

Registered number: 24640R

**ST PETER'S (SALTLEY) HOUSING
ASSOCIATION LIMITED**

Financial Statements

Year ended 31 March 2022

ST PETER'S (SALTLEY) HOUSING ASSOCIATION LIMITED

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ST PETER'S (SALTLEY) HOUSING ASSOCIATION LIMITED

INFORMATION

BOARD OF MANAGEMENT

Ken Hazeldene (Chair)
Lisa Barnes (Vice Chair)
Faisal Nasim
Mark Pinnell
Alan Hamer
Kerrie Porter (resigned February 2022)
Jon Dickin
Tansy Crowley-Sweet
Sue Formaston (resigned August 2021)

CHIEF EXECUTIVE

Kevin Lowry (from 17 May 2021)

REGISTERED OFFICE

Burrows Hall
Bridge Road
Saltley
Birmingham
B8 3TE

REGULATOR OF SOCIAL HOUSING (RSH)

L3519

REGISTERED SOCIETY NUMBER (under charity rules)

24640R

AUDITOR

Beever and Struthers
St George's House
215-219 Chester Road
Manchester
M15 4JE

BANKERS

Barclays Bank PLC
Small Heath Branch
534 Coventry Road
Small Heath
Birmingham
B10 0UP

STRATEGIC REPORT

The Board present their Strategic Report incorporating the Board Report and the financial statements for the year ended 31 March 2022.

REVIEW OF THE ASSOCIATION

St Peter's (Saltley) Housing Association Limited is a Charitable Registered Society under the Co-operative and Community Benefits Society Act 2014. The principal activity of the Association is to provide good quality, affordable, rented homes for people in housing need. The Association owns and manages 105 units (excluding the Fred Winter Centre). There are 99 flats on the St Peter's site (including 41 flats for the over 50), and 6 houses nearby. The Association also leases 520 units of homeless accommodation managed on St Peters' behalf by Spring Housing.

The Saltley neighbourhood in which St Peter's operates is a significantly economically disadvantaged part of Birmingham where poverty, vulnerability and limited opportunity are key issues. Many of our tenants face an increasing challenge to maintain their tenancies as a result of the government's welfare reform agenda. We recognise and aim to respond to this, going beyond legislative requirements to improve the lives of our customers.

We are committed to helping our tenants have sustainable tenancies and be active members of the community. Where a tenant is having problems maintaining their tenancy we will help and signpost them to the right help, and liaise with other agencies, including benefits, social services, and police where relevant.

This year the Association has reported an operating surplus of £247,558 compared to an operating surplus of £262,379 in the previous year. There is no significant change to 2020/21 and reflects the continuation of income from properties leased and managed by Spring and the marginal impact of the continuing restrictions from the pandemic that affected estate services delivered.

THE BOARD OF MANAGEMENT

The members, who are non-executive directors, set out below have held office during the whole of the period from 1st April 2021 to the date of this report unless otherwise stated.

- Ken Hazeldene
- Lisa Barnes
- Mark Pinnell
- Alan Hamer
- Faisal Nasim
- Kerrie Porter (resigned February 2022)
- Jon Dickin
- Tansy Crowley-Sweet
- Sue Formaston (resigned August 2021)

BOARD OF MANAGEMENT AND STAFF

The Board of Management, which is responsible for the management of the Association's affairs, comprises no more than twelve and no fewer than five members. The Board Members, who, apart from the Chair, are unpaid, are drawn from a wide background bringing together a range of skills knowledge and experience. The Board meets at least 4 times a year as does the Audit & Governance Committee which reports to the Board on its delegated areas of activity.

The Board obtains external specialist advice from time to time as necessary.

The staff team comprises the Chief Executive, Finance Director, Housing Services Manager, Finance Officer, Property Maintenance Supervisor, Housing Services Officer and an Administration Assistant. The Board delegates day to day management and implementation of its strategies and policies to the Chief Executive who attends Board Meetings. Other staff are invited to attend meetings as and when necessary.

STRATEGIC REPORT

VALUE FOR MONEY

Overall summary statement of Value for Money (VFM) performance

St Peter's recognises its responsibility to achieve value for money from all its activities, however they may be funded. Our strategy is to embed value for money as part of our ongoing business processes and decisions.

We have a commitment to manage resources economically, efficiently and effectively ensuring that we remain economically viable, whilst providing quality services and homes which deliver ongoing planned improvements that deliver value for money.

St Peter's strives to deliver what matters to both our customers and stakeholders in the most cost-effective way. We believe that by improving our services in response to our customer and stakeholder needs, we will contribute to the sustainability of the community in which we operate. Our goal is to achieve the best value for money for customers and our strategy sets out our approach and plan for achieving that ambition.

We are continuing to lease a number of properties with housing management and support provided via a management agreement with a third party, Spring Housing. This equates to 26.0% of our total income. This additional income has helped support asset investment.

The strategic direction for St Peter's is set out in our Corporate Plan which is delivered each year via an Annual Plan. The Annual Plan includes a suite of key qualitative and quantitative performance indicators that help the Board and Executive identify whether St Peters is delivering value for money and ensures key risks are being actively managed. Our 10-year financial plan has been updated to reflect our current budget position and a range of stress tests to have been carried out to test viability. The tests have resulted in a plan to manage the risks identified.

We have identified our asset investment priorities for the next 10 years. The main investments are key component renewals to maintain the standard of the stock. We have in place an Assets & Liabilities Register which includes details such as Land Registry Title number, valuations, planning restrictions and whether homes are charged to lenders. Our financial plans are modelled to ensure that going forward the stock is maintained to the high standard. The majority of St Peter's own housing stock (99 units) is located within a Grade II listed building (the former St Peter's College). This means that long-term asset management presents particular challenges that are unusual for Registered providers of social housing. Our asset management plan seeks to reflect these. St Peters continues to invest significantly in the existing housing stock to ensure that the properties are maintained to a good standard. The re-investment was 15.4% in 2021/22.

ST PETERS PERFORMANCE AGAINST REGULATORY METRICS

Metric	2020/21	2021/22	Peer Group Medium *
Business Health			
Operating Margin % (overall)	28.0%	24.6%	26.2%
Operating Margin (social housing lettings)	15.3%	11.1%	23.9%
EBITDA MRI interest cover %	525.7%	N/A	146.6%
Development (Capacity and Supply)			
New supply delivered %	0%	0%	0%
Gearing %	0%	0%	0%
Effective Asset Management			
ROCE	14.6%	12.1%	3.2%
Operating efficiency			
Headline social housing cost per unit	£5,946	£6,325	£9,084
Community Investment £			
Reinvestment %	11.4%	15.4%	2.2%

STRATEGIC REPORT

Metric	2020/21	2021/22	Peer Group Medium *
Outcomes Delivered			
Customer satisfaction with St Peters as a landlord	100%	100%	
Customer satisfaction with Repairs service	100%	100%	
Number of individual tenant support cases managed per year.	60		N/A
To maintain our minimum cash balance of £125,000	£587,000	£642,000	N/A

* Peer group includes 19 West Midlands smaller housing associations (largely less than 1,000 stock) with a profile similar to St Peters.

The analysis and comparison of the above metrics indicates that St Peter's financial position compares favourably to our Peer Group (bearing in mind * above). In particular it should be noted that St Peter's has repaid all outstanding debt and therefore has a very favourable gearing ratio and EBITDA MRI ratio.

The Operating Margin is considered to be strong and our cash balances are improved compared to 2020/21 (at £642,000 compared to £587,000) and are in a good position compared to the minimum cash balances threshold set by the Board of £125,000.

The indicator on social housing cost per unit is a reflection of the diseconomies of scale for St Peter's (our fixed operational costs e.g. insurance are disproportionate for our size).

INTERNAL CONTROLS ASSURANCE

There is no regulatory requirement for the Board to publish a statement on internal controls assurance, but it has decided to do so.

The Board acknowledges its responsibility for the system of internal controls and for reviewing its effectiveness mindful of the objectives of, and risks facing, the Association.

The Board confirms that there are ongoing processes for maintaining sound systems of internal control and for managing risks.

COMPLIANCE WITH THE RSH GOVERNANCE AND FINANCIAL VIABILITY STANDARD

The Board confirms that the Association complies with the requirements of the revised Governance and Financial Viability Standard applicable for the year, including the requirements to have in place an up to date Asset & Liabilities Register and to adhere to all relevant law.

COMPLIANCE WITH CODE OF GOVERNANCE

The Board have reviewed the new NHF Code of Governance (issued November 2020) and have adopted the principles contained within it as appropriate. There are two requirements of the Code which the Board has chosen not to apply to the association's governance arrangements. The first of these is the requirement that board members serve a maximum six-year term. The maximum term in our governing document is nine years and Board members are satisfied that this remains appropriate. The second is the Code's requirement that the Chair of the association does not serve on the association's Audit Committee. As a small association, the Board of St Peter's does not believe that such a prohibition would provide any benefit to the association and may be to its detriment. In all other respects, however, the association believes itself to be in compliance with the requirements of the Code. Compliance is reviewed annually by the Audit & Governance committee.

BOARD MEMBERS' RESPONSIBILITIES

Registered Provider legislation requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of the Association's affairs at the end of the financial year and of the income and expenditure of the Association for the year ended on that date. In preparing those financial statements, suitable accounting policies have been used, framed to the best of the Board's knowledge and belief, by reference to reasonable and prudent judgements and estimates and applied consistently. Applicable accounting standards have been followed.

STRATEGIC REPORT

The Board is also required to indicate where the financial statements are prepared other than on the basis that the Association is a going concern.

The Board is responsible for ensuring that arrangements are made for keeping proper accounting records with respect to the Association's transactions and its assets and liabilities and for maintaining a satisfactory system of control over the Association's accounting records and transactions. The Board is also responsible for ensuring that arrangements are made to safeguard the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BOARD MEMBERS' INDEMNITY

The Board Members have confirmed that the Association does have Trustee Indemnity / Directors and Officers Insurance in place.

FINANCIAL INSTRUMENTS

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

DISCLOSURE OF INFORMATION TO THE AUDITOR

In the case of each of the persons who are Board Members of the Association at the date when this report was approved:

- so far as each of the Board Members are aware, there is no relevant audit information of which the Association's auditor is unaware; and
- each of the Board Members has taken all the steps that they ought to have taken as a Board Member to make them aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

Approved by the Audit and Governance Committee on the 22 August 2022 and the Board on 19 September 2022 and signed on its behalf by:

Ken Hazeldene (Chair)

AUDITOR'S REPORT TO THE MEMBERS

Opinion

We have audited the financial statements of St Peter's (Saltley) Housing Association Limited (the 'association') for the year ended 31 March 2022 which comprise the 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 2022 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 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 Board is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- the association has not kept proper books of account; or
- a satisfactory system of control over transactions has not been maintained; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

AUDITOR'S REPORT TO THE MEMBERS

Responsibilities of the Board

As explained more fully in the Statement of the Board's responsibilities set out on page 4, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud.
- We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing, recognising the nature of the association's activities and the regulated nature of the association's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.

AUDITOR'S REPORT TO THE MEMBERS

- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of the audit report

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

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

Date:

ST PETER'S (SALTLEY) HOUSING ASSOCIATION LIMITED**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 March 2022

	Notes	2022 £	2021 £
TURNOVER	3	1,009,372	953,615
Operating costs	3	(761,814)	(691,236)
OPERATING SURPLUS	3	247,558	262,379
Finance income		15	323
Interest and financing costs	5	(2,352)	(2,969)
Surplus for the year		245,221	259,733
Other comprehensive income			
Actuarial (loss)/gain in respect of the pension scheme	16	8,000	(77,000)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		253,221	182,733

ST PETER'S (SALTLEY) HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION
At 31 March 2022

	Notes	2022 £	2021 £
TANGIBLE FIXED ASSETS			
Housing properties – cost less depreciation	9	7,096,102	6,205,622
Other property, plant & equipment	9	55,122	67,651
TOTAL FIXED ASSETS		7,151,224	6,273,273
CURRENT ASSETS			
Debtors	10	364,898	25,873
Cash at bank and in hand		641,839	586,991
		1,006,737	612,864
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	(521,108)	(197,219)
NET CURRENT ASSETS		485,629	415,645
TOTAL ASSETS LESS CURRENT LIABILITIES		7,636,853	6,688,918
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	12	(5,489,715)	(4,775,998)
PENSION LIABILITY	16	(99,000)	(118,000)
NET ASSETS		2,048,138	1,794,920
CAPITAL AND RESERVES			
Share capital	15	43	43
Revenue reserves		2,048,095	1,794,874
TOTAL CAPITAL AND RESERVES		2,048,138	1,794,917

The financial statements on pages 9 to 28 were approved by the Board of Management on 19 September 2022 and were signed on its behalf by:

Ken Hazeldene (Chair)

Alan Hamer (Chair of the Audit and Governance Committee)

Alan Fraser (Interim Chief Executive/Company Secretary)

ST PETER'S (SALTLEY) HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN RESERVES

For the year ended 31 March 2022

	Revenue reserves 2022 £	Revenue reserves 2021 £
BALANCE AT 1 APRIL	1,794,874	1,612,141
Surplus from statement of comprehensive income	253,221	182,733
 BALANCE AT 31 MARCH	 <u>2,048,095</u>	 <u>1,794,874</u>

ST PETER'S (SALTLEY) HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS
For the year ended 31 March 2022

	Notes	2022		2021	
		£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	See below		1,152,714		866,905
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest received		15		323	
Interest paid		(2,352)		(2,969)	
Housing loan repaid		-		-	
Share capital issued		-		-	
			(2,337)		(2,646)
CASH FLOWS FROM INVESTING ACTIVITIES					
Works to housing properties		(1,094,335)		(688,482)	
Purchase of other fixed assets		(1,190)		(21,074)	
			(1,095,525)		(709,556)
NET CHANGE IN CASH AND CASH EQUIVALENTS			54,852		154,703
Cash and cash equivalents at the beginning of the year			586,990		432,287
Cash and cash equivalents at the end of the year			641,842		586,990

Reconciliation of operating surplus to net cash inflow from operating activities

	2022	2021
	£	£
Operating surplus for the year	247,558	262,379
Fred Winter House Grant	966,425	562,500
Movement in debtors	(339,025)	(3,437)
Movement in creditors	214,680	(13,650)
Depreciation	206,545	203,702
Amortisation of capital grants	(135,409)	(137,670)
Loss on write off of components	678	4,389
Other adjustments	(8,738)	(11,309)
Net cash inflow from operating activities	1,152,714	866,905

Reconciliation of changes in net funds

	At Beginning of the Year	Cash Flows	At End of Year
	£	£	£
Cash and cash equivalents	586,990	54,852	641,842
Housing loans due in one year	-	-	-
Housing loans due after one year	-	-	-
	586,990	54,852	641,842

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements are prepared under the historical cost convention, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019, the Statement of Recommended Practice for Registered Social Housing Providers 2018 (SORP) and the Housing and Regeneration Act 2008. St Peter's (Saltley) Housing Association is a public benefit entity (PBE), as defined in FRS 102 and applies the relevant paragraphs prefixed "PBE" in FRS 102.

(b) Statement of compliance

St Peter's (Saltley) Housing Association has prepared its financial statements in accordance with FRS 102.

(c) Turnover

Turnover primarily represents rents and service charges receivable (net of losses from voids), Supporting People Grant, Amortisation of Government Grants and management fee income from Spring Housing.

(d) Depreciation and impairment

Housing Properties

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

General needs houses-structure: 100 years

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

Roof:	70 years	Electrical installations:	40 years
Kitchens:	30 years	Lifts:	30 years
Bathrooms:	30 years	Windows:	30 years
Central Heating:	30 years	Boilers:	15 years
Domestic fixtures and fittings: 5 to 15 years dependent on asset type.			

Properties held on long lease are depreciated over the remaining life of the lease. This policy will be applied to the new Fred Winter Project that was practically completed at the end of March 2022. This will be a 15 year lease and both the grant amortisation and depreciation will be reflected over this period in future financial statements.

Impairment of social housing properties

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. ACCOUNTING POLICIES (Continued)

Other property, plant & equipment (PP&E)

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

Office fixtures and fittings	- 20% straight line
Computer equipment	- 33⅓% straight line
Security system	- 10% straight line

(e) Social Housing Grant (SHG) and other grants

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

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

(f) Improvements to properties

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

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

(g) Interest and financing costs

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

(h) Cash and cash equivalents

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

(i) Operating leases

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

(j) Pension costs

Multi-employer defined benefit pension scheme – Social Housing Pension Scheme

The Association participates in an industry wide multi-employer defined benefit pension scheme. The employer is required to recognise the surplus or deficit in the Statement of Financial Position and the resulting expense in surplus or deficit in the Statement of Comprehensive Income. Any changes that arise as a result of actuarial assumptions is recognised as Other Comprehensive Income. Note 16 reflects the Association's fair share of assets and obligations.

(k) 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), and where there has been a substantial transfer of risks and benefits attached to the scheme to the third party, any scheme revenue and expenditure is excluded from these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

1. ACCOUNTING POLICIES (Continued)

(l) Financial instruments

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

Financial assets carried at amortised cost

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

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

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

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

Financial liabilities carried at amortised cost

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

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

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

Financing transactions

For rent arrears where the arrangement constitutes, in effect, a financing transaction because of extended credit arrangements the arrears are measured at the present value of the future payments discounted at an appropriate market rate of interest.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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.

Going concern

The financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. The Association undertakes an annual review of its business plan together with stress testing and sensitivity analysis. No significant concerns have been noted and we consider it appropriate to continue to prepare the financial statements on a going concern basis.

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.

Provisions

Provision is made for rent arrears that are considered uncollectable. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

Components of housing properties and useful lives

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

Management agreement with Spring Housing Association (Spring) (see note 19)

A management agreement exists between St Peter's Housing and Spring which recognises St Peter's as the landlord and Spring as their managing agent. Occupancy agreements are issued in the name of St Peter's (Saltley) Housing Association in order to enable the properties to be classed as Exempt Accommodation under Housing Benefit regulations. However, Spring have responsibility for the provision of all housing management services and housing-related support. St Peters receives an agreed, fixed fee for managing each property. All rent monies are paid directly to Spring. St Peters Housing recognises within its financial statements only the management fee from Spring, as the financial risks and rewards around arrears, voids and maintenance costs are borne by Spring.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

3. TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	2022		
	Turnover £	Operating Costs £	Operating Surplus £
INCOME AND EXPENDITURE FROM LETTINGS			
Housing accommodation (Note 3a)	746,539	(664,174)	82,365
OTHER INCOME AND EXPENDITURE	262,833	(97,640)	165,193
Other			
TOTAL	1,009,372	(761,814)	247,558
	2021		
	Turnover £	Operating Costs £	Operating Surplus £
INCOME AND EXPENDITURE FROM LETTINGS			
Housing accommodation (Note 3a)	732,047	(624,330)	107,717
OTHER INCOME AND EXPENDITURE	221,568	(66,906)	154,662
Other			
TOTAL	953,615	(691,236)	262,379

3a INCOME AND EXPENDITURE FROM LETTINGS

	2022 £	2021 £
Income from lettings - Housing accommodation		
Rent receivable	444,137	434,344
Service charges receivable (incl' SP income)	166,993	160,033
Amortisation of government grants (Note 13)	135,409	137,670
Total income from lettings	746,539	732,047
Expenditure on letting activities - Housing accommodation		
Services	120,039	107,144
Management	277,331	273,001
Routine maintenance	44,371	36,152
Major repairs expenditure	22,267	17,544
Rent losses from bad debts	6,662	(2,006)
Depreciation of housing properties	192,826	188,106
Write off of components	678	4,389
Total expenditure on lettings	664,174	624,330
Operating surplus on letting activities	82,365	107,717
Rent losses from voids	3,665	3,728

ST PETER'S (SALTLEY) HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

4. SURPLUS FOR THE YEAR

	2022	2021
	£	£
The surplus for the year is stated:		
after charging / (crediting):		
Depreciation of tangible fixed assets	206,545	203,702
Amortisation of government grants	(135,409)	(137,670)
Write off of components	678	4,389
Auditors' remuneration - audit services (incl VAT)	6,420	6,300
- other services	-	-
	<u> </u>	<u> </u>

5. INTEREST AND FINANCING COSTS

	2022	2021
	£	£
On loan repayable wholly or partly within five years	-	617
Defined benefit pension charge	2,352	2,352
	<u> </u>	<u> </u>
	<u>2,352</u>	<u>2,969</u>

6. TAXATION

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

7. STAFF COSTS

	2022	2021
	£	£
Staff costs including directors:		
Wages and salaries	168,507	179,248
Social security costs	14,394	15,124
Pension and other costs	23,870	25,952
	<u> </u>	<u> </u>
	<u>206,770</u>	<u>220,324</u>
	Number	Number
Average number of persons expressed as full-time equivalents (including the directors) employed during the year:		
Office staff	4	4
Service staff	1	1
	<u> </u>	<u> </u>
Total employees	<u>5</u>	<u>5</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

8. DIRECTORS' AND THE EXECUTIVE OFFICERS' EMOLUMENTS

	2022 £	2021 £
Emoluments (including pension contributions and benefits in kind)	<u>47,935</u>	<u>60,529</u>

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

The highest paid director – Chief Executive Officer (CEO)	<u>47,935</u>	<u>58,257</u>
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The Chief Executive Officer is an ordinary member of the Social Housing Pension Scheme and no enhanced or special terms apply. The Association does not make any further contributions to the individual pension arrangements of the Chief Executive Officer.

Board member emoluments

	2022 £	2021 £
Emoluments	<u>3,165</u>	<u>3,145</u>

Only the Chair of the Board receives emoluments for participating on the Board. Payment of the emoluments to the Chair commenced in December 2015. The Chair does not participate in the Social Housing Pension Scheme.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

9. TANGIBLE FIXED ASSETS

	Housing properties for letting £	Housing properties in development £	Other property, plant & equipment £	Total £
COST				
At 31 March 2021	7,860,898	522,936	244,207	8,628,041
Additions	88,346	1,005,989	1,190	1,095,525
Disposals	(22,865)	-	-	(22,865)
At 31 March 2022	<u>7,926,379</u>	<u>1,528,925</u>	<u>245,397</u>	<u>9,700,701</u>
DEPRECIATION				
At 31 March 2021	2,178,212	-	176,556	2,354,768
Charge for year	192,826	-	-	-
Eliminated on disposals	(11,836)	-	-	-
At 31 March 2022	<u>2,359,202</u>	<u>-</u>	<u>190,275</u>	<u>2,549,477</u>
NET BOOK VALUE				
At 31 March 2022	<u>5,567,177</u>	<u>1,528,925</u>	<u>55,122</u>	<u>7,151,224</u>
At 31 March 2021	<u>5,682,686</u>	<u>522,936</u>	<u>67,651</u>	<u>6,273,273</u>

£

The net book value of housing properties above comprises:

Freehold	322,113
Leasehold	6,773,988
	<u>7,096,101</u>

Expenditure on housing properties for letting comprises:

£

Replacement of components	84,788
Routine maintenance (note 3a)	44,371
Major repairs expenditure (note 3a)	22,267
	<u>151,426</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

10. DEBTORS

	2022	2021
	£	£
Amounts falling due within one year:		
Rental and service charge debtors	24,986	18,827
Less: provision for bad debts	(17,140)	(10,479)
	<u>7,846</u>	<u>8,348</u>
Other debtors	746	17,524
Other Grant Debtors	356,306	-
	<u>364,898</u>	<u>25,873</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Loan principal	-	-
Other creditors	235,833	28,401
Dilapidation provision	30,300	20,200
Prepaid rent	10,357	10,948
Government grants (note 13)	244,618	137,670
	<u>521,108</u>	<u>197,219</u>

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

	2022	2021
	£	£
Housing Loans	-	-
Government grants (note 13)	5,489,715	4,775,998
	<u>5,489,715</u>	<u>4,775,998</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

13. GOVERNMENT GRANTS – DEFERRED INCOME

	2022 £	2021 £
At 1 April 2021	4,913,668	4,526,174
Fred Winter House	966,425	562,500
Amortisation to statement of comprehensive income	(135,409)	(137,670)
Elimination of grant on disposals	(10,351)	(37,336)
	<u>5,734,333</u>	<u>4,913,668</u>
At 31 March 2022	<u>5,734,333</u>	<u>4,913,668</u>
Due < 1 year	<u>244,618</u>	<u>137,670</u>
Due > 1 year	<u>5,489,715</u>	<u>4,775,998</u>

Fred Winter is being funded from Homes England Grant of £865,385 and grant from Spring Housing of £663,540 (being an overall total of £1,528,925).

14. FINANCIAL INSTRUMENTS

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

Financial assets

Measured at undiscounted amount receivable

- Rent arrears and other debtors (see note 10)

Financial liabilities

Measured at amortised cost

- Loans payable (see note 11)

Measured at undiscounted amount payable

- Trade and other creditors (see note 11)

15. SHARE CAPITAL

	2022 £	2021 £
At 31 March 2021	43	43
Issued during the year	-	-
	<u>43</u>	<u>43</u>
Forfeited during the year	-	-
At 31 March 2022	<u>43</u>	<u>43</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

16. PENSION OBLIGATIONS

The company participates in the Social Housing Pension Scheme (the Scheme), a multi- employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. and a Recovery Plan has been put in place with the aim of removing any deficits by 30 September 2026.

The Scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For financial years ending on or before 28 February 2019, it has not been possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable company to account for the Scheme as a defined benefit scheme.

For accounting purposes, the liability figures from re-valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus at the accounting period start and end dates.

PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)

	31 March 2022	31 March 2021
	(£'000s)	(£'000s)
Fair value of plan assets	568	562
Present value of defined benefit obligation	667	680
Surplus /(deficit) in plan	(99)	(118)
Unrecognised surplus		-
Defined benefit asset /(liability) to be recognised	(99)	(118)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

Year ended 31 March 2022 (£000s)	2022	2021
Defined benefit obligation at start of year	680	550
Current service cost	7	8
Expenses	2	2
Interest expense	15	13
Contributions by plan participants	4	8
Actuarial losses (gains) due to scheme experience	31	(12)
Actuarial losses (gains) due to changes in demographic assumptions	(11)	3
Actuarial losses (gains) due to changes in financial assumptions	(45)	124
Benefits paid and expenses	(16)	(16)
Defined benefit obligation at end of year	667	680

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

Year ended 31 March 2022 (£000s)	2022	2021
Fair value of plan assets at start of year	562	496
Interest income	12	12
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(17)	38
Employer Contributions	23	24
Member Contributions	4	8
Benefits paid and expenses	(16)	(16)
Fair value of plan assets at end of year	568	562

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2021 to 31 March 2022 was £5,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCl)

Year from 31 March 2021 to 31 March 2022 (£000s)	2022	2021
Current service cost	7	8
Expenses	2	2
Net interest expense	3	1
Defined benefit costs recognised in statement of comprehensive income (SOCl)	12	11

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

Year ended 31 March 2022 (£000s)	2022	2021
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(17)	38
Experience gains and losses arising on the plan liabilities - gain (loss)	(31)	12
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	11	(3)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	45	(124)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	8	(77)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-	-
Total amount recognised in other comprehensive income - gain (loss)	8	(77)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

ASSETS

	31 March 2022 (£'000s)	31 March 2021 (£'000s)
Global Equity	109	90
Absolute Return	23	31
Distressed Opportunities	20	16
Credit Relative Value	19	18
Alternative Risk Premia	19	21
Fund of Hedge Funds	-	-
Emerging Markets Debt	16	23
Risk Sharing	19	20
Insurance-Linked Securities	13	14
Property	15	12
Infrastructure	40	38
Private Debt	15	13
Opportunistic Liquid Credit	19	14
High Yield	5	17
Opportunistic Credit	2	15
Corporate Bond Fund	38	33
Liquid Credit	-	7
Long Lease Property	15	11
Secured Income	21	23
Over 15 Year Gilts	-	-
Liability Driven Investment	158	143
Currency Hedging	(2)	-
Net Current Assets	2	3
Total assets	568	562

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

ST PETER'S (SALTLEY) HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

KEY ASSUMPTIONS

	31 March 2022	31 March 2021
	% per annum	% per annum
Discount Rate	2.79	2.14
Inflation (RPI)	3.66	3.30
Inflation (CPI)	3.23	2.85
Salary Growth	4.23	3.85

The mortality assumptions adopted at 31 March 2022 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2022	21.1
Female retiring in 2022	23.7
Male retiring in 2042	22.4
Female retiring in 2042	25.2

ST PETER'S (SALTLEY) HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

17. CAPITAL COMMITMENTS

	2022 £	2021 £
Capital expenditure contracted for but not provided for in the financial statements	-	-
Capital expenditure authorised but not yet contracted for in the financial statements	171,507	783,167

The above commitments will be financed from existing cash balances.

18. OTHER FINANCIAL COMMITMENTS

At 31 March 2021 the Association was committed to making the following payments under non-cancellable operating leases.

	Land & buildings		Other	
	2022 £	2021 £	2022 £	2021 £
Operating leases which expire:				
Within one year	7,700	7,700	-	-
Within two to five years	25,667	33,367	-	-
	33,367	41,067	-	-

19. UNITS IN MANAGEMENT

	2022 Number	2021 Number
All completed social housing units:		
General needs	64	64
Supported and housing for older people	41	41
Property Under Development (Fred Winter)	15	15
	120	120

The Association also leases a further 520 units (2021 400 units) that are managed by others.

The Association has a management agreement in place with Spring Housing Association (Spring) for the provision of social housing and housing-related support services. The accommodation covered by the agreement is leased from a range of freeholders and offered for rent to vulnerable people as Exempt Supported Accommodation. As of April 2022, this management agreement covered 85 properties providing 522 units of accommodation across Birmingham and the wider the West Midlands. In the case of four properties (containing 44 units of accommodation), St Peter's leases the properties directly from the freeholder. In the case of the remaining 81 properties (containing 478 units of accommodation), Spring leases the properties but then secures a consent to sublease from the freeholder which is issued to St Peter's. No formal written sub-leases between Spring and St Peter's have been entered into, but the mutual intention of both parties is for St Peter's to take a sub-lease of each property on terms that exactly mirror the rights and obligations of Spring under its headlease. There are no rents charged by St Peters to Spring. The leases have termination dates ranging from August 2022 to June 2028.

In all cases, a management agreement exists which recognises St Peter's as the landlord and Spring as their managing agent. Occupancy agreements are issued in the name of St Peter's (Saltley) Housing Association in order to enable the properties to be classed as Exempt Accommodation under Housing Benefit regulations. However, Spring have responsibility for the provision of all housing management services and housing-related

ST PETER'S (SALTLEY) HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

19. UNITS IN MANAGEMENT (Continued)

support. St Peters receives an agreed, fixed fee for managing each property. All rent monies are paid directly to Spring. St Peters Housing recognises within its financial statements only the management fee from Spring, as the financial risks and rewards around arrears, voids and maintenance costs are borne by Spring.

20. RELATED PARTY TRANSACTIONS

One tenant served on the Board during the year. They rent a property from the Association under the same terms and conditions as all tenants in similar properties.

Ken Hazeldene, Chair during the year, is also a Trustee of The Urban Village Trust. The Association leases its office premises from the Trust, this lease agreement is on normal commercial terms, and no special rates apply.

21. LEGISLATIVE PROVISIONS

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014.