agreed by the Board, as are Adullam's performance targets and reflect our longer-term business planning. The targets are reviewed and revised annually, based on analysis of the organisation's performance, external factors (i.e. Covid 19) as well as comparison with peers.

All strategic VFM objectives are monitored through a report to Senior Leadership Team on a monthly basis and to the Board at every meeting. In addition to this the management accounts, supported by a clear finance report analysing the accounts are reported on the same frequency, analysing any variance from agreed cost-improvement targets.

Provision of Support, Provision of Housing (Quantity and Quality) and Benchmarking

To assist with benchmarking, Adullam is a member of two benchmarking clubs, regularly assessing its own performance against its peers using Acuity and the Housemark definitions, illustrated by "Small Providers Benchmarking (SPBM)" comparisons throughout this report.

The Association provides support, sometimes this is 'floating support' where it is not tied to properties; but most of the work is accommodation-based support, where the provision of good quality housing and support services are key to successful outcomes with residents/service users.

The Association in assessing the overall success of its work and the investment that is made, measures on an ongoing basis: -

- customer satisfaction for support
- customer satisfaction for accommodation

The table below shows that Adullam performs slightly better than the its peers in this area.

Customer Satisfaction (proportion of tenants satisfied with the landlord's services)

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Measure STA001 SH	SPBM Peer Group	
	19/20: Adullam	19/20: Median
	%	%
Excellent/Good	91	90

As a Registered Provider the Association must provide properties to minimum Decent Homes Standards (DHS) and has expectations around the delivery of its repairs and maintenance services which are monitored by senior staff and the Operations Committee. The table below shows that Adullam outperforms its peers in this area.

Customer Satisfaction (proportion of tenants satisfied with the landlord's repairs)

Measure STA006 SH	SPBM Peer Group	
	19/20: Adullam	19/20: Median
	%	%
Excellent/Good	90	83

Wise Use of the Association's Assets – Key Value for Money Objective

The key strategic aspect of Adullam's approach to value for money is hinged around using the Association support services and property assets wisely, where possible to generate a surplus to be re-invested and deliver in new or owned or managed properties which meet the target need.

Impairment and Voids

As part of preparation for the end of each financial year an impairment review is undertaken on Association properties to assess 'carrying value', this included obsolesce, any contamination, changes in Government policy, fire safety and cladding. The outcome of the impairment review at the end of March 2020 confirmed that the Association has no impaired assets.

Void properties are regularly monitored to ensure they are repaired economically, efficiently and effectively and re-let at the earliest opportunity. A review of void properties and those that are not being successfully re-let triggers a wider review to assess the properties usefulness to the Association going forward. We also work with our Auditors to ensure we reflect best-practise and are sympathetic to external or economic challenges.

Diversifying the use of our underutilised or hard to let properties is also key. Initiatives to work with our peers and incorporate a more flexible, resourceful approach to making our homes available, satisfies a demand where we recognise a need for housing, and we can demonstrate VFM across the sector.

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The table below shows that Adullam outperforms its peers in the area of void losses.

Measure HMSH 30	SPBM Peer Group	
	19/20: Adullam	19/20: Median
	%	%
Void Loss	4.7	5.5

Regulatory Metrics

The Regulator of Social Housing has introduced a set of metrics against which all Registered Providers, regardless of their size and nature of business delivery, are required to report. The results from these metrics are shown below. We recognise the need to compare “like with like” and the regulatory requirements to have a sector wide set of VFM metrics, however these are not fully representative of smaller housing associations and those providing supported housing. Hopefully the commentary will “paint a picture” and provide background to the figures in the table below.

Metric No.	Metric Title	SPBM	Adullam Homes: results from	
		benchmarking report Acuity Research and Practice	Statutory Financial Statements	
		19/20 Median	19/20	18/19
1	Reinvestment %	3.57%	0.3%	1.1%
2A	New supply delivered %	0.0%	0.0%	0.0%
2B	New supply delivered %	0.0%	0.0%	0.0%
3	Gearing %	17%	(10.9%)	(7.2%)
4	Earnings pre-interest, tax, depreciation, amortisation; major repairs included; interest cover	248.9%	1,750%	2,580%
5	Headline Social Housing Cost per Unit (excluding support and care costs)	£4,606	£9,338	£8,854
6A	Operating Margin (social housing lettings) %	18.51%	8.5%	14.6%
6B	Operating Margin (overall)%	17.92%	10.3%	15.1%
7	Return on Capital Employed	2.4%	4.8%	7.4%

Notes to the regulatory metrics

- 1 The Association committed less resources in 2019/20 compared to 2018/19. The 2018/19 figures include a commitment to deliver a new contract for single homeless people.
- 2 As a specialist supported housing provider, the Association’s level of provision is not dependent upon new supply being delivered.

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- 3 The Association's low levels of debt are less than its cash at bank. There is an increase in cash balance is 2019/20 compared to 2018/19 but no increase in debt.
- 4 The Association has made less of a surplus 2019/20 compared to last year 2018/19, which has increased the interest cover. Within 18/19 there was significant exceptional items compared to 19/20.
- 5 The Association is committed to ensuring all properties meet the Decent Homes Standard and has a regular reinvestment programme.
- 6 The Association has made a significant surplus 2019/20 but less compared to last year 18/19. This is due to the increase of properties, which increased lease and service costs.
- 7 The Association has significantly higher social housing costs per unit than its peers. This is due to the small number of properties owned, the dispersed nature of the stock and the high levels of housing management needed to provide the level of service required by customers.

Future VFM savings and initiatives

As part of the business plan process, VFM objectives are set by the Board in agreement with the Senior Leadership Team.

VFM objectives for 2020/21 are as follows:

- a. Develop performance monitoring to capture VFM across the Association.
- b. Ensure Adullam maximises its income by adherence to robust Arrears, voids and Bad Debt Policy. Ensure the Association has sufficient resources, working in conjunction with Finance, to achieve budgets and deliver efficiencies for the Association.
- c. Ensure Adullam has effective procurement practices, policies, systems and processes in place to deliver best practice on any service procured by the Association.
- d. Ensure efficient procurement of utility supplies provides greater value money for the Association and its tenants with targeted installation of smart meters to optimise ongoing fuel use across the Association and minimise fuel poverty.
- e. Improve staff retention performance.
- f. Dispose of assets which are identified as underperforming and have limited future strategic importance to the Association's work, in line with the Asset Management strategy. Maximise the effectiveness of the existing investment at Beech House in Congleton and the associated land, so to yield greater returns.
- g. Report on the savings being achieved through the 2019/20 procured Wide Area Network; Reductions in printing costs through "papercut" (due to the roll out of the product with the new WAN), and reduced travel costs due to increased video conferencing through Teams. Report on the reduction in mobile phone costs now that the new contract started in 2019. Complete June 2020.
- h. Optimise the availability of low interest rates to consolidate existing borrowing and provide funds to purchase additional properties reducing the need for Adullam's capital. FARM has requested this is prioritised due to the favourable interest rates..
- i. Utilise existing assets more effectively. Revert un-used office space into accommodation or rent to external agents. ASE will now populate under used accommodation at Princes Avenue in Liverpool.
- j. Provide detailed information on VFM progress to satisfy FARM Committee and the Board that efficiencies are being delivered by July 2020 and that they are linked into our wider corporate initiatives.
- k. All objectives should be underpinned by robust performance monitoring and KPIs.

The Board will receive updates on the annual VFM objectives at each Board meeting to ascertain measures of performance.

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Risk Management

Key risks and their management and mitigation are set out below:

Key risks

Asset management: including property void costs.

Management and Mitigation

Improvements in monitoring; ensure properties are repaired economically, efficiently and effectively and re-let at the earliest opportunity. A review of any void property and any that are not being successfully re-let, triggers a wider review to assess the properties' usefulness to the Group going forward and disposal if necessary.

Staffing: Failure to retain and recruit a staff team that is skilled, motivated and productive within agreed resources.

Improvements in communications are ongoing. Streamlined the recruitment process. Exit surveys are ongoing to ensure reasons for staff turnover are known and acted upon.

Government Policy: the vacuum in the current government proposals for future funding, for short term supported housing.

The Group is actively involved in working groups, responding to consultations, and exploring funding mechanisms to assess government modelling for future possible funding options.

Rent Policy

Rents and service charges are approved and set for all of our properties as part of our annual budget setting exercise as well as ensuring compliance with the Government's rent formula and other regulations. Service charges are set at affordable levels and ensure full cost recovery.

Arrears Policy

The new Arrears policy has been delivered and key, frontline staff and budget holders have received appropriate training. The Arrears performance will be reported to and monitored by the FARM Committee and Arrears are included in monthly management accounts.

Treasury Management Policy

Adullam has a Treasury Management Policy which sets out the parameters and controls for treasury activities. It has been compiled using the CIPFA Code of Practice for Treasury Management in Public Services. The policy is reviewed annually by the Board. In respect of Treasury arrangements, these are actively managed. Adullam does not have any abnormal exposure to price, credit, liquidity and cash flow risks arising from its trading activities. Adullam does not enter into any hedging transactions and no trading in financial instruments is undertaken. Adullam has two principal funders being Orchardbrook and Triodos. Both loans at the date of this report are at a fixed rate.

Internal Controls

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness for the Group as a whole. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss. In meeting its responsibilities, the Board has approved an effective framework to identify and manage the significant risks to the Group's operations. This risk-based approach to establishing and maintaining internal controls is embedded within day-to-day management and

Adullam Homes Housing Association Limited

Board Report incorporating The Strategic Report

governance processes. The approach includes the regular evaluation of the nature and extent of risks to which the Group is exposed and is consistent with best practice.

Annual Review of the effectiveness of the System of Internal Control

The Board delegates responsibility for the annual review of the effectiveness of the system of internal control to the FARM Committee. The FARM Committee take account of any changes needed to maintain the effectiveness of the management and control process for risk and fraud. The FARM Committee met five times during the financial year. Assurance over the control environment was obtained from the following main sources:

Risk Management

An effective risk management framework sits at the core of the system of internal control. The Board confirms that the process for identifying, evaluating and managing the significant risks faced by the organisation is ongoing, the process has been in place throughout the year and up to the date of approval of the annual report and accounts and is regularly reviewed by the Board.

The FARM Committee reviews, at each meeting, the contents and scoring of the risk register on behalf of the Board who maintain direction and oversight as part of good governance. The Executive and Senior Leadership Team regularly consider reports on risks and the Chief Executive is responsible for reporting to the Board any significant changes affecting key risks.

Internal Audit

The prime responsibility of the internal audit service is to provide the Board with assurance on the adequacy and effectiveness of the internal control system, including risk management and governance. Internal audit also plays a valuable role in helping management to improve systems of internal control and so to reduce the potential effects of any significant risks faced. The Internal Auditor has direct access to the FARM Committee including in-camera meetings without management present.

The FARM Committee reviews the findings arising from all Internal Audit Reports and is provided with progress reports on the implementation of all agreed recommendations for improvement to the point of conclusion.

As part of this year's assurance and audit work, we are now working with RSM as per the internal audit contract. Audits are planned throughout the year and deliver assurance on all key regulatory matters.

Fraud Management

The Association operates a zero-tolerance approach to any instances of fraud or corruption. There is an Anti-Fraud & Bribery policy, an Anti-Money Laundering policy and Whistleblowing policy. These policies are reviewed regularly. A fraud register is maintained by the Company Secretary as well as a hospitality register which is maintained by the Company Secretary; a register that identifies any gifts that may have been received. There were no material issues identified during the year. The Group has appropriate insurance cover in place to mitigate the potential financial losses associated with fraud.

Information and Financial Reporting Systems

Financial reporting provides detailed annual budgets, detailed treasury reports, value for money reporting and monthly management accounts and cashflows which are reviewed by FARM Committee and the Board.

Any issues raised in the external audit management letter issued at the conclusion of the annual audit are dealt with to the satisfaction of both the external auditor and the FARM Committee with progress tracked to the point of conclusion.

Adullam Homes Housing Association Limited

Board Report incorporating The Strategic Report

Key performance indicators and business objectives set as part of the performance management framework are regularly reviewed by the Group Board to assess progress and outcomes against the Strategic and Business Plan.

Budgetary responsibility

Each employee who has financial or devolved budgetary responsibility is provided with a copy of the Financial Regulations and Schedule of Delegation. Employees shall be responsible for the accountability and control of all resources including plant, buildings, materials, cash and stores relating to their areas of responsibility.

The FARM Committee is responsible for making recommendations to the Group Board on amendments to Financial Regulations as it considers necessary for the supervision and control of the finances, accounts, income, expenditure and assets of the Group.

Going concern statement

The budget for Adullam for 2020/21 shows an accounting surplus (prior to any surplus on asset sales) of £243k. The budgeted surplus for Adullam Social Enterprises CIC is £23k.

The budget for Adullam has been developed and compiled by the Financial Controller, Regional Managers, Operational Managers and the Property & Contracts Manager, then reviewed with the Senior Leadership Team and ultimately challenged and approved by Adullam's Board. Property budgets have been compiled by a detailed and comprehensive review by the above.

Rental Income for 2020/2021 is £7.1m. Core rent for properties that Adullam own reflects the increase in rent of CPI (Sept 19) + 1% set out by the Regulator. Service Charge income for properties reflect accurate costs for service contracts, property management contracts, salaries regarding Enhanced Management and salaries regarding concierge.

Voids Budget for 2020/21 is £236k. This has been reviewed and void rates for each area have been considered, based on current run rates. There is a reduction compared to the run rate of 2019/20 due to significant improvements within void performance with our current position at 3% void loss against a target of 5%.

Bad Debt provision has been considered at 2% of rental income based on current run rates.

Supporting People budget has considered current contracts in place and the likelihood of renewal.

The staffing budget is made up of all existing posts on the current establishment and any vacancies. The budget for the year incorporates Supporting People contractual hours and Enhanced Housing Management. Agency has been considered at a rate of 11.5% where required. Salaries for Support Workers, Project Workers, TSO's and Concierge staff have been increased to assist with staff retention. The minimum wage/living wage increases have been applied, this does not impact on Adullam as our pay rates are above the minimum level. With Brexit any loss of EU National employees will have a minimum effect if any on Adullam.

Service charge budget of £1.6m has considered the service charge income and actual expenditure and the costs are covered by the income generated apart from where staff are based on site which is covered by the management fee.

Property costs of £1.8m include the service contracts in place. Within this budget there is £972k provided for Landlord payments, which nets off the income we collect in for rents and service charges. (If we did own more properties this would reduce landlord payments, however, income would remain). This figure has increased

Adullam Homes Housing Association Limited

Board Report incorporating The Strategic Report

from £886k budgeted in 2019/20 and largely relates to the new contracts that went live in 19/20 in Bury and Leicestershire where the Association has secured new leased property to service the contract requirements.

Project overheads have been set based on reviews with Senior Leadership Team members, Operational Managers and Regional Managers. The costs have increased compared to the run rate for 2019/20 and this is due to an increase in:

- Training Budget for Leadership and Health & Safety
- Professional fees to conduct the 5 yearly stock condition survey
- Legal fees have decreased in 2020/21 due to the previous anticipated merger costs in 2019/20
- Consultants fees decrease in 2020/21 due to the actual costs incurred in 2019/20 for the Business Development consultant
- Data centre costs includes 12 months of the new contract and 1 months of the old contract due to parallel testing

The cash flow for Adullam Homes is based on the 2020/21 budget. Assumptions are listed below:

- All cash profiles have considered the start and end of support contracts
- Support contracts have been profiled further for contracts that which are paid monthly/quarterly/half yearly basis
- Staffing is profiled equally over the 12 months
- Expenditure has been considered on a monthly/quarterly/half year/yearly basis where possible
- VAT considers the income less the expenditure as per standard
- Capital expenditure of £462k which includes Westbourne
- Increase in borrowings to acquire properties
- Purchase of Chatsworth, Derbyshire

To ensure budgets are effectively managed and controlled, monthly management accounts are produced for Adullam staff, Board and FARM. These are then reviewed and acted upon by Adullam staff on a monthly basis.

The Association can meet existing loan covenant requirements.

On this basis, the Board has reasonable expectation that Adullam has adequate resources to continue in operational existence for the foreseeable future, being a period of 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.

Control Environment and Procedures

Governance arrangements are subject to continuing review and development to ensure they remain fit for purpose. Board and sub-Committee membership is reviewed annually in line with the membership policy terms. Compliance with the chosen code of governance and the Regulatory Framework is reviewed annually.

The Board retains responsibility for a defined range of issues covering strategic, operational, financial, and compliance matters and new investment projects. The Board disseminates its requirements to employees through a framework of policies and procedures.

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group and for preventing, detecting, investigating and insuring against fraud. This process had been in place throughout the year under review, up to the date of the Annual report, and is regularly reviewed by the Board.

Adullam Homes Housing Association Limited

Board Report incorporating The Strategic Report

Public Benefit Entity

As a public benefit entity, Adullam has applied the public benefit entity 'PBE' prefixed paragraphs of FRS102.

Information for the Auditor

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 auditor is unaware; and each Board member has taken all the steps that they ought to have taken as a Board member to make them aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

The Board confirms that this Strategic Report has been prepared in accordance with the principles set out in Paragraph 4.7 of the 2018 SORP for Registered Social Housing Providers.

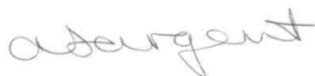
Annual General Meeting

The annual general meeting will be 23rd September 2020.

External Auditors

The Association retendered its external audit service during the year and appointed Beaver and Struthers. A resolution to re-appoint Beaver and Struthers will be proposed at the forthcoming annual general meeting.

By Order of the Board:



Signed:
Chief Executive

Date: 22nd July 2020

Adullam Homes Housing Association Limited

Independent auditor's report to the members of Adullam Homes Housing Association Limited

Opinion

We have audited the financial statements of Adullam Homes Housing Association Limited (the 'parent association') and its subsidiary (the 'group') for the year ended 31 March 2020 which comprise the Group and the parent association's Statements of Comprehensive Income, the Group and the parent association's Statements of Financial Position, the Group and the parent association's Statements of Changes in Reserves, the Group 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 group's and of the parent association's affairs as at 31 March 2020 and of the group's and the parent association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) 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 group's or the parent 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.

Adullam Homes Housing Association Limited

Independent auditor's report to the members of Adullam Homes Housing Association Limited

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- the parent 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 pages 7, 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 group's and the parent 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 group or the parent 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.

Adullam Homes Housing Association Limited

Independent auditor's report to the members of Adullam Homes Housing Association Limited

Use of the audit report

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

Beever and Struthers

Beever and Struthers, Statutory Auditor
St Georges House
215-219 Chester Road
Manchester
M15 4JE

Date: 25 August 2020

Adullam Homes Housing Association Limited

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Turnover	2	10,806	10,848
Operating expenditure	2	(10,150)	(9,685)
Exceptional Items	2	443	495
Surplus on disposal of property, plant and equipment	3	(19)	18
Operating surplus		<u>1,080</u>	<u>1,676</u>
Finance income		6	6
Interest and financing costs	4	(52)	(54)
Surplus before tax		<u>1,034</u>	<u>1,628</u>
Taxation	8	(4)	(4)
Total comprehensive income for the year		<u><u>1,030</u></u>	<u><u>1,624</u></u>

The financial statements on pages 24 to 52 were approved and authorised for issue by the Board on 22nd July 2020 and were signed on its behalf by:



Chair:
Chris Green



Vice Chair:
Peter Walton



Chief Executive:
Alison Sargent

Adullam Homes Housing Association Limited

Association Statement of Comprehensive Income


For the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Turnover	2	10,701	10,665
Operating expenditure	2	(10,064)	(9,514)
Exceptional Items	2	443	495
Surplus on disposal of property, plant and equipment	3	(19)	18
Operating surplus		<u>1,061</u>	<u>1,664</u>
Finance income		6	6
Interest and financing costs	4	(52)	(54)
Surplus before tax		<u>1,015</u>	<u>1,616</u>
Taxation			
Total comprehensive income for the year		<u><u>1,015</u></u>	<u><u>1,616</u></u>

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Chris Green



Vice Chair:
Peter Walton



Chief Executive:
Alison Sargent

Adullam Homes Housing Association Limited

Consolidated Statement of Financial Position

At 31 March 2020

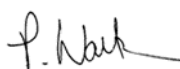
	Note	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	9	14	28
Housing properties	10	18,941	18,749
Other property, plant and equipment	11	875	877
		<hr/>	<hr/>
		19,830	19,654
Current assets			
Debtors	13	1,378	1,297
Property held for sale	25	-	-
Cash		3,597	2,700
		<hr/>	<hr/>
		4,975	3,997
Creditors: Amounts falling due within one year	14	(1,841)	(1,092)
		<hr/>	<hr/>
Net current assets		3,134	2,905
		<hr/>	<hr/>
Total assets less current liabilities		22,964	22,559
Creditors: Amounts falling due after more than one year	15	(1,054)	(1,675)
Deferred capital grant	16	(11,798)	(11,802)
		<hr/>	<hr/>
Net assets		10,112	9,082
		<hr/> <hr/>	<hr/> <hr/>
Capital and reserves			
Called-up share capital	22	*	-
Revenue reserve		9,977	8,930
Restricted reserve		135	152
		<hr/>	<hr/>
Total reserves		10,112	9,082
		<hr/> <hr/>	<hr/> <hr/>

* Non-equity share capital for 2019/20 is £18 (2018/19 £18)

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Adullam Homes Housing Association Limited

Association Statement of Financial Position

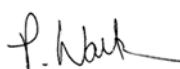
At 31 March 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	9	14	28
Housing properties	10	18,941	18,749
Other property, plant and equipment	11	875	877
		<u>19,830</u>	<u>19,654</u>
Current assets			
Debtors	13	1,366	1,258
Property held for sale	25	-	-
Cash		3,548	2,682
		<u>4,914</u>	<u>3,940</u>
Creditors: Amounts falling due within one year	14	<u>(1,811)</u>	<u>(1,051)</u>
Net current assets		<u>3,103</u>	<u>2,889</u>
Total assets less current liabilities		22,933	22,543
Creditors: Amounts falling due after more than one year	15	(1,054)	(1,675)
Deferred capital grant	16	(11,798)	(11,802)
Net assets		<u>10,081</u>	<u>9,066</u>
Capital and reserves			
Called-up share capital	22	*	-
Revenue reserve		9,946	8,914
Restricted reserve		135	152
Total reserves		<u>10,081</u>	<u>9,066</u>

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Chair:
Chris Green



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Peter Walton



Chief Executive:
Alison Sargent

Adullam Homes Housing Association Limited

Consolidated Statement of Changes in Reserves

At 31 March 2020

	Revenue reserve £'000	Restricted reserve £'000	Total £'000
At 1 April 2018	7,302	179	7,481
Total comprehensive income for the year	1,601	-	1,601
Transfer of restricted expenditure from unrestricted reserve	27	(27)	-
At 31 March 2019	8,930	152	9,082
Total comprehensive income for the year	1,030	-	1,030
Transfer of restricted expenditure from unrestricted reserve	17	(17)	-
At 31 March 2020	9,977	135	10,112

Adullam Homes Housing Association Limited

Association Statement of Changes in Reserves

At 31 March 2020

	Revenue reserve £'000	Restricted reserve £'000	Total £'000
At 1 April 2018	7,298	179	7,477
Total comprehensive income for the year	1,589	-	1,589
Transfer of restricted expenditure from unrestricted reserve	27	(27)	-
At 31 March 2019	8,914	152	9,066
Total comprehensive income for the year	1,015	-	1,015
Transfer of restricted expenditure from unrestricted reserve	17	(17)	-
At 31 March 2020	9,946	135	10,081

Adullam Homes Housing Association Limited

Consolidated Statement of Cash Flows

For the year ended 31 March 2020

		2020	2019
	Note	£'000	£'000
Net cash generated from operating activities	1	1,490	1,156
Cash flows from investing activities			
Purchase of property, plant and equipment	9/10/11	(498)	(78)
Purchase of properties under construction	9/10	(9)	(198)
Proceeds from sale of property, plant and equipment	3	-	710
Interest received		6	6
Net cash flows from investing activities		(501)	440
Cash flows from financing activities			
Interest paid	4	(52)	(54)
Repayments of borrowings	19	(40)	(38)
Net change in cash and cash equivalents		897	1,504
Cash and cash equivalents at beginning of year		2,700	1,196
Cash and cash equivalents at end of year		3,597	2,700

Adullam Homes Housing Association Limited

Consolidated Statement of Cash Flows

For the year ended 31 March 2020

		2020	2019
Note 1a	Note	£'000	£'000
Surplus for the year		1,047	1,628
Adjustments for non-cash items			
Depreciation, amortisation and scrappage of tangible and intangible fixed assets	9/10/11	310	274
Amortisation of capital grant	16	(175)	(178)
Grant amortisation written back on disposal	16	-	36
Interest payable		52	54
Interest receivable		(6)	(6)
Movement on restricted reserves		17	27
Surplus on disposal of property, plant and equipment	3	19	(18)
		<hr/>	<hr/>
Operating cashflow before movements in working capital		1,264	1,817
Increase in Debtors	13	(81)	425
Increase in Creditors	14	307	(813)
Decrease in property held for sale	25	-	(273)
		<hr/>	<hr/>
Net cash generated from operating activities		1,490	1,156
		<hr/> <hr/>	<hr/> <hr/>

Note 1b

Analysis of changes in net debt

Group	At Beginning of Year	Cashflows	At End of the Year
	£'000	£'000	£'000
Cash and Cash Equivalents	2,700	897	3,597
Housing Loans Due in One Year	40	2	42
Housing Loans Due After One Year	983	(41)	942

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2020

Accounting policies

Legal Status

Adullam Homes Housing Association Limited is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a Private Registered Provider of Social Housing. The registered office is Walter Moore House, 34 Dudley Street, West Bromwich B70 9LS. The principal activity of the Association is that of housing support to individuals from vulnerable backgrounds.

Basis of Accounting

These financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (FRS 102) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2018. As a public benefit entity, Adullam has applied the public benefit entity ‘PBE’ prefixed paragraphs of FRS 102.

These financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. The accounts are prepared on the historical cost basis of accounting. Housing properties are stated at cost. The Association does not own any assets classified as financial instruments that require periodic revaluation. Therefore, no modification to the historic cost basis of accounting has been necessary. The financial statements are presented in pounds sterling and are rounded to thousands of pounds.

Basis of Consolidation

A wholly owned subsidiary; Adullam Social Enterprises Community Interest Company ‘CIC’ was incorporated on and commenced operations on 2 April 2016. The Association has therefore prepared consolidated financial statements for the years ended 31 March 2018, 2019 and 2020. The consolidated financial statements incorporate those of Adullam Homes Housing Association Limited and its subsidiary each year made up to 31 March.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Reduced Disclosures

In accordance with FRS 102, the Association has taken advantage of the exemptions from the following disclosure requirement in the individual financial statements of Adullam Homes Housing Association Limited;

- Section 7 ‘Statement of Cash Flows’ – Presentation of a Statement of Cash Flows and related notes and disclosures.
- Section 11 ‘Basic Financial Instruments’ & Section 12 ‘Other Financial Instrument Issues’ – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches; and details of hedges and hedging fair value changes recognised in profit or loss and in other comprehensive income.

Going Concern

The Group’s financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future, based on budgeting and cash flow forecasting for 2020/21 and the first half of 2021/22. There has been no breach in loan covenants and it has been concluded that there is no imminent or likely future breach in borrowing covenants.

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2020

Significant management judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, 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 judgments 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 are management judgements in applying the accounting policies of the Group that have the most significant effect on the amounts recognised in the financial statements.

VAT. The Group has been in dispute with HM Revenue and Customs (HMRC) in relation to VAT claims relating to the Financial Years 2010/11 to 2013/14, which were considered by a VAT Tribunal in May 2017. In 2018/19 the tribunal went against HMRC. Therefore, the provision has been released and HMRC have made a payment in 19/20 which has been accounted for in 2019/20. This has led to a surplus of £443k to the Statement of Comprehensive Income in 2019/20.

Other key sources of estimation and assumptions:

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Turnover and revenue recognition

Turnover represents rental income receivable, amortised capital grant, revenue grants from local authorities and other income and is 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, net of voids. Income from property sales is recognised on legal completion. Supporting People Income is recognised in line with the contractual arrangements.

Support income and costs including Supporting People income and costs

Supporting People (SP) contract income received from Administering Authorities is accounted for as support income in Turnover as per note 2. The related support costs are matched against this income in the same note.

Service charges

Service charge income and costs are recognised on an accruals basis. The Group operates both fixed and variable service charges on a scheme by scheme basis in consultation with residents. Where variable service charges are used 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. Until these are returned or recovered, they are held as creditors or debtors in the Statement of Financial Position.

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2020

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 long term creditors.

Loan interest costs

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and amount of maturity of the related loan.

Taxation

The Association has charitable status for taxation purposes and no liability to corporation tax arises on its results for the year. The subsidiary company is subject to corporation tax in the same way as any commercial organisation.

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Value Added Tax

VAT is charged at the rate of 20% mainly in relation to Supporting People contract income. Most of the Group's income is rent and service charges, which are both exempt for VAT purposes. As a result, the Group is partially exempt and recovers VAT under a standard partial exemption method.

Intangible fixed assets

Intangible fixed assets comprise capital investment in computer software. Intangible fixed assets are initially measured at cost, net of depreciation and any impairment losses. Depreciation is provided at rates calculated to write off the cost to its estimated residual value on a straight-line basis over its expected useful life, as follows:

	Years
Software	5

Tangible fixed assets and depreciation

Housing properties

Tangible fixed assets are stated at cost, less accumulated depreciation.

Housing properties under construction are stated at cost and are not depreciated. These are reclassified as Housing properties on practical completion of construction.

Freehold land is not depreciated.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELS), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

The Group depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2020

UEs for identified components are as follows:

	Years
Heating	20
Kitchens	20
Bathroom	30
Roofs	60
Windows	30
Structure	120

The Group depreciates housing properties held on long term leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

Depreciation is charged on other tangible fixed assets on a straight-line basis over the expected economic useful lives which are as follows:

	Years
Freehold offices	50
Furniture and equipment	10
Office equipment	5

Impairment of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Group estimates the recoverable amount of the asset.

Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in the Statement of Comprehensive Income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the Statement of Comprehensive Income. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Property managed by agents

Where the Group carries the majority of the financial risk on property managed by agents, income arising from the property is included in the Statement of Comprehensive Income. Where the agency carries the majority of

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2020

the financial risk, income includes only that which relates solely to the Group. In both cases, the assets and associated liabilities are included in the Group's Statement of Financial Position.

Leasing and hire purchase

Annual rentals on operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

Stock and properties held for sale

The Group does not hold any significant stocks of materials. Properties which have been identified for sale and are in a state in which a sale could proceed as at the year-end are recorded as a current asset.

Non-government grants

Grants received from non-government sources are recognised under the performance model. If there are no specific performance requirements the grants are recognised when received or receivable. Where grant is received with specific performance requirements it is recognised as a liability until the conditions are met and then it is recognised as Turnover.

Social Housing and other government grants

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in Turnover over the estimated useful life of the associated asset structure and components (not land), under the accruals model. Social Housing Grant (SHG) received for items of cost written off in the Statement of Comprehensive Income Account is included as part of Turnover.

When SHG in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

Social Housing and other government grants

SHG must be recycled by the Group 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 recorded as a subordinated unsecured repayable debt.

Recycling of Capital Grant

Where Social Housing Grant is recycled, as described above, the SHG is credited to a fund which appears as a creditor until used to fund the acquisition of new properties. Where recycled grant is known to be repayable it is shown as a creditor within one year.

Asset Disposals

Asset disposals are recognised upon the unconditional exchange of contracts relating to the disposal.

Employee benefits

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

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2020

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

The cost of providing pensions and related benefits is charged to management costs over the periods benefiting from the employees' services. All pension arrangements in which the Group participates are defined contribution schemes.

Reserves

The Association carries two types of reserves;

- a) Restricted reserve and
- b) Unrestricted reserves

Restricted Reserve

The following restricted reserve is held as follows:

- i. Welfare Fund

Unrestricted Reserves

The total unrestricted reserve is represented by the income and expenditure reserve shown in the financial statements. As at 31 March 2020 this amounted to £9,977,000 (31 March 2019: £8,930,000). This balance is accumulated net surplus that Adullam Homes has generated since its formation in July 1972.

As a housing group owning a portfolio of properties, most of the surplus generated has been re-invested into maintaining its property stock.

The Group has a reserves policy which is renewed annually. The policy identifies the Group unrestricted, unencumbered cash backed reserves as equivalent to the net current assets of the Group. As at 31 March 2020 this amounted to £3,597,000 (31 March 2019: £2,700,000).

This policy aims to build unrestricted, unencumbered cash backed reserves up to sum representing three months' expenditure plus a buffer of 10%. This would currently amount to approximately £ 2,435,000 (31 March 2019: £2,322,000).

The policy is read in conjunction with the Association Treasury Management policy, which stipulated a minimum cash holding of £2m. Under the current circumstances regarding Coronavirus, Adullam have adopted a minimum £3m cash availability

Financial instruments

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

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2020

Financial assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Such debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in income and expenditure for the excess of the carrying value of the debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the Statement of Comprehensive Income.

Financial liabilities

Creditors

Trade and other creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2020

2a. Particulars of turnover, cost of sales, operating costs and operating surplus – Group

	2020		
	Turnover £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings (note 2b)	10,513	(9,616)	897
Other social housing activities	293	(86)	207
Total	10,806	(9,707)	1,104

	2019		
	Turnover £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings (note 2b)	10,561	(9,020)	1,541
Other social housing activities	287	(170)	117
Total	10,848	(9,190)	1,658

The above amounts for the Association differ by turnover of £105,000 and operating costs of £86,000 in respect of Adullam Social Enterprises CIC.

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2020

2b. Particulars of Income and Expenditure from social housing lettings – Group and Association

All Supported Housing	2020 Total £'000	2019 Total £'000
Income		
Rents receivable	2,648	2,514
Service charge income	4,298	4,387
Amortised government grant	175	178
Other grants	530	728
Support Services/Supporting People	2,862	2,754
Turnover from social housing lettings	10,513	10,561
Expenditure		
Service charge costs	3,404	3,145
Management	1,984	1,838
Care and Support Costs	2,454	2,792
Routine maintenance	664	397
Bad debts	141	67
Leased Charges	1,102	965
Depreciation of housing properties	284	286
Depreciation of other fixed assets	26	25
Exceptional Items *	(443)	(495)
Operating costs	9,616	9,020
Operating surplus social housing lettings	897	1,541
Void losses	311	360

*Exceptional item relates to the monies owed by HMRC to Adullam regarding the VAT tribunal being successful to Adullam.

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2020

3. Surplus on disposal of property, plant and equipment

	2020	2019
	£'000	£'000
Disposal proceeds	-	188
Costs of sale	(19)	(170)
	<hr/>	<hr/>
(Deficit)/Surplus on disposal	(19)	18
	<hr/>	<hr/>

4. Interest and finance costs

	2020	2019
	£'000	£'000
Bank loans repayable in more than five years	52	54
On late payment of supplier invoices	-	-
	<hr/>	<hr/>
	52	54
	<hr/>	<hr/>

5. Surplus/(deficit) on ordinary activities before taxation

Surplus/(deficit) on ordinary activities before taxation is stated after charging/(crediting):

	2020	2019
	£'000	£'000
Depreciation of property, plant and equipment	310	311
Audit fees:		
- Statutory audit	22	20
- Statutory audit over runs 18/19	3	4
- Audit-related assurance services	-	12
Operating lease rentals	1,102	965
	<hr/>	<hr/>
	<hr/>	<hr/>

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2020

6. Staff costs

	2020 £'000 Group	2019 £'000 Group	2020 £'000 Association	2019 £'000 Association
Wages and salaries	4,112	4,263	3,562	3,811
Social security costs	307	321	294	321
Pensions and other costs	104	124	99	124
Redundancy and severance	56	40	48	40
	4,579	4,748	4,003	4,296

The Full Time Equivalent number of staff who received emoluments, including pension contribution, in excess of £60,000 were as shown below.

Salary Band £'	2020 Number	2019 Number
60,000 – 69,999	-	-
70,000 – 79,999	2	1
80,000 – 89,999	1	1

The Association average full-time equivalent number of employees was:

	2020 Number	2019 Number
The average number of persons employed during the year expressed in full time equivalents (37.5 hours per week)	164	178

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2020

7. Directors' remuneration and transactions

Key management personnel remuneration

	2020	2019
	£'000	£'000
Directors who are executive staff members		
Wages and salaries	231	219
Social security costs	28	27
Other pension costs	11	10
Compensation for loss of office	-	-
Estimated money value of any other benefits otherwise than in cash	3	3
Board members		
Wages and salaries	31	26
Social security costs	-	-
Other pension costs	-	-
	<hr/> 304	<hr/> 285

Directors are defined as the members of the Board, Chief Executive, Director of Operations and Director of Housing.

	2020	2019
	£'000	£'000
Remuneration of the highest paid director, excluding pension contributions:		
Emoluments	85	85

The Chief Executive is an ordinary member of the pension scheme. No enhanced or special terms apply.

8. Taxation

The Association has charitable status for taxation purposes and no liability to corporation tax arises on its results for the year.

Adullam Social Enterprises C.I.C corporation tax over accrual of £1,044 for 2018/19, plus an accrual of £4,926 provision for 19/20 £3,882. (£3,456: 2019).

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2020

9. Intangible fixed assets - software

Group and Association

	Total
	£'000
Cost	
At 1 April 2019	330
Additions	-
Disposals	-
As at 31 March 2020	<u>330</u>
	<u><u>330</u></u>
Amortisation	
At 1 April 2019	302
Charge for the year	14
Eliminated on disposals	-
As at 31 March 2020	<u>316</u>
	<u><u>316</u></u>
Net book value	
As at 31 March 2020	<u>14</u>
As at 31 March 2019	<u>28</u>
	<u><u>14</u></u>

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2020

10. Tangible fixed assets – housing properties

Group and Association	Completed properties £'000	Under construction £'000	Total £'000
Cost or valuation			
At 1 April 2019	23,701	198	23,899
Completed properties acquired	388	-	388
Components capitalised	74	9	83
Works to existing properties	-	-	-
Disposals	(81)	-	(81)
Transfers from Properties held for Sale	-	-	-
At 31 March 2020	24,082	207	24,289
Depreciation			
At 1 April 2019	5,150	-	5,150
Charge for the year	263	-	263
Eliminated on disposals	(65)	-	(65)
Transfers from Properties held for Sale	-	-	-
At 31 March 2020	5,348	-	5,348
Net book value			
At 31 March 2020	18,734	207	18,941
At 31 March 2019	18,551	198	18,749

All additions to Social Housing properties held for letting relate to capitalised expenditure on components. During the year replacements were made to heating systems, kitchens, bathrooms and windows.

The net book value of freehold land and buildings at 31st March 2020 was £18,276,633 (2019: £18,115,440) and £458,085 (2019: £436,145) in respect of long leasehold land and buildings.

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2020

11. Property, plant and equipment – other

Group and Association	Freehold £'000	Fixtures and fittings £'000	Motor Vehicles £'000	Total £'000
Cost or valuation				
At 1 April 2019	1,052	552	-	1,604
Additions	-	23	13	36
Disposals	-	(5)	-	(5)
At 31 March 2020	1,052	570	13	1,635
Depreciation				
At 1 April 2019	208	519	-	727
Charge for the year	21	12	-	33
At 31 March 2020	229	531	-	760
Net book value				
At 31 March 2020	823	39	13	875
At 31 March 2019	844	33	-	877

12. Investments

The Association's subsidiary undertaking Adullam Social Enterprises C.I.C is owned through virtue of control. Adullam Social Enterprises C.I.C is a company limited by guarantee and as such does not have share capital.

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2020

13. Debtors

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Amounts falling due within one year:				
Rent arrears	594	542	594	542
Provision for bad debts	(359)	(287)	(359)	(287)
Trade debtors	619	432	612	378
Prepayments and accrued income	501	598	501	595
Other debtors	23	12	18	12
Amounts owed by Group undertakings	-	-	-	18
	1,378	1,297	1,366	1,258

14. Creditors – amounts falling due within one year

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Bank loans (note 19)	42	40	42	40
Trade creditors	391	256	390	255
Rents received in advance	258	172	258	172
Other taxation and social security	230	183	202	158
Accruals and deferred income	362	278	346	264
Recycled Capital Grant (note 17)	523	114	523	113
Other creditors	35	49	35	49
Amounts owed to Group undertakings	-	-	15	-
	1,841	1,092	1,811	1,051

15. Creditors – amounts falling due after more than one year

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Loans (note 19)	942	983	942	983
Recycled Capital Grant (note 17)	112	692	112	692
	1,054	1,675	1,054	1,675

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2020

16. Deferred income - Government grants

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
At 1 April 2019	11,802	12,074	11,802	12,074
Grants receivable	171	-	171	-
Amortisation to Statement of Comprehensive Income	(175)	(178)	(175)	(178)
Disposals	-	(130)	-	(130)
Grant amortisation written back on disposal	-	36	-	36
At 31 March 2020	11,798	11,802	11,798	11,802
Net deferred income – Government grants				
Due within one year	172	175	172	175
Due after one year	11,626	11,627	11,626	11,627
At 31 March 2020	11,798	11,802	11,798	11,802

17. Recycled Capital Grant Fund

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
At 1 April 2019	805	693	805	693
Grants released on disposal	-	112	-	112
Grants recycled	(170)	-	(170)	-
At 31 March 2020	635	805	635	805
Net deferred income – Government grants				
Due within one year	523	114	523	114
Due after one year	112	691	112	691
At 31 March 2020	635	805	635	805

18. Grant and financial assistance

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Held as deferred capital grant	11,798	11,802	11,798	11,802
Recognised as income in revenue reserves	4,987	4,795	4,987	4,795
Held in Recycled Capital Grant	635	805	635	805
Total accumulated government grant and financial assistance	17,420	17,402	17,420	17,402

Adullam Homes Housing Association Limited

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For the year ended 31 March 2020

19. Analysis of debt repayments

Borrowings are repayable as follows:

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Bank loans				
Between one and two years	44	42	44	42
Between two and five years	147	139	147	139
After five years	751	802	751	802
	942	983	942	983
On demand or within one year	42	40	42	40
	984	1,023	984	1,023

Loans are secured by specific charges on the Association's individual housing properties. The loans are repayable monthly at varying rates of interest and are due to be repaid in 2032 and 2037.

£217,021 (Orchardbrook Ltd) (31st March 2019 £224,388) repayable quarterly for 31 years commencing in 2000; interest rate 10.9625%.

£766,678 (Triodos bank) (31st March 2019 £799,340) repayable monthly for 25 years; interest rate of 3% above base rate.

20. Pension Obligations

The Group operates a defined contribution pension scheme which targets a guaranteed basic sum, evaluated on contributions up to the year of retirement. The assets of the scheme are held separately from those of the Group, in trustee administered funds. Contributions to the scheme are charged to the Statement of Comprehensive Income in the period to which they relate. Separate to the Pension Scheme, there is also a death in service insurance scheme. The scheme provides benefits equal to four times an employee's final salary.

The total cost of employer pension contributions for the year ended 31st March 2020 was £103,962 (2019: £124,662)

An amount of £9,926 was payable to the fund at the year end and is included in creditors payable within one year (2019: £4,131).

The Chief Executive is an ordinary member of the pension scheme. No special terms apply. The Association does not contribute to any other pension arrangement for the Chief Executive.

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2020

21. Financial instruments

The carrying values of the Group and Association's financial assets and liabilities measured at fair value are summarised by category below:

	Group	
	2020	2019
	£'000	£'000
Financial assets		
Measured at amortisation cost	1,046	957
Financial liabilities		
Measured at amortisation cost	2,103	2,216

22. Share capital

	2020	2019
	£	£
At beginning of year	18	18
Issued during the year	-	-
Cancelled during the year	-	-
At end of year	18	18

The value of each share is £1. The shares do not have a right to any dividend or distribution in a winding-up and are not redeemable. Each share has full voting rights.

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2020

23. Financial commitments

Operating lease commitments:

The Group hold properties and office equipment under non-cancellable operating leases. Total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Payments due: -				
- within one year	741	689	741	689
- between one and five years	112	641	112	641
- after five years	-	-	-	-
	853	1,330	853	1,330

24. Housing stock

Group and Association	2020 Number	2019 Number
Owned and managed		
Supported housing accommodation	614	608
General needs housing accommodation	18	6
	632	614
Managed by Others	25	24

25. Property held for sale

Group and Association	2020 £'000	2019 £'000
1 st April	-	273
Transfer to Property held for sale	-	(273)
31 st March	-	-

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Notes to the financial statements

For the year ended 31 March 2020

26. Related party transactions

During the year Adullam Homes Housing Association had the following transactions with non-regulated entities which form part of the Group.

Subsidiary/Non-Regulated Entity	Transaction	2020	2019
		£'000	£'000
Adullam Social Enterprises C.I.C (ASE)	Management charge to ASE	10	10
	Agency charges for staff time from ASE	552	508

Recharges are made at cost. Adullam Social Enterprises C.I.C is a wholly owned subsidiary incorporated in England on 2 April 2016.

At 31 March 2020 between Adullam Homes Housing Association and Adullam Social Enterprises C.I.C, non-regulated entity which forms part of the Group:

	2020	2019
	£'000	£'000
Adullam Homes Housing Association Ltd owed Adullam Social Enterprises C.I.C	15	-
Adullam Social Enterprises C.I.C owed Adullam Homes Housing Association Ltd	-	18

27. Legislative provisions

The Association is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is a Private Registered Provider of Social Housing.