

Registration number: ~~04653659~~

Care Housing Association Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2021

Hallidays
Statutory Auditor
Riverside House
Kings Reach Business Park
Yew Street
Stockport
SK4 2HD

Care Housing Association Limited

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Care Housing Association Limited

Company Information

Chairman	Mr B Gallagher
Directors	Mr B Gallagher Mr R Parr - Vice Chairman Ms R A Clark Mr P Collins Ms G Fazackerley Mrs N Khan
Registered office	Riverside House Kings Reach Business Park Yew Street Stockport Cheshire SK4 2HD
Auditors	Hallidays Statutory Auditor Riverside House Kings Reach Business Park Yew Street Stockport SK4 2HD

Care Housing Association Limited

Strategic Report for the Year Ended 31 March 2021

The directors present their report and the financial statements for the year ended 31st March 2021.

Fair review of the business

In the year to 31st March 2021 Care Housing Association Limited can report upon a positive year with continued growth. This year Care Housing Association acquired an additional 4-person property (Hollymount Gardens) using reserves, a 1 person property (Scott Road) using 100% NHS England capital funding, and leased a further 4 properties to be occupied by 46 tenants. At 31st March 2021 there were three hundred and twenty-six units in Care Housing Association Limited, of which forty-nine were owned. The below ratios are monitored on a quarterly basis to ensure key areas within the company are maintained at the required level deemed appropriate by the board.

Gross profit

Gross profit stands at 35.84% down from 38.13% in 2020 which is a 2.29% decrease. More properties were leased as part of the strategy to consolidate for the year so a slight reduction in the margin was expected but is still reasonable and within budget.

Gearing ratio

The gearing ratio was 41.24% down from 51.29% in 2020. This is within the acceptable range of Care Housing Association Limited's level of gearing. The reason for the decrease is due to the consolidation of debt this year. This ratio is calculated using capital employed.

Return on capital employed

Return on capital employed is 10.68% which is a slight decrease from 10.69%. The return has remained consistent on a higher capital employed value.

Current ratio

The current ratio is 4.42 which has increased from 4.08 in 2020, liquidity is extremely positive in the company.

Structure, governance and management

Care Housing Association Limited is governed by its Memorandum and Articles of Association dated 17th March 2017 on companies house. Care Housing Association Limited is run by its CEO with strategic decisions overseen by the board. The board usually consists of six directors, with no upper limit and a quorate requirement of 2 directors.

At each annual general meeting one-third of the directors or, if their number is not three or a multiple of three, the number nearest to one-third, must retire from office. If there is only one director, he or she must retire.

The directors to retire by rotation shall be those who have been longest in office since their last appointment. If any directors became or were appointed directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

If a director is required to retire at an annual general meeting by a provision of the Articles the retirement shall take effect upon the conclusion of the meeting.

No director may stand for re-election more than three times and no director may remain in office (with or without retirement and re-election) for an aggregate period of more than ten (10) years.

Care Housing Association Limited

Strategic Report for the Year Ended 31 March 2021

Objectives and activities

1.1 relieving

1.1.1 aged,

1.1.2 disabled (whether physically or mentally) or chronically sick people including (without limitation), individuals with learning difficulties and

1.1.3 other vulnerable groups of persons including offenders

who are in need by providing and managing social housing, providing and managing housing and other activities and services connected with or incidental to the provision of social housing primarily in the North West of England;

1.2 promoting social inclusion by providing and managing social housing, providing and managing housing and other activities and services connected with or incidental to the provision of social housing in each case for the benefit of people at risk of exclusion from society as a result of

1.2.1 age,

1.2.2 disability (whether physical or mental), chronic illness including (without limitation) learning difficulties or

1.2.3 forming part of other vulnerable groups including offenders and

not having suitable accommodation provided within their financial means primarily in the North West of England;

1.3 improving the health of

1.3.1 aged,

1.3.2 disabled (whether physically or mentally) or chronically sick people including (without limitation), individuals with learning difficulties and

1.3.3 other vulnerable groups of persons including offenders

by providing and managing social housing, providing and managing housing and other activities and services connected with or incidental to the provision of social housing primarily in the North West of England.

Care Housing Association Limited

Strategic Report for the Year Ended 31 March 2021

Principal risks and uncertainties

The supported housing sector is in a period of transition caused by regulatory intervention and oversight over the funding models deployed, and financial pressures faced by our partners in the care & support sector. The demand for supported housing services continues to increase, and this demand continues to be met by finance from the private sector. During 2020-21, the Board have set revised development parameters to mitigate against risks associated with new developments going forward. The Board itself has changed significantly from March 2020, with 50% new Board members (three in total) integrating into the Board during the course of the year. This includes a new Chair. The Board is now more balanced in terms of experience and is well positioned to support the future growth of the Association.

To facilitate the anticipated growth, an additional housing officer and asset manager were appointed in August and November 2020 respectively, with three further additions due in the coming year to assist with the implementation of a restructure.

The impact of Covid-19, whilst volatile and unexpected, has not affected the financial position of the Association significantly. Income has been unaffected and, whilst the Association has had to adapt working practices, the business model has sustained during this period. Clearly, the risks associated with Covid-19 are still prevalent, and so the Association's approach is reviewed on a 'live' basis. The Association was impacted in terms of the delivery of some key services, notably maintenance, but the long-term impact for tenants has been minimal. A review of IT systems took place to facilitate a move to home working, which included a review of cyber security and training for staff in relation to data protection and home working. Many of these working practices will be adopted post-Covid.

The impact of Brexit has also been limited as it has not had an affect on the Association's income. The direct and indirect impact of Brexit, such as recruitment of staff by our care provider partners, is a matter under review by Board on a permanent basis but, at the moment, it is not expected that Brexit will have a major impact on the business.

Public benefit

In planning our activities for the year, the trustees have considered the Charity Commission's guidance on public benefit, including the guidance on public benefit and rental charging. The directors relies on its rental income to cover its operating costs. In setting the level of rental income, the directors give due consideration to the need to ensure the accommodation is accessible by its tenants through housing benefit or via their own personal funds.

Plan for future periods

Care Housing Association Limited plans to continue developing new properties to meet our objects over the coming 12 months. However, the Board has taken the decision to move away from long lease developments with REIT's (unless fully backed by the Local Authority for the duration of the lease). Instead, the Association will look at short-medium term lease options, and acquisitions of its own freeholds where possible.

Care Housing Association Limited

Strategic Report for the Year Ended 31 March 2021

Non-Financial KPI's

The Board considers non-financial KPI's on a quarterly basis. This includes the following information:

Performance Indicator	Actual	Target
Emergency Repairs completed within timescales (4 hours)	100%	100%
Urgent Repairs completed within timescales (4 days)	99.88%	100%
Average time taken to complete urgent repair	1.76 days	4 days
Routine Repairs completed within timescales (21 days)	97.66%	100%
Average time taken to complete routine repair	11.95 days	21 days
Overall satisfaction with the repairs service (good or better)	100%	95%
Quarterly visits completed within timescales	97.66%	100%
Complaints	1	-

Any underperformance is reported to Board by the CEO.

Care Housing Association Limited

Strategic Report for the Year Ended 31 March 2021

Value for money metrics

In addition to the ratios measured internally, the following ratios have been calculated for the value for money standard in accordance to the Regulator of Social Housing. Some of these ratios are included above and may be calculated differently as mentioned in the standard.

Reinvestment %

11.40%

Care Housing Association has reinvested in two freehold properties in 2020-21 and is still growing through the leasehold market.

New supply delivered %

7.81%

Care Housing Association has delivered an additional 59 units of Specialised Supported Housing with one being a freehold purchase.

Gearing % (per VFM report)

-1.49%

Care Housing has consolidated its debt to date & increased cash holdings indicating there are no issues with gearing.

Earnings before interest, tax, depreciation, amortisation, major repairs included (EBITDA MRI) interest cover %

1535.26%

Headline social housing cost per unit £

£10,263.76

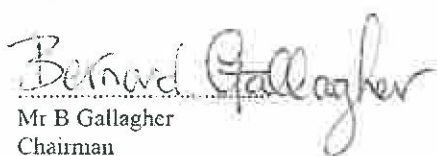
Operating margin %

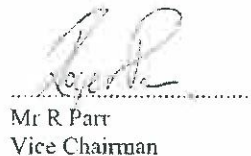
15.38%

Return on capital employed (ROCE) % (per VFM report)

10.68%

Approved by the Board on and signed on its behalf by:


Mr B Gallagher
Chairman


Mr R Parr
Vice Chairman

Care Housing Association Limited

Directors' Report for the Year Ended 31 March 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

Incorporation

The company was incorporated on 31 January 2003.

Directors of the company

The directors who held office during the year were as follows:

Mr B Gallagher - Chairman

Mr R Parr - Vice Chairman

Ms R A Clark

Mr P Collins

Ms G Fazackerley

Mrs N Khan

Mr S Niven (resigned 28 September 2020)

Mr J Thomson (resigned 28 September 2020)

Principal activity

The principal activity of the company is the provision of social housing accommodation

Care Housing Association Limited is a not for profit organisation. The Memorandum of the Company prohibits any of the shareholders from participating in the distribution of the profits. Care Housing Association Limited has had charitable status for the year.

Financial instruments

Objectives and policies

The company holds or issues financial instruments in order to achieve three main objectives, being:

- i) to finance its operations;
- ii) to manage its exposure to interest, credit and liquidity risks arising from its operations and from its sources of finance; and
- iii) for trading purposes.

In addition various financial instruments (e.g. accounts receivable, accounts payable, accruals and prepayments) arise directly from the company's operations.

Transactions in financial instruments result in the company assuming or transferring to another party one or more of the financial risks described below.

Care Housing Association Limited

Directors' Report for the Year Ended 31 March 2021

Credit and liquidity risk

Credit risk

The company has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

Liquidity risk

Working capital and liquidity is managed as part of day to day business routines such as the company has no significant concentrations of liquidity risk.

Charitable donations

During the year the company made Charitable donations of £2,320. Individual donations were:

	£
New Life	1,000
Dance Syndrome	1,320

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 12.03.21 and signed on its behalf by:


Mr B Gallagher
Chairman


Mr R Parr
Vice Chairman

Care Housing Association Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 and in accordance with FRS 102. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Care Housing Association Limited

Independent Auditor's Report to the Members of Care Housing Association Limited

Opinion

We have audited the financial statements of Care Housing Association Limited (the 'company') for the year ended 31 March 2021, which comprise the statement of income and retained earnings, the balance sheet, and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Housing SORP: 2018 update (Statement of Recommended Practice for registered social housing providers) (2018).

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 company 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 directors' 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 company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors 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, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Care Housing Association Limited

Independent Auditor's Report to the Members of Care Housing Association Limited

We have nothing to report in this regard.

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where 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.
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Care Housing Association Limited

Independent Auditor's Report to the Members of Care Housing Association Limited

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 9], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 directors are responsible for assessing the company'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 company 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.

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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Care Housing Association Limited

Independent Auditor's Report to the Members of Care Housing Association Limited

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the computer component manufacturing and supply sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators including the Health and Safety Executive, and the company's legal advisors.

Care Housing Association Limited

Independent Auditor's Report to the Members of Care Housing Association Limited

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of **non-compliance**. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal **correspondence**, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve **deliberate concealment** or collusion.

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

Use of this report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Philip Jones BA (Hons) FCCA (Senior Statutory Auditor)
For and on behalf of Hallidays, Statutory Auditor

Riverside House
Kings Reach Business Park
Yew Street
Stockport
SK4 2HD

Date: 15/4/21

Care Housing Association Limited

Statement of Income and Retained Earnings for the Year Ended 31 March 2021

	Note	2021 £	2020 £
Turnover	3	4,799,278	3,945,142
Cost of sales		<u>(3,079,144)</u>	<u>(2,440,901)</u>
Gross profit		1,720,134	1,504,241
Administrative expenses		(996,827)	(898,116)
Other operating income	4	<u>14,620</u>	<u>4,900</u>
Operating profit	5	<u>737,927</u>	<u>611,025</u>
Other interest receivable and similar income	6	132	473
Interest payable and similar charges	7	<u>(53,895)</u>	<u>(66,864)</u>
		<u>(53,763)</u>	<u>(66,391)</u>
Profit before tax		<u>684,164</u>	<u>544,634</u>
Profit for the financial year		684,164	544,634
Retained earnings brought forward		<u>2,110,978</u>	<u>1,566,344</u>
Retained earnings carried forward		<u><u>2,795,142</u></u>	<u><u>2,110,978</u></u>

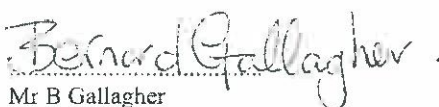
The notes on pages 19 to 29 form an integral part of these financial statements.

Care Housing Association Limited

(Registration number: 04653659)
Balance sheet as at 31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	10	5,171,614	4,653,338
Current assets			
Debtors	11	252,154	184,775
Cash at bank and in hand		<u>1,990,708</u>	<u>1,222,063</u>
		2,242,862	1,406,838
Creditors: Amounts falling due within one year	13	<u>(507,381)</u>	<u>(344,984)</u>
Net current assets		<u>1,735,481</u>	<u>1,061,854</u>
Total assets less current liabilities		6,907,095	5,715,192
Creditors: Amounts falling due after more than one year	13	<u>(4,111,951)</u>	<u>(3,604,212)</u>
Net assets		<u>2,795,144</u>	<u>2,110,980</u>
Capital and reserves			
Called up share capital	15	2	2
Profit and loss account		<u>2,795,142</u>	<u>2,110,978</u>
Total equity		<u>2,795,144</u>	<u>2,110,980</u>

Approved and authorised by the Board on 13/09/21 and signed on its behalf by:


Mr B Gallagher
Chairman


Mr R Parr
Vice Chairman

Care Housing Association Limited

Statement of Changes in Equity for the Year Ended 31 March 2021

	Share capital £	Profit and loss account £	Total £
At 1 April 2020	2	2,110,978	2,110,980
Profit for the year	-	684,164	684,164
Total comprehensive income	-	684,164	684,164
At 31 March 2021	2	2,795,142	2,795,144
	Share capital £	Profit and loss account £	Total £
At 1 April 2019	2	1,566,344	1,566,346
Profit for the year	-	544,634	544,634
Total comprehensive income	-	544,634	544,634
At 31 March 2020	2	2,110,978	2,110,980

Care Housing Association Limited

Statement of Cash Flows for the Year Ended 31 March 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Profit for the year		684,164	544,634
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	104,251	93,307
Finance income	6	(132)	(473)
Finance costs	7	53,895	66,864
		<u>842,178</u>	<u>704,332</u>
Working capital adjustments			
(Increase)/decrease in trade debtors	11	(67,379)	331,819
Increase in trade creditors	13	824,835	236,397
Net cash flow from operating activities		<u>1,599,634</u>	<u>1,272,548</u>
Cash flows from investing activities			
Interest received	6	132	473
Acquisitions of tangible assets		<u>(622,528)</u>	<u>(467,977)</u>
Net cash flows from investing activities		<u>(622,396)</u>	<u>(467,504)</u>
Cash flows from financing activities			
Interest paid	7	(53,895)	(66,864)
Repayment of bank borrowing		<u>(154,698)</u>	<u>(71,789)</u>
Net cash flows from financing activities		<u>(208,593)</u>	<u>(138,653)</u>
Net increase in cash and cash equivalents		768,645	666,391
Cash and cash equivalents at 1 April		<u>1,222,063</u>	<u>555,672</u>
Cash and cash equivalents at 31 March		<u>1,990,708</u>	<u>1,222,063</u>

The notes on pages 19 to 29 form an integral part of these financial statements.

Care Housing Association Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

1 General information

The company is a private company limited by share capital incorporated in United Kingdom.

The address of its registered office is:

Riverside House
Kings Reach Business Park
Yew Street
Stockport
Cheshire
SK4 2HD

The principal place of business is:

Suite 34
Hardmans Business Centre
New Hall Hey Road
Rawtenstall
Lancashire
BB4 6HH

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and in accordance with the Statement of Recommended Practice (SORP): Accounting for registered social housing providers.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Care Housing Association Limited is a public benefit entity in accordance with FRS 102 paragraph 3.3A

Care Housing Association Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Operating lease commitments

The company has entered into a number of operating leases which it obtains the use of. The classification of such leases as operating or finance lease requires the company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

Going concern

The financial statements have been prepared on a going concern basis.

Revenue recognition

Turnover comprises the fair value of the rental income received or receivable for the provision of services in the ordinary course of the Company's activities.

The Company recognises revenue when:

The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the Company's activities.

More specifically the majority of income is received via housing benefit from local authorities. The rental income is received in 4 weekly terms; therefore, Care Housing Association recognises income on a 52 week period. In these accounts the period is from 23rd March 2020 - 22nd March 2021.

Other income that is invoiced for void occupancy is recognised up to 31st March 2021.

Government grants

Grants are released on the accrual concept to match the expense incurred that is directly attributable to the grant, unless the grant specifically states the benefits transfer to the Housing Association on a specific date, where it will remain on the balance sheet until the conditions are met and released to as income per the performance model.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Care Housing Association Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold property	Term of lease
Fixture and fittings	25% written down value
Freehold buildings - Structure	100 years
Freehold buildings - Kitchen	10 years
Freehold buildings - Bathroom	15 years
Freehold buildings - Electrical	30 years
Freehold buildings - Heating	30 years
Freehold buildings - Boiler	10 years
Freehold buildings - Windows	25 years
Freehold buildings - Roof	40 years
Office equipment	33% written down value

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Care Housing Association Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments

Classification

Financial instruments are classified for, according to the substance of the contractual agreement, as financial assets, financial liabilities or equity instruments.

Recognition and measurement

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

Impairment

Financial instruments are reviewed annually for any changes in value and/or written down if they are impaired.

Care Housing Association Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2021	2020
	£	£
Rental income	4,799,278	3,945,142
All revenue is generated from social housing		

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2021	2020
	£	£
Government grants	14,620	4,900

5 Operating profit

Arrived at after ~~charging/(crediting)~~

	2021	2020
	£	£
Depreciation expense	104,251	93,307
Operating lease expense	7,048	6,558
Auditor's remuneration - The audit of the company's annual accounts	5,010	4,200

Care Housing Association Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

6 Other interest receivable and similar income

	2021 £	2020 £
Interest income on bank deposits	<u>132</u>	<u>473</u>

7 Interest payable and similar expenses

	2021 £	2020 £
Interest expense on other finance liabilities	<u>53,895</u>	<u>66,864</u>

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021 £	2020 £
Wages and salaries	220,882	169,826
Social security costs	18,964	14,670
Pension costs, defined contribution scheme	14,658	8,528
Other employee expense	<u>752</u>	<u>3,782</u>
	<u>255,256</u>	<u>196,806</u>

The remuneration paid to key management for the year was £80,699 including benefit in kind payments plus £6,400 in employers pension contributions.

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2021 No.	2020 No.
Administration and support	<u>6</u>	<u>5</u>

Care Housing Association Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

9 Auditors' remuneration

	2021 £	2020 £
Audit of the financial statements	<u>5,010</u>	<u>4,200</u>
	2021 £	2020 £
Audit services	5,010	4,200
Non-audit services	<u>14,756</u>	<u>14,321</u>
	<u>19,766</u>	<u>18,521</u>

10 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Leasehold costs £	Total £
Cost or valuation				
At 1 April 2020	4,683,176	138,778	198,329	<u>5,020,283</u>
Additions	<u>563,824</u>	<u>35,680</u>	<u>23,024</u>	<u>622,528</u>
At 31 March 2021	<u>5,247,000</u>	<u>174,458</u>	<u>221,353</u>	<u>5,642,811</u>
Depreciation				
At 1 April 2020	237,281	75,098	54,559	366,938
Charge for the year	<u>65,481</u>	<u>22,778</u>	<u>16,000</u>	<u>104,259</u>
At 31 March 2021	<u>302,762</u>	<u>97,876</u>	<u>70,559</u>	<u>471,197</u>
Carrying amount				
At 31 March 2021	<u>4,944,238</u>	<u>76,582</u>	<u>150,794</u>	<u>5,171,614</u>
At 31 March 2020	<u>4,445,895</u>	<u>63,673</u>	<u>143,770</u>	<u>4,653,338</u>

Included within the net book value of land and buildings above is £4,944,238 (2020 - £4,445,895) in respect of freehold land and buildings.

Care Housing Association Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

11 Debtors

	2021 £	2020 £
Trade debtors	43,956	93,656
Other debtors	1,623	-
Prepayments	81,507	47,100
Accrued income	125,068	44,019
Total current trade and other debtors	<u>252,154</u>	<u>184,775</u>

12 Cash and cash equivalents

	2021 £	2020 £
Cash at bank	<u>1,990,708</u>	<u>1,222,063</u>

13 Creditors

	Note	2021 £	2020 £
Due within one year			
Loans and borrowings	16	64,233	143,706
Trade creditors		316,644	171,405
Social security and other taxes		7,879	5,321
Accrued expenses and deferred income		118,625	24,552
		<u>507,381</u>	<u>344,984</u>
Due after one year			
Loans and borrowings	16	1,852,740	1,927,966
Other non-current financial liabilities		2,259,211	1,676,246
		<u>4,111,951</u>	<u>3,604,212</u>

Care Housing Association Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

14 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £14,658 (2020 - £8,528). The pension payments to the chief executive officer for the year was £6,400.

15 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
175 Ordinary shares of £0.01 each	<u>175</u>	<u>1.75</u>	<u>175</u>	<u>1.75</u>

Care Housing Association Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

16 Loans and borrowings

	2021 £	2020 £
Non-current loans and borrowings		
Bank borrowings	<u>1,852,740</u>	<u>1,927,966</u>
Current loans and borrowings		
Bank borrowings	<u>64,233</u>	<u>143,706</u>

The bank loans are secured by a legal charge over Flat 1 and Flat 2 - Belgrave House, Leyland, 14 Daybrook, Skelmersdale, 34 Farringdon Road, Warrington, 519 Hempshaw Lane Stockport, 48 Ebdale Close, Stockport, 16 Corinthian Avenue, Liverpool, 148 Nangreave Road, Stockport, 6 Bangor Road, Cheadle, 18 Heriford Close, Warrington, 2 Savernake Road, Stockport, 31 Summerbridge Crescent, Bradford, 1-9 Victoria Gardens, Clitheroe, 6 Lindbury Avenue, Offerton.

Included in the loans and borrowings are the following amounts due after more than five years:

	2021 £	2020 £
After more than five years by instalments	1,542,446	1,631,537

Borrowings due after five years

The cumulative capital repayments after 5 years are £1,631,537 and the interest rate on these repayments vary between 2.6% - 3.5%.

17 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2021 £	2020 £
Not later than one year	-	4,256
Later than one year and not later than five years	288,145	333,717
Later than five years	<u>52,492,106</u>	<u>37,435,689</u>
	<u>52,780,251</u>	<u>37,773,662</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £2,856,430 (2020 - £2,223,570).

Care Housing Association Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

18 Contingent liabilities

Rental Income

Included in the rental income collected by the association is a percentage relating to future voids. This element is deferred in the financial statements and will be released to the profit and loss account as and when a void arises.

If, at the end of the agreement period, any of the deferred rental income for properties with Lancashire County Council is not released to the profit and loss account, one third of the balance is payable to Lancashire Social Services. This amount per the void provision at the 31st March 2021 is £132,280. Due to the nature of the agreements there is a possible transfer of economic benefits, of which the amount remains uncertain.

The management agreements are in place for 10 or 15 years and are linked to the properties on an individual and property by property basis.

Grants

Within other creditors due after more than one year is a grant which was used to purchase a property held by the company. The terms of the grant stipulate that the property cannot be sold within a 15 year period and must continue to be used for individuals with learning disabilities, or the grant has to be repaid. The commissioner may request the sale of the property but the grant is not repayable under these circumstances.

There are currently just over 1 year remaining in relation to this clause.

Also within other creditors more than one year is a second grant that was issued in the year ended 31st March 2017. This was also used to purchase a property for individuals with learning disabilities (or such other needs as are agreed by NHS England). The terms of the grant stipulate that if the property is sold the grant is repayable, unless NHS England waives its right to repayment. NHS England have 1st legal charge over the property. This is released using the accruals model in accordance with FRS102 due to the clause.

During 2020 a third grant was issued by NHS England with the same terms as the above NHS grant. The grant was issued for £419,000 in 2020 with a further £98,819 being issued in the 2021 year end.

During 2021 a fourth grant was issued by NHS England with the same terms as the above NHS grant. The grant was issued for £300,000 in 2021 with a further £123,556 to be issued in the 2022 year end.

Care Housing Association Limited

Detailed Profit and Loss Account for the Year Ended 31 March 2021

	2021 £	2020 £
Turnover (analysed below)	4,799,278	3,945,142
Cost of sales (analysed below)	<u>(3,079,144)</u>	<u>(2,440,901)</u>
Gross profit	<u>1,720,134</u>	<u>1,504,241</u>
Gross profit (%)	35.84%	38.13%
Administrative expenses		
Employment costs (analysed below)	255,256	196,806
Establishment costs (analysed below)	506,128	510,335
General administrative expenses (analysed below)	129,646	96,437
Finance charges (analysed below)	1,546	1,231
Depreciation costs (analysed below)	<u>104,251</u>	<u>93,307</u>
	996,827	898,116
Other operating income (analysed below)	<u>14,620</u>	<u>4,900</u>
Operating profit	<u>737,927</u>	<u>611,025</u>
Other interest receivable and similar income (analysed below)	<u>(132)</u>	<u>(473)</u>
Interest payable and similar charges (analysed below)	<u>53,895</u>	<u>66,864</u>
	<u>53,763</u>	<u>66,391</u>
Profit before tax	<u><u>684,164</u></u>	<u><u>544,634</u></u>

This page does not form part of the statutory financial statements.

Care Housing Association Limited

Detailed Profit and Loss Account for the Year Ended 31 March 2021

	2021 £	2020 £
Turnover		
Core Rent	4,183,297	3,515,539
Voids income invoiced	404,314	244,399
Major Repairs Income	175,667	153,204
Furniture Cover Allowance	36,000	32,000
	<u>4,799,278</u>	<u>3,945,142</u>
Cost of sales		
Lease Payments	2,856,430	2,223,569
Major repairs	175,666	153,204
Void provision	47,048	64,128
	<u>3,079,144</u>	<u>2,440,901</u>
Employment costs		
Wages and salaries	220,882	169,826
Staff NIC (Employers)	18,964	14,670
Staff pensions (Defined contribution)	14,658	8,528
Staff training	752	3,782
	<u>255,256</u>	<u>196,806</u>
Establishment costs		
Light, heat and power	37,599	31,423
Premises expenses	11,375	10,994
Rates	57,619	44,421
Insurance	57,715	46,980
Gardening	28,406	31,352
Repairs, maintenance and white goods	246,967	273,089
Furnishings	13,946	22,127
Water treatment and testing	32,391	31,250
Fire risk assessment	20,110	18,699
	<u>506,128</u>	<u>510,335</u>
General administrative expenses		
Printing, postage, stationery and telephone expenses	5,447	5,765
Computer software and maintenance costs	18,393	13,143
Board meeting expenses	706	1,495
Care foundation	5,286	900
Donations	2,320	-
Sundry expenses	10,379	5,902
Car hire (Operating leases)	7,048	6,558
Motor expenses	5,905	9,670
Marketing	-	600

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Care Housing Association Limited

Detailed Profit and Loss Account for the Year Ended 31 March 2021

Service charges	477	8,166
Accountancy fees	14,755	14,322
Auditor's remuneration - The audit of the company's annual accounts	5,010	4,200
Legal and professional fees	26,860	17,646
Consultancy	27,060	8,070
	<u>129,646</u>	<u>96,437</u>
Finance charges		
Bank charges	<u>1,546</u>	<u>1,231</u>
Depreciation costs		
Depreciation of other tangible (owned)	<u>104,251</u>	<u>93,307</u>
Other operating income		
Government grants receivable	<u>14,620</u>	<u>4,900</u>
Other interest receivable and similar income		
Bank interest receivable	<u>132</u>	<u>473</u>
Interest payable and similar expenses		
Loan interest	<u>53,895</u>	<u>66,864</u>