

Lyng Community Association
Annual report and financial statements
for the year ended 31 March 2021

Company registered number: 3977954

Charity registered number: 1089147

Regulator of Social Housing number: L4420

Lyng Community Association

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Lyng Community Association

Information

BOARD OF MANAGEMENT

E W Bodenham (Chair)
R F Clough
J Edwards
H Patrick
N Hickson
A Moorhouse
A K Bassi (appointed 12 May 2020)
D Hollis (appointed 28 May 2020)

COMPANY SECRETARY

A Nash

REGISTERED OFFICE

3 Frank Fisher Way
West Bromwich
B70 7AW

REGULATOR OF SOCIAL HOUSING REGISTRATION NUMBER

L4420

COMPANY REGISTRATION NUMBER

3977954

REGISTERED CHARITY NUMBER

1089147

AUDITOR

Mazars LLP
First Floor
Two Chamberlain Square
Birmingham
B3 3AX

BANKERS

Barclays Corporate
PO Box 3333
One Snowhill
Snow Hill Queensway
Birmingham
B3 2WN

Lyng Community Association

Strategic Report

The Board present their strategic report on the affairs of the Association, together with the financial statements and auditors' report, for the year ended 31 March 2021.

Status

The organisation is a public benefit entity and registered as a charity, a company limited by guarantee and as a Registered Provider with the Regulator of Social Housing. The Association is governed by a Board of Management that sets the organisation's Business Strategy and operating policies and procedures.

Background and development history

Lyng Community Association was established in 2000 as a registered Charity to benefit the community in the Lyng estate within the metropolitan borough of Sandwell in the West Midlands. The densely developed 1960's Lyng estate had become crime ridden and suffered from regular incidents of anti-social behaviour. In the mid 1990's disaffected residents joined together to form an action group and during the following few years sought to influence the politicians in their desire to improve the estate. As a result some 1,000 homes were demolished including a number of tower blocks. This created the opportunity to develop a new estate which would be a place where people wanted to live. Sandwell MBC committed to provide significant grant to support the construction of 200 homes for rent by the Lyng Community Association, supplemented by home ownership products to be developed by private sector partners.

To achieve the objectives the first part of the estate was constructed in 2004 providing 47 family homes, followed by a further 39 homes in 2006. These 86 homes have been owned and managed throughout by the Lyng Community Association. There followed a 4 year delay whilst an alternative procurement route was sought, in order to provide the Lyng Community Association with the balance of the commitment of 114 homes for rent and for a private sector partner to develop the rest of the cleared estate to provide approximately 250 homes for sale. Finally in 2010 a contract was signed between Sandwell MBC, Lyng Community Association and Barratt, a national housebuilder, to complete the development of the estate. During the period to March 2014, 104 homes had been constructed for rent and are now managed by the Lyng Community Association. The final 10 homes were completed in 2016 and this completed the obligations entered into with and by the Lyng Community Association.

The Association continues to seek to work with local land owners to try to identify other sites in the area where more homes could be developed.

Financial review

The surplus for the year of £360,235 (2020: £214,933) shows a substantial increase when compared to the surplus of previous years. This increase is due to a number of factors including:-

- a substantial reduction in interest costs on the Association's loan
- a reduction in expenditure as the COVID-19 pandemic closed our community development activities for most of the year

Turnover showed a small increase compared to the previous year as 2020/21 was the first year of new regime where the Regulator for Social Housing directed that rents could be increased each year by the Consumer Price Index increase over 12 months plus 1%. The Consumer Price Index increase applicable was 1.7% so with the additional 1% included this meant rents rose by 2.7% from April 2020. The Association's Service Charges reflect the cost of providing additional services but the Association is committed to ensuring these costs remain reasonable.

The free reserves at March 2021 of £3,213,926 (2020: £2,853,691) provide a solid platform for the Association to weather any difficulties that may arise from the COVID 19 pandemic over the next few years and allow the development of new homes in the Association's operating area should suitable sites become available.

The bank loan provides a strong liquidity position with annual repayments of £208,333 being made for the remaining term of 18 years through to 2039.

Stress testing is undertaken in conjunction with the Board to demonstrate the financial resilience of the business taking into account the varying challenges that may arise.

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Principal risks

The principal risk of development was mitigated by significant public subsidy into the estate and the Association has benefitted significantly through this. As a housing management company there are a number of risks which are managed by well documented and rehearsed policies and practices. The following comments are relevant here:

- Rent losses due to voids continue to be low and the COVID-19 pandemic demonstrated that there is always strong demand for good quality housing irrespective of the wider challenges to landlords. By continuing to maintain high standards the Association has been able to nurture high demand for the Association's homes and sees very low losses of rent through gaps in tenancies as tenancy turnover remains low.
- Rent arrears continue to be a challenge, with Housing Benefit and Universal Credit payments always being made in arrears and substantial delays in receiving payments impacting on the total outstanding. However the Association has been able to work closely with tenants to reduce rent arrears over time. The Association uses legal action as a last resort and prefers to work with tenants to encourage a jointly agreed payment plan to address the arrears. During 2020/21 this approach has been essential due to the restrictions that have offered protection to tenants during the COVID-19 pandemic. The Association has in any case seen the courts becoming ever more reluctant to order possession on the majority of cases even where arrears are substantial and the Association has been able to demonstrate considerable unsuccessful efforts to address the debt problem. An appropriate provision for potential rent losses is made each year based on a pragmatic assessment of the likelihood of recovery of the debt.
- The housing stock is relatively new and is maintained to a high standard with planned programmes replacing key components that have reached the end of their useful lives such as boilers in the original phases of the development. The use of in-house maintenance staff with specialist skills procured from external contractors continues to work well. The Association is preparing programmes to upgrade the kitchens of earliest developed homes starting in the period 2024 – 2026 which will then move the Association to a situation where planned maintenance expenditure will exceed reactive repairs expenditure for the first time.
- The COVID-19 pandemic presented the Association with a very different challenge during 2020/21 but the Board and staff were able to continue to manage key operations without significant disruption and this prevented any build up of uncompleted repairs or loss of rent due to arrears or void periods. However COVID-19 and any similar pandemics remain a significant threat to the Association and its future viability and this risk is considered more fully in the section titled "Going Concern" below.

The Association remains alert to other emerging risks connected to continuing social welfare reforms and/or a significant and deep recession as these risks are likely to impact on the Association but preparations have been put into place to address these changes and the Association is confident that it can maintain a strong income management performance.

Risks associated with governance remain limited although it is accepted that recruiting new Board members is a difficult task and there are increasing expectations that older Board members should move on to allow a more diverse membership on the Board. The Association's rules provide for 50% of Board places to be reserved for local residents and the Association has clear objectives of engaging with residents across the estate as a whole and encouraging greater involvement including at Board level. Whilst this remains a priority of the Board the number of applications to join the Board has been limited so the Association's Community Development activities are designed to enhance the relationship between residents and the Association and stimulate interest in joining the Board.

Financially the Association is in an increasingly strong position due to the original support provided via development arrangements, including substantial capital grants from Sandwell MBC. The Association is well equipped to meet any financial challenge and comfortably meets its existing financial covenants.

Governance

The Association prides itself in ensuring the Lyng estate remains a vibrant and thriving community. This is not just in responding to initiatives such as events and activities but in the structure of the governance of the Association. The Association has offered regular and continuing opportunities for residents to be part of the governing arrangements, whether informally as a resident forum member looking at operational matters and advising on improvements or to progress further in a more formal role as a Board member. We remain committed to strive to attract interested

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residents, whether drawn from the Association's tenant base or from home owners living on the estate. At present 3 members of the Board are Association residents but there is provision in the rules for up to 6 resident Board members.

Value for money

The Association is committed to achieving Value for Money (VFM) for its tenants and stakeholders and has adopted a strategy that sets out clear objectives on how VFM will be delivered. The Board recognises that achieving our VFM targets demonstrates to our stakeholders the Association's commitment to economy, efficiency and effectiveness in everything that we do.

Our overarching objectives are to:-

- optimise the use of our assets
- ensure we maintain efficient and effective services that offer excellent value for money to our tenants and other stakeholders
- ensure that our tenants are enabled to fully understand the Association's costs and how they compare with our peer group and make sound judgements on the Association's performance
- invest our surpluses in enhancing our existing homes and developing new social housing for the benefit of our community
- maintaining our financial strength in order to maintain our viability and independence

Our strategy links to our Business Plan ensuring that VFM is embedded throughout the business and sets out measurable targets that are linked to the Association's aims and purpose. The Association aims to provide opportunities for tenants to help shape its services and monitor the delivery and effectiveness of those services.

The Board monitors performance against our VFM targets and objectives throughout the Board meeting cycle and we use comparable data from our peer group to benchmark our performance. The housing benchmark data that we use is shown in the column titled "SPBM" below. The data is from similar sized housing associations in the West Midlands and is provided through Housemark Benchmarking which offers the most in depth and robustly validated data in the housing sector.

Our targets for 2020/21 included:-

1. The Association will seek to ensure that its rent collection achieves 100.6% (upper quartile performance on Housemark Benchmarking)

This target was achieved with a rent collection figure of 100.6% despite the impact of the pandemic and restrictions on taking legal action to recover rent arrears during 2020/21.

We are looking to continue to maintain our progress in reducing rent arrears by setting a new challenging rent collection target for 2021/22.

2. The Association will seek to ensure that its occupancy rate is at least 99.59% (upper quartile performance)

This target was achieved with rent loss restricted to 0.05% equal to an occupancy rate of 99.95% mainly to very low turnover of tenancies during the year.

Whilst we are looking to maintain our excellent performance in managing rent losses due to voids during 2021/22 it is likely that as the tenancy turnover rate increases there will be a proportionate change to the occupancy rate.

3. The Association will seek to ensure its overall satisfaction rate is at least 96% (upper quartile SPBM Peer Group)

The target was achieved with a 97% satisfaction rate with the Association's services.

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We maintain regular satisfaction surveys to give a snapshot of tenant satisfaction and we will look to see where we need to improve and will aim to carry out a full tenant survey once pandemic restrictions are lifted.

4. The Association will seek to ensure that its Headline Social Housing Cost per unit is at £3,594 or less (Housemark SPBM Upper Quartile)

This target was achieved with a headline cost of £3,327 although we appreciate we have to continue improving our performance in this area of our work.

5. The Association will seek to ensure it delivers new homes at a rate equal to that of the Upper Quartile of the SPBM group 2.5% - with an acceptance that delivery may be consolidated into one scheme every 3 years rather than annually in order to reflect the limitations of having to work within a small area of operation with limited land purchase opportunities.

This target is set for a timescale of 3 years so still in progress. The Association has made offers for properties but not been able to match the bids and financial strength of other bidders

We are actively seeking suitable sites in or around the Lyng estate area but as the area is already highly developed sites rarely become available and the prices tend to reflect this fact. We have established relationships with valuers and a local developing housing association so that we are able to take a pro-active approach to any development opportunity that meets the Association's criteria.

6. The Association will seek to facilitate stability within the local community by seeking to keep tenancy turnover under 10% primarily by reducing tenancy failures due to breach of tenancy through support and drawing in additional services for tenants to enable them to manage their tenancy effectively. The additional value will be achieved through lower void losses and void period checks.

This target was achieved with a tenancy turnover of less than 3%

7. The Association will seek to reduce expenditure on dealing with litter, fly tipping and vandalism/ damage to its properties by using its community development programme to facilitate activities that divert potential offenders into more productive activities.

This target was difficult to quantify in a year where a lockdown restricted many people's access to public areas for such a long period and Government restrictions meant very few community activities took place. The target will remain in place for 2021/22 to allow this measure to be fully developed and a realistic cash figure to be set for future years.

How Value for Money is Impacting on the Association's Financial Performance.

By reviewing our expenditure, improving performance and seeking better value in our procurement the Association has enhanced its overall financial position by continuing to generate surpluses that can be ear marked for developing new homes in the near future.

Our Annual Report to tenants allows comparison with other similar sized social landlords on key indicators and performance against our VFM targets. Any areas that require improvement are clearly identified with plans to improve performance and targets that will demonstrate our commitment to matching the Upper Quartile performance of comparable providers.

The Association continues to use the Regulator's Value for Money metrics to further demonstrate how the Association is constantly challenging its performance.

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Regulation Metrics

The regulator uses a scorecard for reporting certain financial and non-financial information. The Association's position at 31 March 2021 and comparisons with the previous years is as follows:

	2021	2020	2019	SBPM 2020 Median
Reinvestment	0.10%	0.14%	0.27%	3.62%
New Supply	0	0	0	0
Gearing (as at)	32.07%	22.24%	33.69%	16.67%
EBITDA MRI	601.42%	239.67%	212.97%	250.5%
Cost per unit	£3,327	£3,387	£3,108	£4,577
Operating margin	39.63%	38.51%	42.39%	18.1%
Return on capital employed	3.59%	3.45%	3.72%	2.35%

Commentary on our Performance

Re-investment – This metric demonstrates how much the Association is investing in developing new properties and investing in improving existing homes. As the majority of the Association's stock is less than 20 years old the re-investment in our homes is limited until 2024 when our original properties will require new kitchens and this will start a period of regular reinvestment expenditure.

New Supply - the Association did not build any new homes during 2020/21 but remains committed to delivering new homes over a 3-year period subject to sites being available in our area of operation and meeting our viability tests.

Gearing – this metric is intended to show the level of debt (usually loans used to pay for developing property) compared to the value of the Association's stock. Our gearing ratio 32.07 % reflects the Association reducing its debt each year and improving its financial position.

EBITDA MRI – Earnings Before Interest, Tax, Depreciation, Amortisation – Major Repairs Included

This metric seeks to measure the level of surplus that a registered provider generates compared to interest payable and this result of 601% shows a vastly improved position as our interest costs decreased during 2020/21 due the decline in the LIBOR rate, the end of a Fixed Interest Agreement on part of the long term loan as well as our annual loan repayments reducing the debt.

Cost per Unit - this metric measures the Association's management costs and reflects reduced maintenance and community development costs during 2020/21 as expenditure on both activities was reduced during the pandemic. Overall, our cost per unit remains lower than similar sized associations. In comparison with all housing associations including large organisations the Association's performance is still better than the average of £3,814 for 2020. However, we recognise the need to look for any possible improvement in our performance in future years.

Operating Margin – this metric measures the profitability of operating assets before exceptional expenses are taken into account. Increasing margins are one way to improve the financial efficiency of a business. In 2020/21 the Association reduced its planned repairs and community development expenditure whilst increasing rents by CPI plus 1% leading to an improvement in our operating margin.

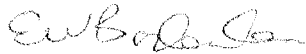
Return on Capital Employed - This metric compares the operating surplus to total assets less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources. The figure of 3.59% compares positively against other benchmark associations and the improved performance in 2020/21 reflects the first year of a new rent regime which permits rent increases after 4 years of reductions.

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Strategic Report

Approved by the Board and signed on its behalf by:

Chair



Date:

13/7/21

Lyng Community Association

Board Report

Statement of Board members' responsibilities

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

Housing Association legislation requires the Board to prepare financial statements for each financial year. Under that legislation the Board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Housing Association legislation the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing these financial statements, the Board are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the financial statements comply with the Companies Act 2006 and Housing Association legislation namely, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board are responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the auditor

Each of the Board members at the date of approval of this report has confirmed that:

- As far as the Board members are aware, there is no relevant audit information of which the Association's auditor is unaware; and
- The Board members have taken all the steps that they ought to have taken as Board members in order to make themselves aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

Internal Controls

The Association is small and relies on appropriate internal controls which are evidenced routinely. There is a process for updating control policies and processes. Independent support is provided to review matters of internal control, including the annual external audit, however as a small Association the controls are maintained appropriately for the size and nature of the business.

Financial risk management objectives and policies

The Association's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The Association does not use derivative financial instruments for speculative purposes.

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Board Report

Brexit and the New Agreement with the European Union

At the date of the Board approving the Financial Statements the impact of the agreed terms of the changed relationship with the European Union has been limited to material shortages and increased prices but the Association remains alert to how the potential implications may impact on the Association in the coming years. The Board remain aware of the potential higher borrowing costs, higher rent arrears and higher commodity prices. The Association's risk management process will review any new risks or acceleration of existing risks as appropriate.

Cash flow risk

The Association's activities expose it primarily to the financial risks of changes in interest rates. Interest bearing liabilities are currently set with 60% of its bank loan debt at a fixed rate for the next 7 years with the remaining 40% at a variable rate although this proportion is reducing as repayments of £208,000 are made each year

Credit risk

The Association's principal financial assets are bank balances and cash, rent arrears and other receivables, and investments.

The Association's credit risk is primarily attributable to its rent arrears. The amounts presented in the Statement of Financial Position are net of allowances for bad debts. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Association has no significant concentration of credit risk, with exposure spread over a number of counterparties and tenants.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Association has drawn down all available long-term debt finance.

Further details regarding liquidity risk can be found in the statement of accounting policies in the financial statements.

Going Concern

The ongoing COVID-19 pandemic started to affect the Association's operations in late March 2020 and the Government's lockdown forced a change in the Association's management arrangements.

The Association closed its office to visitors, suspended its community development activities and furloughed the sessional staff who facilitated that activity, whilst arranging for the majority of staff to work from home. The Association's use of a cloud-based housing management system and e-mail system allowed staff to continue to manage arrears and deal with housing management services from home.

A small number of staff continued to work from the Association's office whilst preserving social distancing throughout the lockdown period. As the lockdown restrictions eased in the summer of 2020 staff attended the office on a rota basis to ensure any staff member developing a COVID-19 illness would not be able to spread it to colleagues nor force them to self-isolate. On occasions where staff were unable to attend for a full working day staff were able to divert all business calls to home-based staff when needed. The Association restricted its repairs service to emergency and urgent works only and this was accepted by tenants to the extent that the number of calls to the Association were minimal.

With the dedication and hard work of the staff team the Association was able to continue to operate without any serious detriment to its services. As the lockdown eased the Association was able to resume its repairs services with appropriate safety measures adopted and staff continued to work in small teams to meet the increase in demand from tenants.

The Association's planned maintenance programme was suspended for a number of weeks in March through to April 2020 but as all works were external the contractors were able to restart work although a significant part of the project costs moved from 2019/20 into 2020/21. However the difficulty in employing contractors and gaining access to tenant's homes over the whole year including the lockdown over the winter of 2020/21 ensured expenditure remained well within that budget.

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Board Report

The financial impact of COVID 19 has been limited during 2020/21 and the increase in the number of people vaccinated has led to a move towards a degree of normality being restored but it is recognised that new variants may yet recreate a scenario of further lockdowns and further challenges for the Association. With regard to the impact of COVID-19 on particular areas of the Association's operations :-

- rent arrears have continued to decrease due to pro-active arrears management and welfare benefit advice. Universal Credit roll out has not to date caused any increase in rent arrears and we still anticipate this will remain the case in future years.
- tenancy terminations were delayed in the Spring of 2020 as there were no removal contractors able to help clear properties but the impact was, in any case limited as tenancy turnover has remained low (less than 3% in the 12 months). Demand for the Association's homes remains high as there is an underlying shortage of available properties,
- repairs expenditure was significantly reduced although the spend increased as more and more tenants were happy to report repairs and allow access to their homes towards the end of 2020/21. The Association still undertakes most works using an in-house repairs operative and uses a Schedule of Rates Contract for its gas and electrical works which are procured with another local housing association,
- The price of components has increased by around 10% due to shortages of materials after the lockdown and possibly reflecting supply difficulties due to Brexit. Originally building merchants were anticipating a slump in demand for products in the medium term but the demand from homeowners looking to improve their home appears to have stimulated the construction environment in 2021,
- The Association's component replacement programme requires significant expenditure from 2024 onwards so the Association can modify its plans to spread spending to respond to any deterioration in the operating environment,
- The 4 sessional staff who work on community projects were furloughed for most of 2020/21 but in the worst case scenario could still be funded from the remaining Children in Need Grant. The staff are employed on Fixed Term Contracts and continued employment is linked to the availability of funding from Grant.
- The Association has further increased its substantial cash reserves and operates well within its banking covenants, a position which improves significantly year on year particularly from 2019/20 as previously high interest fixes were replaced with a substantially lower fixed rate. The Board are aware from stress testing exercises the potential impact of adverse changes in the Association's operating environment and how these can be mitigated. The Board consider the Association's key indicators at every Board meeting and are acutely aware of how the Association's development aspirations will impact on the assessment of risk.
- The Board are aware of the sector analysis of the value of social housing stock which still indicates that COVID-19 uncertainty has not had a significant impact to underlying values.
- The Association continues to look to use its strong financial position to fund new developments in or around the Lyng estate area but none are scheduled for the immediate future and the Board are fully aware of the risks that would need to be considered before authorising any new development project.

The Board are continuing to meet every other month via Microsoft Teams remote meeting software and continue to monitor key indicators to ensure the Association remains on track to meet its financial and operational targets. Therefore the Executive Team and Board are confident that the Association has the capacity and resources to continue to operate as a going concern well into the future.

Code of Governance

The Board adopted the National Housing Federation's "Code of Governance: Promoting board excellence for housing associations (2015 edition)" and following completion of a self-assessment of compliance and the updating of a number of key documents, the Association confirms that they comply fully with the code. The Board will look to adopt the 2020 version during the forthcoming year.

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Board Report

Compliance with the Regulator of Social Housing Governance and Financial Viability Standard

The Board confirms that the Association is fully compliant with the requirements of the Regulator's Governance and Financial Viability Standard. The Regulator of Social Housing applies a de-minimus level of 1000 units below which regulation is a light touch and compliance gradings are not applied. This applies to the Association.

Approved by the Board and signed on its behalf by:

Chair



Date

13/7/21

Lyng Community Association

Independent auditor's report to the members of Lyng Community Association

We have audited the financial statements of Lyng Community Association (the 'Association') for the year ended 31 March 2021 which comprise Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2021 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The Board are responsible for the other information contained within the annual report. Our opinion on the financial statements does not

Lyng Community Association

Independent auditor's report to the members of Lyng Community Association

cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Board Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Board Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Board Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

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

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

Lyng Community Association

Independent auditor's report to the members of Lyng Community Association

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 the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Association, and its sector, we identified that the principal risks of non-compliance with laws and regulations related to health and safety regulations, pension regulations, anti-bribery, corruption, fraud, money laundering, Regulator of Social Housing requirements and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2019.

We evaluated the Board's and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to capitalisation of development expenditure and works to existing properties, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the Board and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Association which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Board and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there

Lyng Community Association

Independent auditor's report to the members of Lyng Community Association

remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

This report is made solely to the Association's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and Chapter 4 of Part 2 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body for our audit work, for this report, or for the opinions we have formed.

Mazars LLP

Mazars LLP
Chartered Accountants and Statutory Auditor
1st Floor
2 Chamberlain Square
Birmingham
B3 3AX

Date *13/9/2021*

Lyng Community Association
Statement of Comprehensive Income
For the year ended 31 March 2021

	Note	2021 £	2020 £
Turnover	3	1,111,056	1,102,278
Operating expenditure	3	(665,453)	(677,424)
Operating surplus		<u>445,603</u>	<u>424,854</u>
Interest receivable	5	10,448	23,557
Interest and finance costs	4	(95,816)	(233,478)
Surplus for the year	6	<u>360,235</u>	<u>214,933</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>360,235</u></u>	<u><u>214,933</u></u>

The Association's income and expenses all relate to continuing operations.

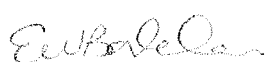
The notes on pages 22 to 35 form an integral part of these financial statements.

Lyng Community Association
Statement of Financial Position
At 31 March 2021

Company registered number: 3977954

	Note	2021 £	2020 £
Fixed assets			
Housing properties	9	9,674,108	9,867,305
Other property, plant and equipment	10	-	-
		<u>9,674,108</u>	<u>9,867,305</u>
Current assets			
Debtors	11	64,437	73,927
Cash and short-term investments		666,216	1,282,316
Investments		2,350,000	1,500,000
		<u>3,080,653</u>	<u>2,856,243</u>
Creditors: Amounts falling due within one year	12	(351,221)	(404,323)
Net current assets		<u>2,729,432</u>	<u>2,451,920</u>
Total assets less current liabilities		<u>12,403,540</u>	<u>12,319,225</u>
Creditors: Amounts falling due after more than one year	13	(9,189,614)	(9,465,534)
Net assets		<u><u>3,213,926</u></u>	<u><u>2,853,691</u></u>
Capital and reserves			
Revenue reserve		<u>3,213,926</u>	<u>2,853,691</u>
Total reserves		<u><u>3,213,926</u></u>	<u><u>2,853,691</u></u>

The financial statements of Lyng Community Association were approved by the Board of Management on 13 July 2021 and signed on its behalf by:



- E W Bodenham - Board Member



A Nash – Secretary

Lyng Community Association
Statement of Changes in Reserves
For the year ended 31 March 2021

	Revenue reserve £	Total £
At 1 April 2019	2,638,758	2,638,758
Surplus for the year	<u>214,933</u>	<u>214,933</u>
At 31 March 2020	2,853,691	2,853,691
Surplus for the year	<u>360,235</u>	<u>360,235</u>
At 31 March 2021	<u>3,213,926</u>	<u>3,213,926</u>

Lyng Community Association

Statement of Cash Flows

For the year ended 31 March 2021

	Note	2021 £	2020 £
Net cash generated from operating activities	16	535,111	631,571
Cash flows from investing activities			
Purchase of property, plant and equipment		(9,400)	(71,039)
Interest received		10,448	23,557
Increase in investments		(850,000)	-
Net cash flows from investing activities		(848,952)	(47,482)
Cash flows from financing activities			
Interest paid		(95,816)	(233,478)
Amortisation of loan issue costs		1,890	1,890
Repayments of borrowings		(208,333)	(208,333)
Net cash flows from financing activities		(302,259)	(439,921)
Net (decrease) / increase in cash and cash equivalents		(616,100)	144,168
Cash and cash equivalents at beginning of year	16	1,282,316	1,288,148
Cash and cash equivalents at end of year	16	666,216	1,282,316

Note:

The Association invests surplus funds for terms up to one year in duration. The amount invested at 31 March 2021 is £2,350,000, all of which has maturity dates in excess of three months.

Lyng Community Association

Notes to the financial statements

For the year ended 31 March 2021

1. Accounting policies

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

General information and basis of accounting

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

Property, plant and equipment - housing properties

Housing properties are stated at historic cost less depreciation less accumulated depreciation and accumulated impairment losses. Cost includes the cost of acquiring land and buildings, directly attributable development costs and borrowing costs directly attributable to the construction of new housing properties during the development. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

Depreciation is charged so as to write down the net book value of housing properties to their estimated residual value, on a straight line basis, over their useful economic lives. Freehold land is not depreciated.

New build	100 years
-----------	-----------

Major components

Major components of housing properties, which have significantly different patterns of consumption of economic benefits, are treated as separate assets and depreciated over their expected useful economic lives at the following annual rates:

Structure	100 years
Roofs	60 years
Doors and windows	30 years
Kitchens	20 years
Bathrooms	25 years
Heating systems	30 years
Rewiring	30 years
Boilers	15 years

Properties held on long leases are depreciated over their estimated useful economic lives or the lease duration if shorter.

Improvements

Where there are improvements to housing properties that are expected to provide incremental future benefits, these are capitalised and added to the carrying amount of the property. Any works to housing properties which do not replace a component or result in an incremental future benefit are charged as expenditure in surplus or deficit in the Statement of Comprehensive Income.

Leaseholders

Where the rights and obligations for improving a housing property reside with the leaseholder or tenant, any works to improve such properties incurred by the Association are recharged to the leaseholder and recognised in surplus or deficit in the Statement of Comprehensive Income along with the corresponding income from the leaseholder or tenant.

Lyng Community Association

Notes to the financial statements

For the year ended 31 March 2021

Non-housing property, plant and equipment

Non-housing property, plant and equipment is stated at historic cost less accumulated depreciation and any provision for impairment. Depreciation is provided on all non-housing property, plant and equipment, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Office equipment	4 years
Computer hardware	7 years

Impairment of social housing properties

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

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

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

Social Housing Grant and other Government grants

Where grants are received from government agencies such as Homes England, local authorities, devolved government agencies, health authorities and the European Commission which meet the definition of government grants they are recognised when there is reasonable assurance that the conditions attached to them will be complied with and that the grant will be received.

Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets. Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised. Where a grant is receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs, it is recognised as revenue in the period in which it becomes receivable.

Revenue grant income was received in the current year via the Covid Job Retention Scheme.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the expected useful life of the housing property structure. Where a grant is received specifically for components of a housing property, the grant is recognised in income over the expected useful life of the component.

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

Recycling of grants

Where there is a requirement to either repay or recycle a grant received for an asset that has been disposed of, a provision is included in the Statement of Financial Position to recognise this obligation as a liability. When approval is received from the funding body to use the grant for a specific development, the amount previously recognised as a provision for the recycling of the grant is reclassified as a creditor in the Statement of Financial Position.

No such disposal has taken place.

Properties for outright sale

Properties developed for outright sale and land held for sale are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes materials, direct labour and an attributable proportion of overheads based on normal levels of activity. The Association has not developed any properties for outright sale to date.

Lyng Community Association

Notes to the financial statements

For the year ended 31 March 2021

Interest payable

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are calculated using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument and is determined on the basis of the carrying amount of the financial liability at initial recognition. Under the effective interest method, the amortised cost of a financial liability is the present value of future cash payments discounted at the effective interest rate and the interest expense in a period equals the carrying amount of the financial liability at the beginning of a period multiplied by the effective interest rate for the period.

Taxation

The Association is a Registered Charity and is therefore not subject to Corporation Tax on its surplus arising from charitable activities.

Pensions

The Association commenced contributions to the Social Housing Pension Defined Contribution scheme from April 2017 in accordance with auto enrolment legislation. As a DC scheme there are no long term liabilities which the Association needs to recognise.

Turnover

Turnover represents rent and service charges receivable (net of rent and service charge losses from voids) and disposal proceeds of current assets such as properties developed for outright sale or shared ownership first tranche sales at completion together with revenue grants from local authorities and the Homes and Communities Agency and charitable fees and donations. Service charge income is recognised when expenditure is incurred as this is considered to be the point at which the service has been performed and the revenue recognition criteria met.

Supported housing and other managing agents

Where the Association has ownership of a supported housing or other scheme but also has an agreement with a third party to manage the scheme (including Supporting People funded schemes or services), where there has been a substantial transfer of the risks and benefits attached to the scheme to the third party, any scheme revenue and expenditure is excluded from these financial statements.

Investments

Investments that are publicly traded or whose fair value can be measured reliably are measured at fair value with changes in fair value recognised in surplus or deficit in the Statement of Comprehensive Income. Other investments are measured at amortised cost less impairment.

Financial instruments

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

Lyng Community Association

Notes to the financial statements

For the year ended 31 March 2021

Financial assets carried at amortised cost

Financial assets carried at amortised cost comprise rent arrears, trade and other receivables and cash and cash equivalents. Financial assets are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly.

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

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

Financial liabilities carried at amortised cost

These financial liabilities include trade and other payables and interest bearing loans and borrowings.

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

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

Cash and cash equivalents

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

2. Significant management judgements and key sources of estimation uncertainty

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

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

Lyng Community Association

Notes to the financial statements

For the year ended 31 March 2021

Significant management judgements

The following are management judgements in applying the accounting policies of the Association that have the most significant effect on the amounts recognised in the financial statements

Impairment of social housing properties

The Association has to make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP.

The carrying value of the housing developed is the lower of costs and realisable value, i.e. at cost.

Depreciation of Housing Properties

The additions for component replacements are depreciated in accordance with previous practice.

Rent arrears

100% of former tenant arrears, 100% of current tenant arrears where collection is deemed unlikely, and 20% of all other current tenant arrears are provided as a possible bad debt.

Estimation uncertainty

The Association makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are reported to the Board regularly through formal stress-testing.

3. Particulars of turnover, operating costs and operating surplus

	2021		
	Turnover £	Operating costs £	Operating surplus £
Social housing lettings (note 3A)	1,088,201	665,453	422,748
Job retention grant income	12,916	-	12,916
Other social housing activities	9,939	-	9,939
Total	1,111,056	665,453	445,603

	2020		
	Turnover £	Operating costs £	Operating surplus £
Social housing lettings (note 3A)	1,089,680	677,424	412,256
Other social housing activities	12,598	-	12,598
Total	1,102,278	677,424	424,854

Lyng Community Association

Notes to the financial statements

For the year ended 31 March 2021

3A. Particulars of Income and Expenditure from social housing lettings

	General Needs Housing £	2021 Total £	2020 Total £
Income			
Rents receivable	975,974	975,974	976,875
Service charge income	42,750	42,750	43,328
Amortised government grant	69,477	69,477	69,477
Turnover from social housing lettings	1,088,201	1,088,201	1,089,680
Expenditure			
Service charge costs	33,654	33,654	32,777
Service charge sinking fund	10,841	10,841	-
Management	287,848	287,848	304,180
Routine maintenance	85,746	85,746	90,573
Planned maintenance	44,860	44,860	24,525
Bad debts	(93)	(93)	8,566
Disposal costs	757	757	7,374
Depreciation of housing properties	201,840	201,840	209,429
Operating costs	665,453	665,453	677,424
Operating surplus social housing lettings	435,664	435,664	412,256
Void losses	372	372	2,277

4. Interest and finance costs

	2021 £	2020 £
Bank loans and overdrafts	95,816	233,478
	95,816	233,478

Lyng Community Association

Notes to the financial statements

For the year ended 31 March 2021

5. Interest receivable

	2021	2020
	£	£
Bank interest receivable	10,448	23,557
	<u>10,448</u>	<u>23,557</u>

6. Surplus for the year

Surplus for the year is stated after charging:

	2021	2020
	£	£
Depreciation of property, plant and equipment	201,840	209,429
Government grants	69,477	69,477
Audit fees:		
- Statutory audit (excluding VAT)	<u>8,000</u>	<u>6,500</u>

7. Staff costs

	2021	2020
	£	£
Wages and salaries	145,147	146,244
Social security costs	6,126	7,082
Pensions	3,268	2,165
	<u>154,541</u>	<u>155,491</u>

The average full time equivalent number of employees was: 4.6 (2020: 4.6)

	2021	2020
	Number	Number
Staff – absolute numbers	<u>6</u>	<u>6</u>

The basis of the calculation of the full time equivalents was 6 staff working variable part time hours equating to 161 hours per week out of a possible 210.

The staff numbers and pay exclude up to 4 sessional staff employed to facilitate projects, mainly funded by BBC Children in Need grants.

Lyng Community Association

Notes to the financial statements

For the year ended 31 March 2021

8. Directors' remuneration and transactions

No directors' remuneration was paid in the year. Non-executive directors are not remunerated.

9. Tangible fixed assets – housing properties

	Completed properties £	Total £
Cost		
At 1 April 2020	12,268,486	12,268,486
Additions	9,400	9,400
Disposals	(2,391)	(2,391)
At 31 March 2021	<u>12,275,495</u>	<u>12,275,495</u>
Depreciation		
At 1 April 2020	2,401,181	2,401,181
Charge for the year	201,840	201,840
Eliminated on disposals	(1,634)	(1,634)
At 31 March 2021	<u>2,601,387</u>	<u>2,601,387</u>
Net book value		
At 31 March 2021	<u>9,674,108</u>	<u>9,674,108</u>
At 31 March 2020	<u>9,867,305</u>	<u>9,867,305</u>

Freehold land and buildings with a carrying amount of £6million (2020: £6million) have been pledged to secure borrowings of the Association. The Association is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

Lyng Community Association

Notes to the financial statements

For the year ended 31 March 2021

10. Property, plant and equipment - other

	Fixtures and fittings £	Total £
Cost		
At 1 April 2020	34,699	34,699
Additions	-	-
Disposals	-	-
	<u>34,699</u>	<u>34,699</u>
At 31 March 2021	<u>34,699</u>	<u>34,699</u>
Depreciation		
At 1 April 2020	34,699	34,699
Charge for the year	-	-
Disposals	-	-
	<u>34,699</u>	<u>34,699</u>
At 31 March 2021	<u>34,699</u>	<u>34,699</u>
Net book value		
At 31 March 2021	<u>-</u>	<u>-</u>
At 31 March 2020	<u>-</u>	<u>-</u>

11. Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Rent arrears	51,713	49,388
Rental income deferred	(11,322)	-
Provision for bad debts	(20,138)	(17,923)
Prepayments and accrued income	44,184	42,462
	<u>64,437</u>	<u>73,927</u>

Lyng Community Association

Notes to the financial statements

For the year ended 31 March 2021

12. Creditors – amounts falling due within one year

	2021 £	2020 £
Bank loans and overdrafts (see note 13)	208,333	208,333
Rents received in advance	18,755	17,286
Trade creditors and after date invoices	3,054	51,383
Accruals	32,501	33,584
BBC Children in need grant	19,101	24,260
Government grants	69,477	69,477
	<u>351,221</u>	<u>404,323</u>

The BBC Children in Need grant is paid to the Association to provide and manage youth facilities and services to young people in the B70 and B71 postcode areas.

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

	2021 £	2020 £
Other creditors		
Loans	3,560,686	3,767,129
Government grants	5,628,928	5,698,405
	<u>9,189,614</u>	<u>9,465,534</u>

The loans are secured on 86 freehold housing properties. Interest is payable at LIBOR +2.1% on the balance.

The total accumulated amount of capital grant received or receivable at the balance sheet date is £6,947,748 (2020: £6,947,748).

	2021 £	2020 £
Deferred income - Government grants		
At 1 April 2020	5,767,882	5,837,359
Amortisation to Statement of Comprehensive Income	(69,477)	(69,477)
At 31 March 2021	<u>5,698,405</u>	<u>5,767,882</u>
Due within one year	69,477	69,477
Due after one year	<u>5,628,928</u>	<u>5,698,405</u>

Lyng Community Association

Notes to the financial statements

For the year ended 31 March 2021

13. Creditors – amounts falling due after more than one year (continued)

Borrowings are repayable as follows:

	2021 £	2020 £
Bank Loans		
Between one and two years	208,333	208,333
Between two and five years	833,333	833,333
After five years	2,760,417	2,968,750
	<u>3,802,083</u>	<u>4,010,416</u>
Less transaction costs on issue	(33,064)	(34,954)
	<u>3,769,019</u>	<u>3,975,462</u>
Less amounts due on demand or within one year	(208,333)	(208,333)
	<u><u>3,560,686</u></u>	<u><u>3,767,129</u></u>

14. Retirement benefit schemes

Defined contribution schemes

The Association joined a Defined Contribution scheme administered by TPT Retirement Solutions from 1 April 2017 in accordance with auto enrolment legislation. There is no long-term financial commitment associated with the scheme.

Lyng Community Association

Notes to the financial statements

For the year ended 31 March 2021

15. Financial instruments

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

	2021 £	2020 £
Financial assets		
Measured at undiscounted amount receivable		
• Rent arrears and other debtors (see note 11)	51,713	49,388
• Cash	3,016,216	2,782,316
	<u>3,067,929</u>	<u>2,831,704</u>
Financial liabilities		
Measured at undiscounted amount payable		
• Bank loans (see note 13)	3,560,686	3,767,129
• Trade and other creditors (see note 12)	35,555	84,967
• Rents received in advance (see note 12)	18,755	17,286
	<u>3,614,996</u>	<u>3,869,382</u>

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

	2021 £	2020 £
Interest income and expense		
Total interest income for financial assets at undiscounted amount receivable	10,448	23,557
Total interest expense for financial liabilities at undiscounted amount payable	<u>(95,816)</u>	<u>(233,478)</u>

Lyng Community Association

Notes to the financial statements

For the year ended 31 March 2021

16. Net cash generated from operating activities

	2021 £	2020 £
Surplus for the year	360,235	214,933
<i>Adjustment for non-cash items:</i>		
Depreciation of property, plant and equipment	201,840	209,429
Loss on disposal of assets	757	7,374
(Increase)/decrease in debtors	9,490	7,886
(Decrease)/increase in creditors	(53,102)	51,505
<i>Adjustments for investing or financing activities:</i>		
Government grants utilised in the year	(69,477)	(69,477)
Interest payable	95,816	233,478
Interest received	(10,448)	(23,557)
Net cash generated from operating activities	535,111	631,571

Cash and cash equivalents

Cash at bank and in hand	666,216	1,282,316
Cash equivalents included in current assets	-	-
Cash and cash equivalents	666,216	1,282,316

17. Financial commitments

	2021 £	2020 £
Capital commitments are as follows:		
Contracted for but not provided for	-	5,000
	-	5,000

18. Housing Stock

	2021 Units	2020 Units
Owned and managed		
Housing accommodation at affordable rent	200	200
	200	200

Lyng Community Association

Notes to the financial statements

For the year ended 31 March 2021

19. Operating leases

At 31 March total future minimum lease payments under non-cancellable operating leases are as follows;

	2021	2020
	£	£
Photocopier		
< 1 year	-	551
< 2-5 years	-	-
> 5 years	-	-
	<u>-</u>	<u>551</u>

20. Related party transactions

The Board includes three members who are also tenants of the Association. These members are subject to the same terms and conditions as all tenants in similar properties. At the year-end total rent and service charge paid by Housing Benefit after date for these Board members totalled £Nil (2020: £Nil). During the year rent and service charge received was £14,737 for 3 Resident Board members (2020: £14,823 – for 3 Resident Board members).

The General Manager's employment costs are charged to the Association by his company 'Flexistore (Cardiff) Limited'. The total cost incurred during the period and charged to the Statement of Comprehensive Income totalled £54,350 (2020: £53,867). At the year-end £Nil (2020: £9,100) was included in trade creditors.

The overall management of the shared areas of those parts of the estate built by Barratt from 2010 - 2016 is undertaken by the Lyng Management Company (LMC), an independent company. The Chair of the Association is a director of that company representing Lyng Community Association. Management responsibility for those shared areas was transferred to Lyng Management Company from September 2017.

Lyng Community Association was appointed as managing agent after an open tender exercise conducted by LMC. The Association charges an administration charge of £8,540 per annum to administer the management activity. During the year 2020/21 this charge was levied on the Management Company and a further £5,131 was accrued to 31 March 2021. The total income of £9,939 (2020: £12,598) is shown as Other Social Housing Activities in the Income and Expenditure account.