



**Adullam Homes Housing Association Limited**  
**Annual Report and Financial Statements**  
**for the year ended 31 March 2019**

Registered number 20853R

# **Adullam Homes Housing Association Limited**

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# **Adullam Homes Housing Association Limited**

## **Board Report incorporating The Strategic Report**

### **Board of Management, Non-Executive Directors:**

#### **Chair**

Chris Green

#### **Vice Chair/Senior Independent Director**

Peter Walton

#### **Board Members**

Andrew Cooke	(Joined 31 <sup>st</sup> May 2018)
Ian Heath	(Resigned 18 <sup>th</sup> September 2018)
Chris Horton	(Joined 30 <sup>th</sup> January 2019)
Jane Newsome	
Stephen Philpott	
Tony Price	
Julia Regis	(Resigned 31 <sup>st</sup> December 2018)
Kelly Sotherton	
Helen Woodall	(Resigned 26 <sup>th</sup> September 2018)
Simon Wright	(Joined 26 <sup>th</sup> September 2018)

#### **Executive Directors:**

Trevor Palfreyman	(Chief Executive)
Elaine Sharkey	(Director of Operations)

#### **Company Secretary:**

Trevor Palfreyman

#### **Registered Office:**

Walter Moore House  
34 Dudley Street  
West Bromwich  
West Midlands  
B70 9LS

**The Regulator of Social Housing Registration Number: LH 1388**

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

**External Auditor:** Mazars LLP

**Internal Auditor:** RSM Internal Audit  
TIAA (The Internal Audit Association)

**Bankers:** Santander  
Lloyds Bank  
Barclays

**Lenders:** Triodos Bank NV  
Natwest (Orchardbrook)

**Solicitors:** Anthony Collins Solicitors LLP  
Irwin Mitchell Solicitors

# **Adullam Homes Housing Association Limited**

## **Board Report incorporating The Strategic Report**

### **Chair's Statement**

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

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

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

We are delighted to report on the significant financial progress that the Association has made during 2018/19. The leadership of the Board, coupled with the hard work and diligence of staff across the Association has seen gains at all levels.

The 'double portion' of this year's positive financial figures can be read as a consolidation of the previous 3 years finances. The Association was pleased to see the positive outcome in respect to the VAT tribunal judgment in year, which has concluded the uncertainty that has been ongoing since May 2017. This coupled with the successful implementation of the year's business plan has seen considerable gains made. At the same time the Association was delighted to secure new contractual work in North Wales commissioned by Denbighshire County Council, and at the same time Adullam re-secured the Young People leaving care work with Derbyshire County Council following competitive tendering.

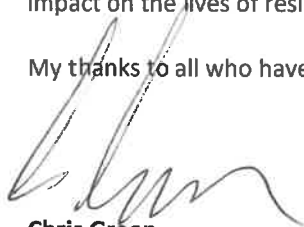
The Association operates at a time of economic and political uncertainty, and regulatory expectations of Registered Providers are rightly increased so to protect the social housing asset. We continue to robustly examine, and stress test the business and all the assumptions so to enable the best way of meeting our key corporate objectives, in addition the Association has strengthened its risk management framework with a live risk register which incorporates 3 lines of defence. Early warning indicators are also in place which allow the Board to monitor key strategic risks. We have continued to have positive dialogue with the Regulator during the year as financial matters have progressed.

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

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

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

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



**Chris Green**  
**Chair**

# **Adullam Homes Housing Association Limited**

## **Board Report incorporating The Strategic Report**

**The Board of Management presents its Strategic Report with the financial statements for year ending 31 March 2019**

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

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

Adullam Restorative Practice CIC, previously dormant, was dissolved within year.

### **Mission**

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

### **Values and Behaviours**

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

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

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

### **Governance Framework**

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

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

# Adullam Homes Housing Association Limited

## Board Report incorporating The Strategic Report

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

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

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

The Board of Adullam delegate authority to the Finance, Audit and Risk Management Committee (FARM) to deal with the detailed scrutiny of financial performance, external and internal audit, internal control and risk management.

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

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

### Diversity of Board Members

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

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

### Code of Governance and Regulatory Standards – Statement of Compliance

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

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

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

# Adullam Homes Housing Association Limited

## Board Report incorporating The Strategic Report

### Board of Management

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

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

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

Board Member	Term	Committee Membership	Emoluments
Chris Green (Chair)	2014	Chair of Board from 14 <sup>th</sup> May 2018	£6,000
Peter Walton	2016	Remuneration & Nominations Committee (Chair)	£3,750
Andrew Cooke	2018	Finance, Audit and Risk Management Committee	£2,217
Chris Horton	2019	Remuneration & Nominations Committee	£408
Jane Newsome	2017	Remuneration & Nominations Committee	£2,400
Stephen Philpott	2016	Operations Committee (Chair)	£2,600
Tony Price	2017	Finance, Audit and Risk Management Committee (Chair)	£1,517
Kelly Sotherton	2015	Operations Committee	£2,652
Simon Wright	2018	Finance, Audit and Risk Management Committee	NIL
Derek Seedhouse		Former Board member	£1,067
Julia Regis		Former Board member	£2,238
Ian Heath		Former Board member	£1,224

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

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

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

## Adullam Homes Housing Association Limited

### Board Report incorporating The Strategic Report

#### Board Attendance - 2018 to 2019

Name of Board Member	Attended	Percentage of Meetings Attended	Comments
Chris Green	6/6	100%	
Peter Walton	4/6	66%	
Andrew Cooke	5/6	83%	
Ian Heath	0/3	0%	Illness affected attendance
Chris Horton	1/2	50%	
Jane Newsome	5/6	83%	
Stephen Philpott	6/6	100%	
Tony Price	5/6	83%	
Julia Regis	0/4	0%	Extended Compassionate Leave
Kelly Sotherton	5/6	83%	
Simon Wright	3/3	100%	

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

Committee Member	Committee
Alastair Baillie	Operations Committee
Colin Crabtree	Operations Committee

We would like to thank Board and Committee Members, staff, volunteers and supporters, contractors, partners and "Friends of Adullam" for their hard work and support throughout this year. Their dedication has enabled us to continue to deliver our mission. Sadly, Ian Heath's attendance was impacted by health reasons prior to resigning in September 2018. Julia Regis resigned at the end of December 2018 following a period of extended leave following her late husband's death. We also saw Helen Woodall term of office end in September after 9 years' service. We do sincerely thank them all for their dedication as Board Member's and pray for God's richest blessing upon them.

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



# Adullam Homes Housing Association Limited

## Board Report incorporating The Strategic Report

### Financial Review of 2018/19

Five Year Highlights	*2018/19 SORP 2014	*2017/18 SORP 2014	*2016/17 SORP 2014	**2015/16 SORP 2014	**2014/15 SORP 2014
<b>Financial Performance</b>					
Turnover (£000)	10,848	9,837	8,508	9,746	9,591
Total comprehensive income (deficit) for the year (£000)	*1,624	(956)	(304)	235	465
Financial return (%)	*14.97	(9.7)	(3.6)	2.4	4.8
Interest payable (£000)	54	63	57	59	85
Interest cover	0	0	0	5.0	6.5
<b>Financial Position</b>					
Housing Properties (cost) (£000)	23,701	23,538	24,283	24,714	24,690
Cash and cash equivalents (£000)	*2,700	1,196	1,416	2,421	2,093
Net Current Assets (£000)	2,905	1,526	1,396	912	731
Current Ratio	3.66	1.82	1.74	1.35	1.31
Debt (£000)	1,023	1,062	1,098	1,133	1,166

\*2016/17, 2017/18 and 2018/19 are Group results. Previously, results are Adullam Homes Housing Association Limited only.

### Financial Review – Income 2018/19

Adullam has two main areas of business:

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

The income for Adullam comes from Rent and Supporting People contracts. Overall the Association's income has increased by £1m when comparing 2017/18 to 2018/19 (as per the five-year highlights table). The Association secured new contractual work at Denbighshire, North Wales from June 2018 period for single homeless. The Association was also successful in re-securing contractual work in Derbyshire during 2018 which has increased the number of clients served.

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

### Financial Review – Expenditure 2018/19

Management costs have decreased compared to 2017/18 due to positive progress across all areas of the business.

In the table above (\*) the following exceptional or one-off savings are included as they have been resolved in 2018/19: -

- Items relating to the successful VAT Tribunal outcome £495,000
- Resolution on utility costs £102,000
- Reduction in void property losses £318,000

# **Adullam Homes Housing Association Limited**

## **Board Report incorporating The Strategic Report**

### **Disposals of Assets**

The Association maintains an ongoing active approach to Asset Management as work in various regions changes. The overarching aim is to provide and maintain properties in the most effective and efficient locations. In 2018/19 Disposals of £18,293 reflects property and component disposals.

### **Cashflow**

The net cash generated in operating activities during the year amounts to £1,156,245. Work was undertaken within 2018/19 to reduce tenant arrears and aged debts. Principal repayments have been made to lenders in respect of loan obligations

### **Corporate Strategy**

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

Government's austerity continues to bring about pressure in the care sector, NHS services and supported housing with varying reductions in contract funding available to Adullam in a highly competitive market.

It had been recognised by the Board that the Association's long-term strategy may be served in a partnership approach so to maintain and develop the work during these times of austerity. There is ongoing dialogue with a kindred spirit with a complementary geography.

### **Achievements**

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

Adullam was successfully reaccredited by The Governance Forum in April 2018 for the GAP Award (Governance Assessment Process), looking at Resources, Competency and Execution.

In June 2018 Adullam commenced delivery of single homelessness work in Denbighshire, North Wales. This provides much needed support and accommodation into this new area for the Association.

The contract work in Derbyshire with Framework was successfully re-secured (which increased in value and number of clients served) commencing October 2018.

In Leicester, the commissioning arrangements for ex-offender work has been challenging and complicated, however, working through all of these matters the Association has been successful in re-securing the existing and expanded contract starting 2019/20.

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

# **Adullam Homes Housing Association Limited**

## **Board Report incorporating The Strategic Report**

### **Value for Money (VFM)**

The Regulator has initiated a new approach to Value for Money, from 1<sup>st</sup> April 2018. Adullam's Value for Money (VFM) performance will be measured against its own strategic VFM targets, its peer groups, and the set of regulatory metrics.

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

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

Adullam aims to help people to access safe, comfortable accommodation and support them to go on to lead independent lives. A key part of "Restoring hope and dignity" is assisting service users to improve their employability and find opportunities to gain work and work experience, particularly through social enterprise activities. It is pleasing to see that the Regulator is currently developing new metrics for Supporting People services which will be more appropriate to the Association.

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

Strategic objectives are set and agreed by the Board, as are Adullam's performance targets. The targets are reviewed and revised annually, based on analysis of the organisation's performance, as well as comparison with peers.

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

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

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

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

- customer satisfaction for support
- customer satisfaction for accommodation

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

# Adullam Homes Housing Association Limited

## Board Report incorporating The Strategic Report

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

Measure STA001 SH	SPBM Peer Group	
	18/19: Adullam	18/19: Median
	%	%
Excellent/Good	91	90

As a Registered Provider the Association has to provide properties to minimum Decent Homes Standards (DHS) and has expectations around the delivery of its repairs and maintenance services which are monitored by senior staff and the Operations Committee.

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

Measure STA006 SH	SPBM Peer Group	
	18/19: Adullam	18/19: Median
	%	%
Excellent/Good	98	79

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

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

### Impairment and Voids

As part of preparation for the end of each financial year an impairment review is undertaken on Association properties to assess 'carrying value', this included obsolescence, any contamination, changes in Government policy, fire safety and cladding. The outcome of the impairment review at the end of March 2019 confirmed that the Association has no impaired assets.

Void properties are regularly monitored to ensure they are repaired economically, efficiently and effectively and re-let at the earliest opportunity. A review of void properties and any ones that are not being successfully re-let triggers a wider review to assess the properties usefulness to the Association going forward.

Measure HMSH 30	SPBM Peer Group	
	18/19: Adullam	18/19: Median
	%	%
Void Loss	3.0	3.7

# Adullam Homes Housing Association Limited

## Board Report incorporating The Strategic Report

### Regulatory Metrics

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

Metric No.	Metric Title	Adullam Homes: results from Statutory Financial Statements	
		18/19	17/18
1	Reinvestment %	1.1%	0.1%
2A	New supply delivered %	0.0%	0.0%
2B	New supply delivered %	0.0%	0.0%
3	Gearing %	(7.2%)	(0.6%)
4	Earnings pre-interest, tax, depreciation, amortisation; major repairs included; interest cover	2580%	(16%)
5	Headline Social Housing Cost per Unit (excluding support and care costs)	£8,854	£6,630
6A	Operating Margin (social housing lettings) %	14.6%	(12.4%)
6B	Operating Margin (overall)%	15.1%	(11.5%)
7	Return on Capital Employed	7.4%	(4.0%)

### Notes to the regulatory metrics

- 1 The Association committed capital resources in 2018/19 to deliver a new contract for single homeless people.
- 2 As a specialist supported housing provider, the Association’s level of provision is not dependent upon new supply delivered.
- 3 The Association’s low levels of debt are less than its cash at bank. There is an increase in cash balance in 2018/19 compared to 2017/18 but no increase in debt.
- 4 The Association has made a significant surplus 2018/19 compared to last year 2017/18, which has increased the interest cover.
- 5 The Association is committed to ensuring all properties meet the Decent Homes Standard and has a regular reinvestment programme. In 2018/19 there was a capital investment on new properties.
- 6 The Association’s turnover increased, new contracts for single homeless were secured and successfully implemented cost reduction measures.
- 7 The Association has made a significant surplus 2018/19 compared to last year 2017/18. Aged Debtors and Creditors were both reduced in 2018/19. There has also been an increase in cash balances in 2018/19 compared to 2017/18.

# Adullam Homes Housing Association Limited

## Board Report incorporating The Strategic Report

### Future VFM savings and initiatives

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

VFM objectives for 2019/20 are as follows:

1. Improved staff recruitment and retention by reviewing staffing structures and benchmarking salaries
2. Procurement of the broadband circuitry (WAN)
3. Procurement of the Fire Safety contract with CCSS
4. Procurement of photocopiers and papercut
5. The acquisition of properties for Adullam compared to managed/leased properties
6. Restructure of Concierge services to enable mobile working and care taking services

The Association will be tendering for a new data centre contract during the year for the period commencing April 2020.

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

### Risk Management

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

#### Key risks

Asset management: including property void costs.

#### Management and Mitigation

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

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

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

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

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

# **Adullam Homes Housing Association Limited**

## **Board Report incorporating The Strategic Report**

### **Brexit**

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

In responding to the risks of Brexit, Adullam has significant asset to loan cover. Existing loan covenants, which are value to loan, are able to be supported by charging other free assets if necessary. Triodos, one of our existing active lenders has now established a UK company and is keen to lend more; the 2019/20 business plan does see further lending being actively considered, so to maintain high cash liquidity for the Association, however borrowing more could be delayed if there were problems post Brexit. Potential interest rate and inflation rises could be problematic, it really depends to what extent they occur, the Association has plans for capital works and refurbishment works this year, a modest increase in inflation could be covered. With regard to delay in components for repairs, the main risk is perceived to be around boilers, the Association has alternative heating solutions in this eventuality. The Association's data centre is UK based, in London and therefore this element of the risk is mitigated. The Board are continuing to monitor the risks associated with Brexit as matters unfold at a national level.

### **Rent Policy**

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

### **Treasury Management Policy**

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

### **Internal Controls**

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

### **Annual Review of the effectiveness of the System of Internal Control**

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

# **Adullam Homes Housing Association Limited**

## **Board Report incorporating The Strategic Report**

### **Risk Management**

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

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

### **Internal Audit**

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

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

As part of this year's assurance and audit work, we have worked with TIAA as per the internal audit contract. In parallel to this the Association engaged RSM Internal Audit to provide further levels of assurance for the Association around key critical business areas. From the Sector Risk Profile that was issued in October 2018, the work of RSM focussed in on the following areas of work at Adullam; Health and Safety, Recruitment, key financial controls, reputational, value for money and data and safety monitoring.

The RSM Internal Audit work and their focus on providing an Assurance framework gives the Association an excellent document/tool as it enables FARM and senior staff to focus on areas that will be the basis for the internal audit plan for 2019/20. The internal audit reports from TIAA and the assurance work from RSM Internal Audit, together with several other aspects of assurance, have provided the backbone for Internal Controls Assurance for 2018/19.

### **Fraud Management**

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

### **Information and Financial Reporting Systems**

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

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



# **Adullam Homes Housing Association Limited**

## **Board Report incorporating The Strategic Report**

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

### **Budgetary responsibility**

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

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

### **Going concern statement**

The budget for Adullam for 2019/20 shows an accounting surplus (prior to any surplus on asset sales) of £239k. The budgeted surplus for Adullam Social Enterprises CIC is £22k.

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

Rental Income for 2019/2020 is £6.6m. Core rent for properties that Adullam own reflects the reduction in rent of 1% set out by the Regulator, (apart from Wales where we have increased it by 2.4% (Sept 18 CPI). Service Charge income for properties reflect accurate costs for service contracts, property management contracts, salaries regarding Enhanced Management and salaries regarding concierge.

Voids Budget for 2019/20 is £255k. This has been reviewed and void rates for each area have been considered, based on current run rates. There is a reduction compared to the run rate of 2018/19 due to significant improvements within void performance with our current position at 3% void loss against a target of 5%.

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

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

The staffing budget is made up of all existing posts on the current establishment and any vacancies. The budget for the year incorporates Supporting People contractual hours and Enhanced Housing Management. Agency has been considered at a rate of 11.5% where required. Salaries for Support Workers, Project Workers, TSO's and Concierge staff have been increased to assist with staff retention. The minimum wage/living wage increases from 1st April from £7.83 to £8.21, this does not impact on Adullam as our pay rates are above the minimum level. With Brexit any loss of EU National employees will have a minimum effect if any on Adullam.

Service charge budget of £1.5m has considered the service charge income and actual expenditure and the costs are covered by the income generated apart from where staff are based on site which is covered by the management fee.

Property costs of £1.6m include the service contracts in place.

Project overheads have been set based on reviews with Senior Leadership Team members, Operational Managers and Regional Managers. The costs have increased compared to the run rate for 18/19 and this is

# **Adullam Homes Housing Association Limited**

## **Board Report incorporating The Strategic Report**

due to an increase in training for Leadership and Health & Safety, and Legal fees for capital asset purchase within 2019/20.

The cash flow for Adullam Homes is based on the 2019/20 budget. Assumptions are listed below:

- All cash profiles have considered the start and end of support contracts
- Support contracts have been profiled further for contracts that which are paid monthly/quarterly/half yearly basis
- Staffing is profiled equally over the 12 months
- Expenditure has been considered on a monthly/quarterly/half year/yearly basis where possible
- VAT considers the income less the expenditure as per standard
- Capital expenditure of £120k has been considered in the cashflow as an equal 12th throughout the year
- All other Capital expenditure has been considered in month where they are likely to occur
- Increase in borrowings to acquire properties
- ASE internal income is assumed monthly
- ASE external income is assumed at 65% in 30 days and 35% in 60 days

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

A further six months budget from April 2020 to Sept 2020 shows a surplus of £183k, which considers all the above plus CPI + 1% on the rental income.

The Association is able to meet existing loan covenant requirements.

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

### **Control Environment and Procedures**

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

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

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

### **Public Benefit Entity**

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

### **Information for Auditors**

The Board members who held office at the date of approval of this Board report confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditors are unaware; and each Board

# **Adullam Homes Housing Association Limited**

## **Board Report incorporating The Strategic Report**

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

### **Board Report incorporating the Strategic Report**

The Board confirms that this Strategic Report has been prepared in accordance with the principles set out in Paragraph 4.7 of the 2014 SORP for Registered Social Housing Providers.

### **Annual General Meeting**

The annual general meeting will be 17th September 2019.

### **External Auditors**

A resolution to re-appoint Mazars LLP will be proposed at the forthcoming annual general meeting.

By Order of the Board:

Signed:  Date: 6<sup>th</sup> September 2019  
Company Secretary  
Trevor Palfreyman

## **Adullam Homes Housing Association Limited**

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

#### **Opinion**

We have audited the financial statements of Adullam Homes Housing Association Limited (the 'parent association') and its subsidiary (the 'group') for the year ended 31 March 2019 which comprise the Group and the parent association's Statements of Comprehensive Income, the Group and the parent association's Statements of Financial Position, the Group and the parent association's Statements of Changes in Reserves, the Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent association's affairs as at 31 March 2019 and of the group's and the parent association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

#### **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.

#### **Brexit**

The Board's view on the impact of Brexit is disclosed on page 15. We considered the impact of Brexit on the Association as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Association's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible implications for the Association and this is particularly the case in relation to Brexit.

#### **Conclusions relating to going concern**

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

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

# **Adullam Homes Housing Association Limited**

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

### **Other information**

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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**

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

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

### **Responsibilities of the Board**

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As explained more fully in the Statement of the Board's responsibilities set out on pages 6 to 8, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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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.

## **Adullam Homes Housing Association Limited**

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

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of the audit report**

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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.

Mazars LLP  
Chartered Accountants and Statutory Auditor  
45 Church Street  
Birmingham  
B3 2RT

Date:

# Adullam Homes Housing Association Limited

## Consolidated Statement of Comprehensive Income

For the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
<b>Turnover</b>	2	10,848	9,837
Operating expenditure	2	(9,685)	(11,034)
Exceptional Items	2	495	
Surplus on disposal of property, plant and equipment	3	18	298
<b>Operating surplus/(deficit)</b>		<b>1,676</b>	<b>(899)</b>
Finance income		6	7
Interest and financing costs	4	(54)	(63)
<b>Surplus / (deficit) before tax</b>		<b>1,628</b>	<b>(955)</b>
Taxation	8	(4)	(1)
<b>Total comprehensive income for the year</b>		<b>1,624</b>	<b>(956)</b>

The financial statements on pages 23 to 52 were approved and authorised for issue by the Board on 6<sup>th</sup> September 2019 and were signed on its behalf by:



Chair:

Chris Green

Vice Chair:

Peter Walton



Secretary:

Trevor Palfreyman



# Adullam Homes Housing Association Limited

## Association Statement of Comprehensive Income

For the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
<b>Turnover</b>	2	10,665	9,691
Operating expenditure	2	(9,514)	(10,889)
Exceptional Items	2	495	
Surplus on disposal of property, plant and equipment	3	18	298
<b>Operating surplus/(deficit)</b>		1,664	(900)
Finance income		6	7
Interest and financing costs	4	(54)	(63)
<b>Surplus / (deficit) before tax</b>		1,616	(956)
Taxation			
<b>Total comprehensive income for the year</b>		1,616	(956)

The financial statements on pages 23 to 52 were approved and authorised for issue by the Board on 6<sup>th</sup> September 2019 and were signed on its behalf by:

Chair:

Chris Green

Vice Chair:

Peter Walton

Secretary:

Trevor Palfreyman



# Adullam Homes Housing Association Limited

## Consolidated Statement of Financial Position

At 31 March 2019

	Note	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Intangible assets	9	28	43
Housing properties	10	18,749	18,641
Other property, plant and equipment	11	877	883
		<u>19,654</u>	<u>19,567</u>
<b>Current assets</b>			
Debtors	13	1,297	1,920
Property held for sale	25	-	273
Cash		2,700	1,196
		<u>3,997</u>	<u>3,389</u>
<b>Creditors: Amounts falling due within one year</b>	14	<u>(1,092)</u>	<u>(1,863)</u>
<b>Net current assets</b>		<u>2,905</u>	<u>1,526</u>
<b>Total assets less current liabilities</b>		22,559	21,093
<b>Creditors: Amounts falling due after more than one year</b>	15	(1,675)	(1,717)
<b>Deferred capital grant</b>	16	<u>(11,802)</u>	<u>(11,895)</u>
<b>Net assets</b>		<u>9,082</u>	<u>7,481</u>
<b>Capital and reserves</b>			
Called-up share capital	22	*	-
Revenue reserve		8,930	7,302
Restricted reserve		152	179
<b>Total reserves</b>		<u>9,082</u>	<u>7,481</u>

\* Non-equity share capital for 2018/19 is £18 (2017/18 £18)

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Chair:

Chris Green

Vice Chair:

Peter Walton

Secretary:

Trevor Palfreyman

# Adullam Homes Housing Association Limited

## Association Statement of Financial Position

At 31 March 2019

	Note	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Intangible assets	9	28	43
Housing properties	10	18,749	18,641
Other property, plant and equipment	11	877	883
		<u>19,654</u>	<u>19,567</u>
<b>Current assets</b>			
Debtors	13	1,258	1,899
Property held for sales	25	-	273
Cash		2,682	1,184
		<u>3,940</u>	<u>3,356</u>
<b>Creditors: Amounts falling due within one year</b>	14	<u>(1,051)</u>	<u>(1,834)</u>
<b>Net current assets</b>		<u>2,889</u>	<u>1,522</u>
<b>Total assets less current liabilities</b>		<u>22,543</u>	<u>21,089</u>
<b>Creditors: Amounts falling due after more than one year</b>			
	15	(1,675)	(1,717)
<b>Deferred capital grant</b>	16	<u>(11,802)</u>	<u>(11,895)</u>
<b>Net assets</b>		<u>9,066</u>	<u>7,477</u>
<b>Capital and reserves</b>			
Called-up share capital	22	*	
Revenue reserve		8,914	7,298
Restricted reserve		152	179
<b>Total reserves</b>		<u>9,066</u>	<u>7,477</u>

The financial statements on pages 23 to 52 were approved and authorised for issue by the Board on 6<sup>th</sup> September 2019 and were signed on its behalf by:

Chair:

Chris Green

Vice Chair:

Peter Walton

Secretary:

Trevor Palfreyman

## Adullam Homes Housing Association Limited

### Consolidated Statement of Changes in Reserves

At 31 March 2019

	Income and expenditure reserve £'000	Restricted reserve £'000	Total £'000
At 1 April 2017	8,331	106	8,437
Total comprehensive income for the year	(956)	-	(956)
Transfer of restricted expenditure from unrestricted reserve	(73)	73	-
At 31 March 2018	7,302	179	7,481
Total comprehensive income for the year	1,601	-	1,601
Transfer of restricted expenditure from unrestricted reserve	27	(27)	-
At 31 March 2019	8,930	152	9,082

The financial statements on pages 23 to 52 were approved and authorised for issue by the Board on 6<sup>th</sup> September 2019 and were signed on its behalf by:

  
Chair:  
Chris Green

Vice Chair:   
Peter Walton

Secretary:   
Trevor Palfreyman

# Adullam Homes Housing Association Limited

## Association Statement of Changes in Reserves

At 31 March 2019

	Income and expenditure reserve £'000	Restricted reserve £'000	Total £'000
At 1 April 2017	8,327	106	8,433
Total comprehensive income for the year	(956)	-	(956)
Transfer of restricted expenditure from unrestricted reserve	(73)	73	-
At 31 March 2018	7,298	179	7,477
Total comprehensive income for the year	1,589	-	1,589
Transfer of restricted expenditure from unrestricted reserve	27	(27)	-
At 31 March 2019	8,914	152	9,066

The financial statements on pages 23 to 52 were approved and authorised for issue by the Board on 6<sup>th</sup> September 2019 and were signed on its behalf by:

Chair:

Chris Green

Vice Chair:

Peter Walton

Secretary:

Trevor Palfreyman

# Adullam Homes Housing Association Limited

## Consolidated Statement of Cash Flows

For the year ended 31 March 2019

		<b>2019</b>	<b>2018</b>
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>
<b>Net cash generated from operating activities</b>		<b>1,156</b>	<b>(1,054)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	9/10	(78)	(36)
Purchase of investment property	9/10	(198)	-
Proceeds from sale of property, plant and equipment	3	710	962
Interest received		6	7
<b>Net cash flows from investing activities</b>		<b>440</b>	<b>933</b>
<b>Cash flows from financing activities</b>			
Interest paid	4	(54)	(63)
Repayments of borrowings	19	(38)	(36)
<b>Net change in cash and cash equivalents</b>		<b>1,504</b>	<b>(220)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>1,196</b>	<b>1,416</b>
<b>Cash and cash equivalents at end of year</b>		<b>2,700</b>	<b>1,196</b>

# Adullam Homes Housing Association Limited

## Consolidated Statement of Cash Flows

For the year ended 31 March 2019

		2019	2018
Note 1	Note	£'000	£'000
<b>Surplus/(Deficit) for the year</b>		<b>1,628</b>	<b>(956)</b>
<b>Adjustments for non-cash items</b>			
Depreciation, amortisation and scrappage of tangible and intangible fixed assets	9/10	274	371
Amortisation of capital grant	16	(178)	(179)
Grant amortisation written back on disposal	16	36	209
Interest payable		54	63
Interest received		(6)	(7)
Movement on restricted reserves		27	(73)
Gain on disposal of property, plant and equipment	3	(18)	(298)
<b>Operating cashflow before movements in working capital</b>		<b>1,817</b>	<b>(870)</b>
Decrease in Debtors	13	425	(42)
Decrease in Creditors	14/15	(813)	101
Decrease in property held for sale	25	(273)	(243)
<b>Net cash generated from operating activities</b>		<b>1,156</b>	<b>(1,054)</b>

# **Adullam Homes Housing Association Limited**

## **Notes to the financial statements**

For the year ended 31 March 2019

### **Accounting policies**

#### **Legal Status**

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

#### **Basis of Accounting**

These financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2014. As a public benefit entity, Adullam has applied the public benefit entity 'PBE' prefixed paragraphs of FRS 102.

These financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. The accounts are prepared on the historical cost basis of accounting. Housing properties are stated at cost. The Association does not own any assets classified as financial instruments that require periodic revaluation. Therefore, no modification to the historic cost basis of accounting has been necessary. The financial statements are presented in pounds sterling and are rounded to thousands of pounds.

#### **Basis of Consolidation**

A wholly owned subsidiary; Adullam Social Enterprises Community Interest Company 'CIC' was incorporated on and commenced operations on 2 April 2016. The Association has therefore prepared consolidated financial statements for the years ended 31 March 2018 and 2019. The consolidated financial statements incorporate those of Adullam Homes Housing Association Limited and its subsidiary each year made up to 31 March 2019. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

#### **Reduced Disclosures**

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

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

#### **Going Concern**

The Group's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future, based on budgeting and cash flow forecasting for 2019/20 and the first half of 2020/21. There has been no breach in loan covenants and it has been concluded that there is no imminent or likely future breach in borrowing covenants.

# **Adullam Homes Housing Association Limited**

## **Notes to the financial statements**

For the year ended 31 March 2019

### **Significant management judgements and key sources of estimation uncertainty**

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

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

### **Significant management judgements**

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

- a) **Utility Costs.** There were major systems issues at a major utility supplier with which the group has several contracts. This was causing the Group considerable difficulties. In 2017/18 a provision was held of £111,816 for properties no longer owned and managed. All issues were resolved and concluded in 2018/19 which led to a payment of £6,945. Therefore, the provision was released leading to a surplus of £104,871 to the Statement of Comprehensive Income in 2018/19.
- b) **VAT.** The Group has been in dispute with HM Revenue and Customs (HMRC) in relation to VAT claims relating to the Financial Years 2010/11 to 2013/14, which were considered by a VAT Tribunal in May 2017. In 2017/18 a provision was held of £220,000. In 2018/19 the tribunal has gone against HMRC. Therefore, the provision has been released and HMRC have made a payment. A further payment was received in June 19 relating to the tribunal of £167,092 which is represented in 2018/19. This has led to a surplus of £495,322 to the Statement of Comprehensive Income in 2018/19.

### **Other key sources of estimation and assumptions:**

#### **Tangible fixed assets**

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

#### **Turnover and revenue recognition**

Turnover represents rental income receivable, amortised capital grant, revenue grants from local authorities and other income and is recognised in relation to the period when the goods or services have been supplied.

Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion. Supporting People Income is recognised in line with the contractual arrangements.



# **Adullam Homes Housing Association Limited**

## **Notes to the financial statements**

For the year ended 31 March 2019

### **Support income and costs including Supporting People income and costs**

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

#### **Service charges**

Service charge income and costs are recognised on an accruals basis. The Group operates both fixed and variable service charges on a scheme by scheme basis in consultation with residents. Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered, they are held as creditors or debtors in the Statement of Financial Position.

Where periodic expenditure is required a provision may be built up over the years, in consultation with the residents; until these costs are incurred this liability is held in the Statement of Financial Position within long term creditors.

#### **Loan interest costs**

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

#### **Taxation**

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

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

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

#### **Value Added Tax**

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

#### **Intangible fixed assets**

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

	<b>Years</b>
Software	5

# **Adullam Homes Housing Association Limited**

## **Notes to the financial statements**

For the year ended 31 March 2019

### **Tangible fixed assets and depreciation**

#### **Housing properties**

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

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

Freehold land is not depreciated.

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

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

UELs for identified components are as follows:

	<b>Years</b>
Heating	20
Kitchens	20
Bathroom	30
Roofs	60
Windows	30
Structure	120

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

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

	<b>Years</b>
Freehold offices	50
Furniture and equipment	10
Office equipment	5

#### **Impairment of fixed assets**

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

# **Adullam Homes Housing Association Limited**

## **Notes to the financial statements**

For the year ended 31 March 2019

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

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

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

### **Property managed by agents**

Where the Group carries the majority of the financial risk on property managed by agents, income arising from the property is included in the Statement of Comprehensive Income. Where the agency carries the majority of the financial risk, income includes only that which relates solely to the Group. In both cases, the assets and associated liabilities are included in the Group's Statement of Financial Position.

### **Leasing and hire purchase**

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

### **Stock and properties held for sale**

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

### **Non-government grants**

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

### **Social Housing and other government grants**

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

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

# **Adullam Homes Housing Association Limited**

## **Notes to the financial statements**

For the year ended 31 March 2019

### **Social Housing and other government grants**

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

### **Recycling of Capital Grant**

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

### **Asset Disposals**

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

### **Employee benefits**

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

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

### **Retirement benefits**

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

### **Reserves**

The Association carries two types of reserves;

- a) Restricted reserve and
- b) Unrestricted reserves

### **Restricted Reserve**

The following restricted reserve is held as follows:

- i. Welfare Fund

# **Adullam Homes Housing Association Limited**

## **Notes to the financial statements**

For the year ended 31 March 2019

### **Unrestricted Reserves**

The total unrestricted reserve is represented by the income and expenditure reserve shown in the financial statements. As at 31 March 2019 this amounted to £8,763,569 (31 March 2018: £7,301,972). This balance is accumulated net surplus that Adullam Homes HA has generated since its formation in July 1972.

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

The Group has a reserves policy which is renewed annually. The policy identifies the Group unrestricted, unencumbered cash backed reserves as equivalent to the net current assets of the Group. As at 31 March 2019 this amounted to £2,740,225 (31 March 2018: £1,526,361).

This policy aims to build unrestricted, unencumbered cash backed reserves up to sum representing three months' expenditure plus a buffer of 10%. This would currently amount to approximately £ 2,322,000 (31 March 2018: £2,600,000).

The policy is read in conjunction with the Association Treasury Management policy, which stipulated a minimum cash holding of £1,000,000.

### **Financial instruments**

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

#### **Financial assets**

##### **Debtors**

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

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

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

#### **Financial liabilities**

##### **Creditors**

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

# **Adullam Homes Housing Association Limited**

## **Notes to the financial statements**

**For the year ended 31 March 2019**

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

### **Borrowings**

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

### **Derecognition of financial assets and liabilities**

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

# Adullam Homes Housing Association Limited

## Notes to the financial statements

For the year ended 31 March 2019

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

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

	2018		
	Turnover £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings (note 2b)	9,366	(10,890)	(1,524)
Other social housing activities	471	(144)	327
Total	9,837	(11,034)	(1,197)

The above amounts for the Association differ by turnover of £182,437 and operating costs of £169,667 in respect of Adullam Social Enterprises CIC.

# Adullam Homes Housing Association Limited

## Notes to the financial statements

For the year ended 31 March 2019

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

All Supported Housing	2019 Total £'000	2018 Total £'000
<b>Income</b>		
Rents receivable	2,514	2,413
Service charge income	4,387	3,258
Amortised government grant	178	179
Other grants	728	673
Support Services/Supporting People	2,754	2,843
Turnover from social housing lettings	<b>10,561</b>	<b>9,366</b>
<b>Expenditure</b>		
Service charge costs	3,145	2,654
Management	1,838	2,071
Care and Support Costs	2,792	3,746
Routine maintenance	397	799
Bad debts	67	94
Leased Charges	965	820
Depreciation of housing properties	286	297
Depreciation of other fixed assets	25	50
Exceptional Items *	(495)	359
Operating costs	<b>9,020</b>	<b>10,890</b>
Operating surplus/(deficit) social housing lettings	<b>1,541</b>	<b>(1,524)</b>
<i>Void losses</i>	<i>360</i>	<i>679</i>

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



# Adullam Homes Housing Association Limited

## Notes to the financial statements

For the year ended 31 March 2019

### 3. Surplus on disposal of property, plant and equipment

	2019 £'000	2018 £'000
Disposal proceeds	188	1,484
Costs of sale	(170)	(1,186)
Surplus on disposal	18	(298)

### 4. Interest and finance costs

	2019 £'000	2018 £'000
Bank loans repayable in more than five years	54	55
On late payment of supplier invoices	-	8
	54	63

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

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

	2019 £'000	2018 £'000
Depreciation of property, plant and equipment	311	348
Audit fees:		
- Statutory audit	20	29
- Statutory audit over runs 17/18	4	54
- Audit-related assurance services	12	19
Operating lease rentals	965	820

# Adullam Homes Housing Association Limited

## Notes to the financial statements

For the year ended 31 March 2019

### 6. Staff costs

	2019 £'000 Group	2018 £'000 Group	2019 £'000 Association	2018 £'000 Association
Wages and salaries	4,263	4,304	3,811	3,930
Social security costs	321	355	321	355
Pensions and other costs	124	135	124	135
Redundancy and severance	40	41	40	41
	<b>4,748</b>	<b>4,835</b>	<b>4,296</b>	<b>4,461</b>

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

Salary Band £'	2019 Number	2018 Number
60,000 – 69,999	-	1
70,000 – 79,999	1	1
80,000 – 89,999	1	1

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

	2019 Number	2018 Number
The average number of persons employed during the year expressed in full time equivalents (37.5 hours per week)	178	179

# Adullam Homes Housing Association Limited

## Notes to the financial statements

For the year ended 31 March 2019

### 7. Directors' remuneration and transactions

#### Key management personnel remuneration

	2019 £'000	2018 £'000
<b>Directors who are executive staff members</b>		
Wages and salaries	219	190
Social security costs	27	24
Other pension costs	10	9
Compensation for loss of office	-	19
Estimated money value of any other benefits otherwise than in cash	3	3
<b>Board members</b>		
Wages and salaries	26	19
Social security costs	-	-
Other pension costs	-	-
	<b>285</b>	<b>264</b>

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

	2019 £'000	2018 £'000
<b>Remuneration of the highest paid director, excluding pension contributions:</b>		
Emoluments	85	81

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

### 8. Taxation

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

Adullam Social Enterprises C.I.C corporation tax was £145 for prior year plus an accrual of £4,500 for 18/19 (2018: £643)

# Adullam Homes Housing Association Limited

## Notes to the financial statements

For the year ended 31 March 2019

### 9. Intangible fixed assets - software

#### Group and Association

	Total
	£'000
<b>Cost</b>	
At 1 April 2018	330
Additions	-
Disposals	-
<b>As at 31 March 2019</b>	<b>330</b>
<b>Amortisation</b>	
At 1 April 2018	287
Charge for the year	15
Eliminated on disposals	-
<b>As at 31 March 2019</b>	<b>302</b>
<b>Net book value</b>	
As at 31 March 2019	28
As at 31 March 2018	43

# Adullam Homes Housing Association Limited

## Notes to the financial statements

For the year ended 31 March 2019

### 10. Tangible fixed assets – housing properties

Group and Association	Completed properties £'000	Under construction £'000	Total £'000
<b>Cost or valuation</b>			
At 1 April 2018	23,538	-	23,538
Completed properties acquired	-	198	198
Components capitalised			
Works to existing properties	53	-	53
Disposals	(188)	-	(188)
Transfers from Properties held for Sale	298	-	298
At 31 March 2019	23,701	198	23,899
<b>Depreciation</b>			
At 1 April 2018	4,897	-	4,897
Charge for the year	265	-	265
Eliminated on disposals	(37)	-	(37)
Transfers from Properties held for Sale	25	-	25
At 31 March 2019	5,150	-	5,150
<b>Net book value</b>			
At 31 March 2019	18,551	198	18,749
At 31 March 2018	18,641	-	18,641

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

The net book value of freehold land and buildings at 31st March 2019 was £18,115,440 (2018: £18,249,954) and £436,145 (2018: £371,123) in respect of long leasehold land and buildings.

# Adullam Homes Housing Association Limited

## Notes to the financial statements

For the year ended 31 March 2019

### 11. Property, plant and equipment – other

Group and Association	Freehold £'000	Fixtures and fittings £'000	Total £'000
<b>Cost or valuation</b>			
At 1 April 2018	1,052	527	1,579
Additions	-	25	25
At 31 March 2019	1,052	552	1,604
<b>Depreciation</b>			
At 1 April 2018	187	509	696
Charge for the year	21	10	31
At 31 March 2019	208	519	727
<b>Net book value</b>			
At 31 March 2019	844	33	877
At 31 March 2018	865	18	883

### 12. Investments

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

# Adullam Homes Housing Association Limited

## Notes to the financial statements

For the year ended 31 March 2019

### 13. Debtors

	Group		Association	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Rent arrears	542	758	542	758
Provision for bad debts	(287)	(429)	(287)	(429)
Trade debtors	432	827	378	774
Prepayments and accrued income	598	231	595	219
Other debtors	12	533	12	534
Amounts owed by Group undertakings	-	-	18	43
	1,297	1,920	1,258	1,899

### 14. Creditors – amounts falling due within one year

	Group		Association	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Bank loans (note 19)	40	38	40	38
Trade creditors	256	249	255	246
Rents received in advance	172	350	172	350
Other taxation and social security	183	493	158	480
Accruals and deferred income	278	365	264	352
Recycled Capital Grant (note 17)	114	178	113	178
Other creditors	49	189	49	189
	1,092	1,862	1,051	1,833

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

	Group		Association	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Loans (note 19)	983	1,024	983	1,024
Recycled Capital Grant (note 17)	692	693	692	693
	1,675	1,717	1,675	1,717

# Adullam Homes Housing Association Limited

## Notes to the financial statements

For the year ended 31 March 2019

### 16. Deferred income - Government grants

	Group		Association	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
At 1 April 2018	12,074	12,623	12,074	12,623
Grants receivable	-	-	-	-
Amortisation to Statement of Comprehensive Income	(178)	(579)	(178)	(579)
Disposals	(130)	(179)	(130)	(179)
Grant amortisation written back on disposal	36	209	36	209
At 31 March 2019	11,802	12,074	11,802	12,074
<b>Net deferred income – Government grants</b>				
Due within one year	175	179	175	179
Due after one year	11,627	11,895	11,627	11,895
At 31 March 2019	11,802	12,074	11,802	12,074

### 17. Recycled Capital Grant Fund

	Group		Association	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
At 1 April 2018	693	114	693	114
Grants released on disposal	112	579	112	579
Grants recycled	-	-	-	-
At 31 March 2019	805	693	805	693
<b>Net deferred income – Government grants</b>				
Due within one year	114	-	114	-
Due after one year	691	693	691	693
At 31 March 2019	805	693	805	693

### 18. Grant and financial assistance

	Group		Association	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Held as deferred capital grant	11,802	12,074	11,802	12,074
Recognised as income in Income and Expenditure reserves	4,795	4,654	4,795	4,654
Held in Recycled Capital Grant	805	693	805	693
<b>Total accumulated government grant and financial assistance</b>	<b>17,402</b>	<b>17,421</b>	<b>17,402</b>	<b>17,421</b>



# Adullam Homes Housing Association Limited

## Notes to the financial statements For the year ended 31 March 2019

### 19. Analysis of debt repayments

Borrowings are repayable as follows:

	Group		Association	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Bank loans				
Between one and two years	42	40	42	40
Between two and five years	139	133	139	133
After five years	802	851	802	851
On demand or within one year	40	38	40	38
	1,023	1,062	1,023	1,062

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

£224,387 (Orchardbrook Ltd) (31st March 2018 £231,007) repayable quarterly for 31 years commencing in 2000; interest rate 10.9625%.

£799,340 (Triodos bank) (31st March 2018 £830,880) repayable monthly for 25 years; interest rate of 3% above base rate.

### 20. Pension Obligations

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

The total cost of employer pension contributions for the year ended 31st March 2019 was £93,418 (2018: £83,763)

An amount of £4,131 was payable to the fund at the year end and is included in creditors payable within one year (2018: £13,798).

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

# Adullam Homes Housing Association Limited

## Notes to the financial statements

For the year ended 31 March 2019

### 21. Financial instruments

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

	Group	
	2019	2018
	£'000	£'000
<b>Financial assets</b>		
Measured at amortisation cost	957	1,818
<b>Financial liabilities</b>		
Measured at amortisation cost	2,216	1,797

### 22. Share capital

	2019	2018
	£	£
At beginning of year	18	18
Issued during the year	-	-
Cancelled during the year	-	-
At end of year	18	18

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

# Adullam Homes Housing Association Limited

## Notes to the financial statements

For the year ended 31 March 2019

### 23. Financial commitments

Operating lease commitments:

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

	<b>Group</b>		<b>Association</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Payments due: -				
- within one year	689	639	689	639
- between one and five years				
- after five years	641	711	641	711
	1,330	1,350	1,330	1,350

### 24. Housing stock

Group and Association

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
<b>Owned and managed</b>		
Supported housing accommodation	608	570
General needs housing accommodation	6	7
	614	577
<b>Managed by Others</b>	24	52

### 25. Property held for sale

Group and Association

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
1 <sup>st</sup> April	273	-
Transfer to Property held for sale	(273)	273
31 <sup>st</sup> March	-	273

# Adullam Homes Housing Association Limited

## Notes to the financial statements

For the year ended 31 March 2019

### 26. Related party transactions

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

Subsidiary/Non-Regulated Entity	Transaction	2019	2018
		£'000	£'000
Adullam Social Enterprises C.I.C (ASE)	Management charge to ASE	10	-
	Agency charges for staff time from ASE	508	473

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

At 31 March 2019 between Adullam Homes Housing Association and Adullam Social Enterprises C.I.C, non-regulated entity which forms part of the Group:

	2019	2018
	£'000	£'000
Adullam Homes Housing Association Ltd owed Adullam Social Enterprises C.I.C	-	-
Adullam Social Enterprises C.I.C owed Adullam Homes Housing Association Ltd	18	43

### 27. Legislative provisions

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