



Adullam Homes Housing Association Limited
Annual Report and Financial Statements
for the year ended 31 March 2021

Registered number 20853R

Adullam Homes Housing Association Limited

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Adullam Homes Housing Association Limited

Board Report incorporating the Strategic Report Company Information

Board of Management, Non-Executive Directors:

Chair

Chris Green

Vice Chair/Senior Independent Director

Peter Walton

Board Members

Andrew Cooke

Chris Horton (left 31st December 2020)

Jane Newsome

Stephen Philpott

Tony Price

Kelly Sotherton

Simon Wright

Executive Directors:

Alison Sargent (Chief Executive)

Gerard Riley (Director of Housing)

Elaine Sharkey (Director of Operations)

Registered Office:

Walter Moore House

34 Dudley Street

West Bromwich

West Midlands

B70 9LS

The Regulator of Social Housing Registration Number: LH 1388

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

External Auditor: Beaver and Struthers

Internal Auditor: RSM Internal Audit

Bankers: Santander
Lloyds Bank
Barclays

Lenders: Triodos Bank NV
Natwest (Orchardbrook)

Solicitors: Anthony Collins Solicitors LLP
Irwin Mitchell Solicitors

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 must deal with life and death scenarios. The challenges of our society today with the high incidence of rough sleeping and the shortage of accommodation and services puts incredible pressure on those charitable organisations like Adullam who choose to operate on the frontline in the response to homelessness.

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

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

We are delighted to report on the continued financial progress that the Association has made during 2020/2021, the leadership of the Board, coupled with the hard work and diligence of staff across the Association has seen gains at all levels.

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

The Association continues to operate in a time of unprecedented uncertainty because of the Covid-19 Pandemic bringing economic and political uncertainty. We continue to robustly examine and stress test the business and all the assumptions to enable the best way of meeting our key corporate objectives, in addition the Association has strengthened its risk management framework with a live risk register which incorporates 3 lines of defense, early warning indicators are also in place which allows the Board to monitor key strategic risks.

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 2021

Adullam Homes Housing Association Limited (Adullam) was founded by Walter Moore MBE in 1972. Since then, the organisation has developed and during the year has supported and accommodated 2093 people from vulnerable backgrounds across the North West, East and West Midlands, Derbyshire, South Yorkshire and North Wales regions.

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

Mission

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

Values and Behaviours

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

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

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

A cornerstone of our work across the Association is co-production, we work with each person to rebuild a meaningful, valued and fulfilling life. We cannot succeed in this unless we work closely in partnership with the people we support. We continue to use our resources to pursue these priorities.

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 considers the Regulatory standards and matters covered by the code and is a member of the National Housing Federation and endorses the 2020 NHF Code of Governance. Adullam is compliant with (or taking steps to achieve compliance) with all requirements of the Code that are relevant to it as a small registered provider of social

housing. Adullam has rigorous governance arrangements which are audited regularly by our engaged firm of internal auditors and meets the reporting requirements of the Regulator of Social Housing.

Adullam Homes Housing Association Limited

Board Report incorporating the Strategic Report

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

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

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

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

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

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

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

The Board of Adullam always adhere to acting in a way that they consider in good faith will be most likely to promote the success of the Association for the benefit of the people we support in the long term as well as the immediate need of our current beneficiaries. To do this we pay particular regard to;

- The likely impact and consequences of decisions in the short and long term with social and financial returns clearly articulated
- The interest of all stakeholders through working closely with and listening to issues raised by the people we support, our staff, our commissioners, regulators ,suppliers and customers.
- Understanding the impact of our services on our local and wider communities and the environment.
- Conducting our business to a high standard of conduct in terms of how our staff approach their work and our expectations from our partners and providers

Adullam Homes Housing Association Limited

Board Report incorporating the Strategic Report

Diversity of Board Members

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

<u>Gender</u>		<u>Age</u>		<u>Ethnicity</u>	
Female	2	26-40	0	BME	1
Male	7	41-64	8	White British	8
		65+	1		

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.

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 . Following a self-assessment with support from the Governance Forum Ltd against the NHF (2020) Code of Governance most compliance themes could be strongly evidenced. There is a work plan to enhance further areas of work which is embedded in the business plan priorities for 2021/22.

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.

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.

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:

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Board Report incorporating the Strategic Report

Board Member	Term	Committee Membership	Emoluments
Chris Green (Chair)	2014	Chair of Board from 14 th May 2018	£6,400
Peter Walton	2016	Nominations & Remuneration Committee (Chair)	£4,250
Andrew Cooke	2018	Finance, Audit and Risk Management Committee	£2,600
Chris Horton	2019	Nominations & Remuneration Committee (left 31/12/2020)	£1,875
Jane Newsome	2017	Nominations & Remuneration Committee	£2,500
Stephen Philpott	2016	Operations Committee (Chair)	£2,600
Tony Price	2017	Finance, Audit and Risk Management Committee (Chair)	£2,600
Kelly Sotherton	2015	Operations Committee	£2,600
Simon Wright	2018	Finance, Audit and Risk Management Committee	£1,950

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

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

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

Board Attendance - 2020 to 2021

Name of Board Member	Attended	Percentage of Meetings Attended
Chris Green	6/6	100%
Peter Walton	6/6	100%
Andrew Cooke	6/6	100%
Chris Horton	4/6	66%
Jane Newsome	6/6	100%
Stephen Philpott	6/6	100%
Tony Price	6/6	100%
Kelly Sotherton	5/6	83%
Simon Wright	6/6	100%

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Board Report incorporating the Strategic Report

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

Committee Member	Committee
Alastair Baillie	Operations Committee
Colin Crabtree	Operations Committee

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

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

Financial Review of 2020/21

Five Year Highlights	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16
Financial Performance						
Turnover (£000)	12,107	10,806	10,848	9,837	8,508	9,746
Total comprehensive income (deficit) for the year (£000)	732	1,030	1,624	(956)	(304)	235
Financial return (%)	6.05	9.53	14.97	(9.7)	(3.6)	2.4
Interest payable (£000)	50	52	54	63	57	59
Interest cover	15.86	20.77	31.03	(18.98)	(5.11)	5.0
Financial Position						
Housing Properties (cost) (£000)	24,532	24,082	23,701	23,538	24,283	24,714
Cash and cash equivalents (£000)	4,322	3,597	2,700	1,196	1,416	2,421
Net Current Assets (£000)	3,607	3,134	2,905	1,526	1,396	912
Current Ratio	2.78	2.70	3.66	1.82	1.74	1.35
Debt (£000)	942	984	1,023	1,062	1,098	1,133

Financial Review – Income 2020/21

Adullam has two main areas of business:

1. Providing accommodation for vulnerable people
2. Providing support paid for under revenue funding for supporting people contracts

The Association secured new contractual work in Stoke and Bolton Next Step. The Association was also successful in extending contractual work in Leicestershire, Derbyshire and Sheffield.

Austerity is continuing to put financial pressure on revenue funding for supporting people contract prices. The Group only bids for work on a full cost recovery basis.

Financial Review – Expenditure 2020/21

In the table above expenditure includes increase costs relating to the Association’s new contractual work.

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 2020/21 loss on Disposals of £42,000 reflects property and component disposals.

Cashflow

The cash generated from operating activities during the year amounts to £1,667,000. Principal repayments of £42,000 have been made to lenders in respect of loan obligations.

Corporate Strategy

As a supported housing provider, the Association is focused round 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.

The Board are committed to seeking the right strategic partnerships around specific projects if these add value and enable us to deliver services more effectively. This year we will review our corporate strategy for 2022-2025, this will not materially redefine our culture, values or key goals. It will give us a more focused way of delivering our aspirations to make more of an impact on the lives of those we support whilst putting the Association in a strong position to face the future whatever it holds. There are significant externally driven challenges and we will be robust in our scenario planning to prepare for their potential impacts. We will continue to invest to ensure we can continue to create and deliver services that are sustainable and effective to meet the needs of the people we support. We continue to generate a surplus year on year to strengthen our financial viability so that we can invest in current and new services and continue to invest in our ambitious Asset Management Plan.

Achievements

The Association has continued to deliver excellent practical, positive results. People who because of the efforts of Adullam staff have found homes, retained their homes, received support, recovered from addictions, started new jobs and regained their lives. They like Adullam are having to face the uncertainty presented by the recent years of austerity but also by the effects of the Covid 19 pandemic.

The biggest achievement during the year has been the continuation of services during the Covid 19 pandemic lock downs and the approach to safeguarding staff and service users. We activated our own lockdown measures a week before the Government's were put in place and produced an organic pandemic plan and Q&A advice which gave maximum protection, guidance and support during a worrying and stressful period. Several local grants were secured for projects including the purchase of tablets and Wi-fi dongles for residents and families in rural areas, purchase of laptops for young people to home study, the provision of a sewing and craft room, purchase of gym equipment and games consoles and personal trainers in hostels as part of wellbeing initiatives.

If ever there was a time when our values have been tested it has been during the Covid 19 Pandemic. One of the positive aspects of the lockdown is the improved use of technology, the speed at which we have adapted in how we deliver our services and make the most of digital tools to communicate and collaborate has been remarkable. We are enormously grateful to our staff, our partners and the people who use our services for the way they have responded to the challenges and enabled us to continue our work. Examples of this include the Central Rents and Charges Team launching virtual arrears surgeries and funding was received from Clywd Rural Development Agency for tablet computers preloaded with a selection of applications matched to the users needs, interests and family make up.

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Adullam Social Enterprises (ASE) has supplied temporary staff during the Covid 19 pandemic and facilitated a host of e-learning training modules to ensure projects and support could continue despite the challenges of staff self-isolating and not being able to attend face to face training. Partnership working and the Friends of Adullam volunteers bring additional skills and provide a sustainable source of support for residents and service users who no longer qualify for statutory interventions but do require help to maintain their independence, we are extremely grateful for their ongoing support. To mark Volunteers Week 2020, we shared the stories of some of our volunteers on our website and via links to our social media platforms. We also offer placements to Sheffield Hallam University for Social Work BA and MA courses.

There were 34 new tenancies in Birmingham and Sandwell with a total of 260 tenants supported, 1142 residents were using our supported accommodation services with 827 new residents during the year and 657 service users were supported in their own homes. We were successful in the year of several new services, Tameside Next steps, Bury ABEN (A bed every night), Bolton emergency placements, Stoke Destination: Home and the Derbyshire Framework and services were re-commissioned in Blackburn, Bury through the gate and St Helens.

We were pleased to have been short listed and commended for our Cheshire Recovery Service in the Co-Production category of the Homeless Link Excellence Awards 2020 .There is an ongoing strategic review of Co-Production, Involvement and Engagement across the Association to further strengthen this important aspect of our work. Improvement of our entry and exit surveys with the addition of how we measure if we have upheld our values and achieved our mission resulted in favourable responses during the year.

During the year we conducted a safeguarding survey which provided excellent staff assurances in understanding and keeping people safe in our day to day work. Safeguarding level 1 has been rolled out to every employee and the revised interactive 2020 Adullam Safeguarding Policy and Statement is available on-line via our Policy Hub. There was a "Safeguarding Week" in November to focus on areas of our work with feedback from staff and people who use our services via our annual safeguarding survey. Results of these surveys will feed into on-going actions for our safeguarding improvement plans in 2021, ensuring our staff are knowledgeable, trained and aware of our obligations in relation to safeguarding.

Adullam welcomed a new service Destination: Home in October 2020, we are part of a partnership led by Concrete a charity, support network and campaigner working to end homelessness within Staffordshire and surrounding areas. The partnership has been commissioned by Stoke City Council to deliver Homelessness Housing Related Support services in and around Stoke on Trent and includes North Staffs Mind, Changes and WALK Ministries. Through one to one bespoke key worker support and access to practical, emotional and 24 hour emergency support people are offered tenancy advice, accommodation, recovery, resettlement, mental wellbeing, peer mentoring and substance misuse support moulded around each individual's needs. The contract value is £750k over 3 years and forms an important part of our growth and strategic ambitions and most importantly will help us deliver on our aims alongside likeminded organisations.

In January 2020 Adullam successfully procured and agreed a contract to move our datacentre to a new provider. During the migration to the new datacentre lockdown restrictions came in place causing unscheduled delays. Although there were challenges due to staff working from home and increased requirements for additional IT hardware the migration was successful. Microsoft teams, One drive and Microsoft 365 provided a major part in delivering meetings and collaborating with our external partners particularly with central support staff home working for the majority of the year. The improved and more cost-effective infrastructure has accommodated our new HR system Cascade which went live during the year. The system provides staff with online access to their own personal data, payslips and the ability to book annual leave through "self-serve" functionality and more efficient management information systems. As the system is linked to payroll the time in processing data and information has been reduced. Cascade impacts every element of the work life cycle from potential new staff applying for jobs, being appraised, identification of learning and supporting personal development through to leaving the organisation

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

Adullam Homes Housing Association Limited

Board Report incorporating the Strategic Report

The cash reserves policy was increased by one million pounds (to £3 million) to provide extra assurance of liquidity during the Covid 19 pandemic should remedial action have been required, or short-term risks needed to be mitigated during the year, this is still in place. The Board and FARM committee regularly monitor the cash position and at year end there was over £3 million available.

The Association's asset base has been revalued, and properties with loans secured against them have been subject to scrutiny. Adullam must ensure that loans charged against these properties, have enough equity within their open market value to comfortably service this debt. Adullam has a financial obligation of circa £942,000 million against properties valued at £4.1 million.

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

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

Value for Money (VFM)

To reflect the Regulators approach to reinforce the strategic significance of Value for Money (VFM) within the sector, the Association has embedded the principles of VFM throughout its operational and strategic policies. Adullam's Value for Money (VFM) performance will be measured against its own strategic VFM targets, its peer groups, and the set of regulatory metrics.

Adullam Homes have a new Value for Money Strategy which ensures that we have a formalised strategic approach to delivering and achieving Value for Money (VFM) in meeting our strategic aims.

The distinctive social purpose of Adullam requires us to protect and promote the interests of our residents and the communities we serve, while safeguarding public investment. We need to ensure the views and needs of the people we serve are at the heart of strategic decision making, there is robust oversight of measures to keep residents, other customers, and staff safe and the Board exert a firm grip of risk including testing the impact of potential risk scenarios on our future plans. The VFM Strategy will be incorporated into both our strategic and operational activities. The Business Plan actions reflect this and relate directly to those actions stated, but also link to other defined strategies/key policies, business priorities and team/service targets.

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

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

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

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Board Report incorporating the Strategic Report

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

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

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

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

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

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

- customer satisfaction for support
- customer satisfaction for accommodation

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

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

Measure STA001 SH	SPBM Peer Group	
	20/21: Adullam	20/21: Median
	%	%
Excellent/Good	91	88.5

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

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

Measure STA006 SH	SPBM Peer Group	
	20/21: Adullam	20/21: Median
	%	%
Excellent/Good	94	80.4

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Board Report incorporating the Strategic Report

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

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

Impairment and Voids

As part of preparation for the end of each financial year an impairment review is undertaken on Association properties to assess ‘carrying value’, this included obsolesce, any contamination, changes in Government policy, fire safety and cladding. The outcome of the impairment review at the end of March 2021 confirmed that the Association has no impaired assets.

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

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

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

Measure HMSH 30	SPBM Peer Group	
	20/21: Adullam	20/21: Median
	%	%
Void Loss	4.1	6

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.

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Metric No.	Metric Title	SPBM	Adullam	Homes:
		benchmarking report Acuity Research and Practice	results from Financial Statements	Statutory
		20/21 Median	20/21	19/20
1	Reinvestment %	2.2%	1.7%	0.3%
2A	New supply delivered % - Social Housing	0.0%	1.6%	0.0%
2B	New supply delivered % - Non-Social Housing	0.0%	0.0%	0.0%
3	Gearing %	10.7%	(13.7%)	(10.9%)
4	Earnings pre-interest, tax, depreciation, amortisation; major repairs included; interest cover	289%	448%	1,750%
5	Headline Social Housing Cost per Unit (excluding support and care costs)	£4,274	£10,046	£9,338
6A	Operating Margin (social housing lettings) %	17.5%	4.4%	8.5%
6B	Operating Margin (overall)%	16.3%	7.2%	10.3%
7	Return on Capital Employed	2.66%	3.5%	4.8%

Notes to the regulatory metrics

- 1 2020/21 figures include a commitment to deliver a new contract in Stoke and Bolton Next Step.
- 2 As a specialist supported housing provider, the Association's level of provision is not dependent upon new supply being delivered.
- 3 The Association's low levels of debt are less than its cash at bank. There is an increase in cash balance is 2020/21 compared to 2019/20 but no increase in debt.
- 4 The Association has made less of a surplus 2020/21 compared to last year 2019/20, which has increased the interest cover. Within 19/20 there was significant exceptional income compared to 20/21.
- 5 The Association is committed to ensuring all properties meet the Decent Homes Standard and has a regular reinvestment programme.
- 6 The Association has made a significant surplus 2020/21 but less compared to last year 19/20. This is due to the increase of properties, which increased lease and service costs.
- 7 The Association has significantly higher social housing costs per unit than its peers. This is due to the small number of properties owned, the dispersed nature of the stock and the high levels of housing management needed to provide the level of service required by customers.

Future VFM savings and initiatives

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

Adullam Homes Housing Association Limited

Board Report incorporating the Strategic Report

VFM objectives for 2021/22 are as follows:

- a. Maximising our Social Value - the development of a social value indicator and Social Value Action Plan in partnership with The Shared Value Business Ltd. Local Authorities and other public sector bodies are now embedding Social Value delivery within contracts, assigning weight of up to 20% of tender scoring. Most are choosing to work the National Themes, Outcomes and Measures Framework (TOMS) Indicator set. We will develop contract specific delivery plans.
- b. Considering the Stock Condition Survey in 2020 and the core objectives in the Asset Management Strategy, the Asset Team have produced a cashflow for 2021/22 based on an agreed criterion with an increased expenditure of £163k on 2020/21 budget and total of £546k for Repairs and Maintenance and £526k for capital expenditure, delivering on our mission of providing quality housing, monitoring risks, and meeting all regulatory requirements.
- c. In delivering an efficient asset service value will be driven into our construction and support costs with robust procurement protocols implemented in-line with audited recommendations. Obtain a targeted 20% reduction on NATFED Schedule of Rates.
- d. Identifying opportunities, we can pursue once we return to the 'new normal' post Covid, agile working and better use of office space at Beech House following the closure of office space at Bolton Road.
- e. Redevelop disused office space to increase our accommodation or provide useable areas for customers to engage and develop.
- f. Develop internal workplan process for all central and operational services with a Golden Thread running from the annual Business Plan priorities to individual appraisal targets in the Striving for Excellence process and supporting Training Pathways.
- g. The strategic acquisition of properties for Adullam to reduce managed leased properties, supported by an increase of £1m in loan facility.
- h. Review of all Pyramid modules and functionality to improve work tools with the establishment of a new Pyramid version May 2021 alongside the roll out of training. Support the development of text messaging for support and rents module.
- i. Establishment of employee forum to work alongside Managers developing operational policy and process, learning and development and best practice.
- j. Refresh and re-design of the Association's website to enhance external and customer engagement and communication.

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

Rent Policy

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

Arrears Policy

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

Treasury Management Policy

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

Adullam Homes Housing Association Limited

Board Report incorporating the Strategic Report

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

Risk Management

The risk management policy provides a clear framework linking overall Strategy to Risk Appetite to Value for Money. Adullam Homes views risk as the possibility that an action, event or set of circumstances will adversely or beneficially affect the ability to achieve its objectives. Risk appetite is a core consideration in the risk management approach. Adullam Homes Board members and Executive express clearly and review regularly the extent of their willingness to take risk to meet their strategic objectives.

Risk Management is the process which helps Adullam Homes understand, evaluate, and act on all risks with a view to increasing the probability of success and reducing the likelihood of failure. The Assurance Framework is the key source of evidence that links strategic objectives to risks, controls and assurances, and the main tool that the Board use in discharging its overall responsibility for internal control

Sources of Assurance include:

- Risk 'deep-dives'
- Management assurance (ad-hoc reports)
- Management assurance (regular reports)
- Regulatory Audit
- Internal Audit / External Audit

Our biggest challenges and risks relate to the general economic and social environment. Commissioners will continue to pursue more for less and we will respond by improving both our efficiency and effectiveness in delivering everything we do. The markets we operate in remain fiercely competitive and the squeeze on margins is challenging so we are working hard to evolve new effective delivery pathways at the same time as developing new delivery partnerships.

Our principal people resource risk is from enduring high levels of staff turnover and its resultant impact on continuity of service and team morale. In the year we have had some success with a reduction in staff turnover from 37% in March 2020 to 21% in March 2021 and a reduction in staff sickness from 7% in March 2020 to 2% in March 2021. How we recruit, induct, nurture and develop our teams says a lot about how we relate to our workforce and build a long term relationship

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.

Adullam Homes Housing Association Limited

Board Report incorporating the Strategic Report

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.

Internal Audits during the year conducted by our retained consultants RSM – Six Internal audits were carried out during the financial year for 2020/21:

- o HR – April 2020
- o Procurement – June 2020
- o Voids – August 2020
- o Performance Management and Data quality – January 2021
- o Data Quality Rents and Service Charges – January 2021
- o Health & Safety Compliance – March 2021

A follow up audit was conducted in January 2021 by our internal auditors on previous actions to check compliance and implementation with a judgement that ‘in our opinion the Adullam Homes Housing Association has demonstrated good progress in implementing agreed management actions.’

For the 12 months ended 31 March 2021 the head of internal audit opinion for Adullam Homes Housing Association is as follows: ‘The organisation has an adequate and effective framework for risk management governance and internal control. However, our work has identified further enhancement to the framework or risk management, governance and internal control to ensure it remains adequate and effective.’

We are working closely with our auditors to address these enhancements and all recommendations and associated actions from the audits within the financial year have been completed.

Fraud Management

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

Information and Financial Reporting Systems

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

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

Adullam Homes Housing Association Limited

Board Report incorporating the Strategic Report

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

Budgetary responsibility

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

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

Going concern statement

The budget for Adullam for 2021/22 shows an accounting surplus (prior to any surplus on asset sales) of £407k. The budgeted surplus for Adullam Social Enterprises CIC is £15k.

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

The business plan priorities for 2021/22 have been set within the context of the Corporate Strategy 2020-23, the Golden Rules established by Board for budget setting, and consider the social, economic, and political consequences of Covid 19 and managing recovery. The Golden rules for 2021/22 include

- Delivering the Corporate Strategy Aims
- Meeting all our regulatory, contract and statutory requirements
- Producing a realistic surplus for an organisation with a £11.5 million turnover of c350k
- Continuing to reduce payments to superior landlords and increase stock numbers
- Delivering the Asset Management Strategy
- Delivering new business of at least £500k in the year
- Retaining existing contracts (including extensions) of at least £1 million in the year
- Managing risk appetite with appropriate mitigations/controls, particularly for activity outside of risk appetite
- Work within the stress tested three- year business plan
- A sensible Value for Money target c £275K

Rental Income for 2021/2022 is £8.9m. Core rent for properties that Adullam own reflects the increase in rent of CPI (Sept 20) + 1% set out by the Regulator. Service Charge income for properties reflect accurate costs for service contracts, property management contracts, salaries regarding Enhanced Management and salaries regarding concierge.

Voids Budget for 2021/2022 is £313k. This has been reviewed and void rates for each area have been considered, based on current run rates. There is a decrease compared to 2020/21 due to securing a new contract in Sheffield.

Bad Debt provision has been considered at 3% of rental income based on current run rates.

Revenue funding for supporting people budget has considered current contracts in place and the likelihood of renewal.

Adullam Homes Housing Association Limited

Board Report incorporating the Strategic Report

The staffing budget is made up of all existing posts on the current establishment and any vacancies. The budget for the year incorporates revenue funding for 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 living wage increases have been applied, this does not impact on Adullam as our pay rates are above the minimum level.

Service charge budget of £1.8m 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 £2.3m include the service contracts in place. Within this budget there is £1.2m provided for Landlord payments, which nets off the income we collect in for rents and service charges. This figure has increased from 2019/20 budget and largely relates to the new contract in Stoke. Also, the Maintenance budget has increased in 21/22 which reflects the Stock Condition survey outcomes.

Project overheads have been set based on reviews with Senior Leadership Team members, Operational Managers and Regional Managers.

The cash flow for Adullam Homes is based on the 2021/22 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 £526k which relates to the Stock Condition survey
- Increase in borrowings to acquire properties

To ensure budgets are effectively managed and controlled, monthly management accounts are produced for Adullam staff, Board and FARM. These are then reviewed and acted upon by Adullam staff on a monthly basis. The Association can meet existing loan covenant requirements.

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

Control Environment and Procedures

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

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

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

Adullam Homes Housing Association Limited

Board Report incorporating the Strategic Report

Public Benefit Entity

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

Information for the Auditor

The Board members who held office at the date of approval of this Board report confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditor is unaware; and each Board member has taken all the steps that they ought to have taken as a Board member to make them aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

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

Annual General Meeting

The annual general meeting will be 23rd September 2021.

External Auditors

The Association's external auditor is Beever and Struthers. A resolution to re-appoint Beever and Struthers will be proposed at the forthcoming annual general meeting.

By Order of the Board:



Signed:
Alison Sargent
Chief Executive

Date: 21st July 2021

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 2021 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 2021 and of the group's and the parent association's surplus for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Adullam Homes Housing Association Limited

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

As explained more fully in the Statement of the Board's responsibilities set out on pages 7, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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. This description forms part of our auditor's report.

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

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

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

- We obtained an understanding of laws and regulations that affect the Group and Company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act 2014, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud.
- We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing, recognising the nature of the group's activities and the regulated nature of the group's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

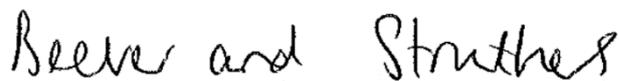
Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained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

Adullam Homes Housing Association Limited

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

Use of the audit report

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



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

Date: 23 August 2021

Adullam Homes Housing Association Limited

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Turnover	2	12,107	10,806
Operating expenditure	2	(11,272)	(10,150)
Exceptional Items	2	-	443
Surplus on disposal of property, plant and equipment	3	(42)	(19)
Operating surplus		793	1,080
Finance income		1	6
Interest and financing costs	4	(50)	(52)
Surplus before tax	5	744	1,034
Taxation	8	(12)	(4)
Total comprehensive income for the year		732	1,030

The financial statements on pages 26 to 54 were approved and authorised for issue by the Board on 21st July 2021 and were signed on its behalf by:



Chair:
Chris Green



Vice Chair:
Peter Walton



Chief Executive:
Alison Sargent

Adullam Homes Housing Association Limited

Association Statement of Comprehensive Income

For the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Turnover	2	11,969	10,701
Operating expenditure	2	(11,203)	(10,064)
Exceptional Items	2	-	443
Surplus on disposal of property, plant and equipment	3	(42)	(19)
Operating surplus		724	1,061
Finance income		1	6
Interest and financing costs	4	(50)	(52)
Surplus before tax	5	675	1,015
Taxation		-	-
Total comprehensive income for the year		675	1,015

The financial statements on pages 26 to 54 were approved and authorised for issue by the Board on 21st July 2021 and were signed on its behalf by:



Chair:
Chris Green



Vice Chair:
Peter Walton



Chief Executive:
Alison Sargent

Adullam Homes Housing Association Limited

Consolidated Statement of Financial Position

At 31 March 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Intangible assets	9	1	14
Housing properties	10	19,497	18,941
Other property, plant and equipment	11	874	875
		<hr/>	<hr/>
		20,372	19,830
Current assets			
Debtors	13	1,306	1,378
Property held for sale	25	-	-
Cash		4,322	3,597
		<hr/>	<hr/>
		5,628	4,975
Creditors: Amounts falling due within one year	14	(2,021)	(1,841)
		<hr/>	<hr/>
Net current assets		3,607	3,134
		<hr/>	<hr/>
Total assets less current liabilities		23,979	22,964
Creditors: Amounts falling due after more than one year	15	(1,208)	(1,054)
Deferred capital grant	16	(11,926)	(11,798)
		<hr/>	<hr/>
Net assets		10,845	10,112
		<hr/>	<hr/>
Capital and reserves			
Called-up share capital	22	*	-
Revenue reserve		10,703	9,977
Restricted reserve		142	135
		<hr/>	<hr/>
Total reserves		10,845	10,112
		<hr/>	<hr/>

* Non-equity share capital for 2020/21 is £18 (2019/20 £18)

The financial statements on pages 26 to 54 were approved and authorised for issue by the Board on 21st July 2021 and were signed on its behalf by:



Chair:
Chris Green



Vice Chair:
Peter Walton



Chief Executive:
Alison Sargent

Adullam Homes Housing Association Limited

Association Statement of Financial Position

At 31 March 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Intangible assets	9	1	14
Housing properties	10	19,497	18,941
Other property, plant and equipment	11	874	875
		<hr/>	<hr/>
		20,372	19,830
		<hr/>	<hr/>
Current assets			
Debtors	13	1,260	1,366
Property held for sale	25	-	-
Cash		4,242	3,548
		<hr/>	<hr/>
		5,502	4,914
		<hr/>	<hr/>
Creditors: Amounts falling due within one year	14	(1,984)	(1,811)
		<hr/>	<hr/>
Net current assets		3,518	3,103
		<hr/>	<hr/>
Total assets less current liabilities		23,890	22,933
		<hr/>	<hr/>
Creditors: Amounts falling due after more than one year	15	(1,208)	(1,054)
Deferred capital grant	16	(11,926)	(11,798)
		<hr/>	<hr/>
Net assets		10,756	10,081
		<hr/> <hr/>	<hr/> <hr/>
Capital and reserves			
Called-up share capital	22	*	-
Revenue reserve		10,614	9,946
Restricted reserve		142	135
		<hr/>	<hr/>
Total reserves		10,756	10,081
		<hr/> <hr/>	<hr/> <hr/>

The financial statements on pages 26 to 54 were approved and authorised for issue by the Board on 21st July 2021 and were signed on its behalf by:



Chair:
Chris Green



Vice Chair:
Peter Walton



Chief Executive:
Alison Sargent

Adullam Homes Housing Association Limited

Consolidated Statement of Changes in Reserves

At 31 March 2021

	Revenue reserve £'000	Restricted reserve £'000	Total £'000
At 1 April 2019	8,930	152	9,082
Total comprehensive income for the year	1,031	-	1,031
Transfer of restricted expenditure from unrestricted reserve	17	(17)	-
At 31 March 2020	9,978	135	10,113
Total comprehensive income for the year	732	-	732
Transfer of restricted expenditure from unrestricted reserve	(7)	7	-
At 31 March 2021	10,703	142	10,844

Adullam Homes Housing Association Limited

Association Statement of Changes in Reserves

At 31 March 2021

	Revenue reserve £'000	Restricted reserve £'000	Total £'000
At 1 April 2019	8,914	152	9,066
Total comprehensive income for the year	1,015	-	1,015
Transfer of restricted expenditure from unrestricted reserve	17	(17)	-
At 31 March 2020	9,946	135	10,081
Total comprehensive income for the year	675	-	675
Transfer of restricted expenditure from unrestricted reserve	(7)	7	-
At 31 March 2021	10,614	142	10,756

Adullam Homes Housing Association Limited

Consolidated Statement of Cash Flows

For the year ended 31 March 2021

		2021	2020
	Note	£'000	£'000
Net cash generated from operating activities	1a	1,667	1,490
Cash flows from investing activities			
Purchase of property, plant and equipment	9/10/11	(963)	(498)
Purchase of properties under construction	10	(207)	(9)
Proceeds from sale of property, plant and equipment	3	319	-
Interest received		1	6
Net cash flows from investing activities		(850)	(501)
Cash flows from financing activities			
Interest paid	4	(50)	(52)
Repayments of borrowings	19	(42)	(40)
Net change in cash and cash equivalents		725	897
Cash and cash equivalents at beginning of year		3,597	2,700
Cash and cash equivalents at end of year		4,322	3,597

Adullam Homes Housing Association Limited

Consolidated Statement of Cash Flows

For the year ended 31 March 2021

		2021	2020
Note 1a	Note	£'000	£'000
Surplus for the year		725	1,047
Adjustments for non-cash items			
Depreciation, amortisation and scrappage of tangible and intangible fixed assets	9/10/11	314	310
Amortisation of capital grant	16	(168)	(175)
Grant amortisation written back on disposal	16	34	-
Interest payable		50	52
Interest receivable		(1)	(6)
Movement on restricted reserves		7	17
Surplus on disposal of property, plant and equipment	3	8	19
Operating cashflow before movements in working capital		969	1,264
Decreased in Debtors	13	71	(81)
Increase in Creditors	14	627	307
Decrease in property held for sale	25	-	-
Net cash generated from operating activities		1,667	1,490

Note 1b

Analysis of changes in net debt

Group	At Beginning of Year	Cashflows	At End of the Year
	£'000	£'000	£'000
Cash and Cash Equivalents	3,597	725	4,322
Housing Loans Due in One Year	(42)	(2)	(44)
Housing Loans Due After One Year	(942)	44	(898)
Net Funds	2,613	767	3,380

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2021

Accounting policies

Legal Status

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

Basis of Accounting

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

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

Basis of Consolidation

A wholly owned subsidiary: Adullam Social Enterprises Community Interest Company ‘CIC’ was incorporated on and commenced operations on 2 April 2016. The Association has therefore prepared consolidated financial statements for the years ended 31 March 2018, 2019, 2020 and 2021. The consolidated financial statements incorporate those of Adullam Homes Housing Association Limited and its subsidiary each year made up to 31 March.

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

Reduced Disclosures

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

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

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2021

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 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 2021/22 and the first half of 2022/23. 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.

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.

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. Revenue funding for supporting people is recognised in line with the contractual arrangements.

Support income and costs including revenue funding for supporting people and costs

Revenue funding for 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

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2021

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

The Group is partially exempt and recovers VAT under a standard partial exemption method.

Intangible fixed assets

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

	Years
Software	5

Tangible fixed assets and depreciation

Housing properties

Tangible fixed assets are stated at cost, less accumulated depreciation. Housing properties under construction are stated at cost and are not depreciated. These are reclassified as Housing properties on practical completion of construction. Freehold land is not depreciated.

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

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

UELS for identified components are as follows:

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2021

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

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

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

	Years
Freehold offices	50
Furniture and equipment	10
Office equipment	5
CCTV	5
Storage Heaters	10
Motor Vehicles	5

Impairment of fixed assets

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

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2021

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.

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

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2021

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

Unrestricted Reserves

The total unrestricted reserve is represented by the income and expenditure reserve shown in the financial statements. As at 31 March 2021 this amounted to £10,703,000 (31 March 2020: £9,978,000). This balance is accumulated net surplus that Adullam Homes has generated since its formation in July 1972.

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

The Group has a reserves policy which is renewed annually. The policy identifies the Group unrestricted, unencumbered cash backed reserves as equivalent to the net current assets of the Group. As at 31 March 2021 this amounted to £4,322,000 (31 March 2020: £3,597,000).

This policy aims to build unrestricted, unencumbered cash backed reserves up to sum representing three months' expenditure plus a buffer of 10%. This would currently amount to approximately £2,840,000 (31 March 2020: £2,435,000).

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

Financial instruments

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

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2021

Financial assets

Debtors

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

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

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

Financial liabilities

Creditors

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

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

Borrowings

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

Derecognition of financial assets and liabilities

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

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2021

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

	2021		
	Turnover £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings (note 2b)	11,724	(11,203)	521
Other social housing activities	383	(69)	314
Total	12,107	(11,272)	835

	2020		
	Turnover £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings (note 2b)	10,513	(9,616)	897
Other social housing activities	293	(86)	207
Total	10,806	(9,702)	1,104

The above amounts for the Association differ by turnover of £138,000 and operating costs of £69,000 in respect of Adullam Social Enterprises CIC.

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2021

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

All Supported Housing	2021 Total £'000	2020 Total £'000
Income		
Rents receivable	2,909	2,648
Service charge income	4,995	4,298
Amortised government grant	169	175
Other grants	494	530
Support Services/Supporting People	3,157	2,862
Turnover from social housing lettings	11,724	10,513
Expenditure		
Service charge costs	3,932	3,404
Management	2,153	1,984
Care and Support Costs	2,582	2,454
Routine maintenance	716	664
Bad debts	227	141
Leased Charges	1,279	1,102
Depreciation of housing properties	279	284
Depreciation of other fixed assets	35	26
Exceptional Items *	-	(443)
Operating costs	11,203	9,616
Operating surplus social housing lettings	521	897
Void losses	332	311

*Exceptional item in 2019/20 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 2021

3. Deficit on disposal of property, plant and equipment

	2021	2020
	£'000	£'000
Disposal proceeds	319	-
Costs of sale	(361)	(19)
	<hr/>	<hr/>
(Deficit)/Surplus on disposal	(42)	(19)
	<hr/>	<hr/>

4. Interest and finance costs

	2021	2020
	£'000	£'000
Bank loans repayable in more than five years	50	52
On late payment of supplier invoices	-	-
	<hr/>	<hr/>
	50	52
	<hr/>	<hr/>

5. Surplus on ordinary activities before taxation

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

	2021	2020
	£'000	£'000
Depreciation of property, plant and equipment	314	310
Amortisation of Grant	(168)	(175)
Audit fees:		
- Statutory audit	23	22
- Statutory audit over runs 19/20	-	3
- Audit-related assurance services	-	-
Operating lease rentals	1,279	1,102
	<hr/>	<hr/>

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2021

6. Staff costs

	2021 £'000 Group	2020 £'000 Group	2021 £'000 Association	2020 £'000 Association
Wages and salaries	4,777	4,112	4,174	3,562
Social security costs	350	307	339	294
Pensions and other costs	118	104	113	99
Redundancy and severance	-	56	-	48
	5,245	4,579	4,626	4,003

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

Salary Band £'	2021 Number	2020 Number
60,000 – 69,999	-	-
70,000 – 79,999	2	2
80,000 – 89,999	1	1

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

	2021 Number	2020 Number
The average number of persons employed during the year expressed in full time equivalents (37.5 hours per week)	187	164

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2021

7. Directors' remuneration and transactions

Key management personnel remuneration

	2021	2020
	£'000	£'000
Directors who are executive staff members		
Wages and salaries	238	231
Social security costs	29	28
Other pension costs	10	11
Compensation for loss of office	-	-
Estimated money value of any other benefits otherwise than in cash	4	3
Board members		
Wages and salaries	24	31
Social security costs	-	-
Other pension costs	-	-
	<hr/> 305	<hr/> 304

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

	2021	2020
	£'000	£'000
Remuneration of the highest paid director, excluding pension contributions:		
Emoluments	75	85

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

8. Taxation

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

Adullam Social Enterprises C.I.C corporation tax over accrual of £1,149 for 2019/20, plus an accrual of £13,000 provision for 20/21 £11,851. (£3,882: 2020).

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2021

9. Intangible fixed assets - software

Group and Association

	Total
	£'000
Cost	
At 1 April 2020	330
Additions	-
Disposals	-
As at 31 March 2021	<u>330</u>
	<u><u>330</u></u>
Amortisation	
At 1 April 2020	316
Charge for the year	13
Eliminated on disposals	-
As at 31 March 2021	<u>329</u>
	<u><u>329</u></u>
Net book value	
As at 31 March 2021	<u>1</u>
As at 31 March 2020	<u>14</u>
	<u><u>1</u></u>

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2021

10. Tangible fixed assets – housing properties

Group and Association	Completed properties £'000	Under construction £'000	Total £'000
Cost or valuation			
At 1 April 2020	24,082	207	24,289
Completed properties acquired	714	-	714
Components capitalised	-	-	-
Works to existing properties	205	207	412
Disposals	(469)	-	(469)
Transfers from Properties held for Sale	-	-	-
At 31 March 2021	24,532	414	24,946
Depreciation			
At 1 April 2020	5,348	-	5,348
Charge for the year	258	-	258
Eliminated on disposals	(157)	-	(157)
Transfers from Properties held for Sale	-	-	-
At 31 March 2021	5,449	-	5,449
Net book value			
At 31 March 2021	19,083	414	19,497
At 31 March 2020	18,734	207	18,941

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 2021 was £18,633,686 (2020: £18,274,633) and £448,827 (2020: £458,085) in respect of long leasehold land and buildings.

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2021

11. Property, plant and equipment – other

Group and Association	Freehold £'000	Fixtures and fittings £'000	Motor Vehicles £'000	Total £'000
Cost or valuation				
At 1 April 2020	1,052	570	13	1,635
Additions	-	32	12	44
Disposals	-	(12)	-	(12)
At 31 March 2021	1,052	590	25	1,667
Depreciation				
At 1 April 2020	229	531	-	760
Charge for the year	21	18	4	43
Disposals	-	(10)	-	(10)
At 31 March 2021	250	539	4	793
Net book value				
At 31 March 2021	802	51	21	874
At 31 March 2020	823	39	13	875

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 2021

13. Debtors

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Amounts falling due within one year:				
Rent arrears	768	594	768	594
Provision for bad debts	(438)	(359)	(438)	(359)
Trade debtors	517	619	478	612
Prepayments and accrued income	444	501	444	501
Other debtors	15	23	8	18
Amounts owed by Group undertakings	-	-	-	-
	1,306	1,378	1,260	1,366

14. Creditors – amounts falling due within one year

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Bank loans (note 19)	44	42	44	42
Trade creditors	638	391	638	390
Rents received in advance	345	258	345	258
Other taxation and social security	206	230	154	202
Accruals and deferred income	665	362	640	346
Recycled Capital Grant (note 17)	75	523	75	523
Other creditors	48	35	48	35
Amounts owed to Group undertakings	-	-	40	15
	2,021	1,841	1,984	1,811

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

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Loans (note 19)	898	942	898	942
Recycled Capital Grant (note 17)	310	112	310	112
	1,208	1,054	1,208	1,054

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2021

16. Deferred income - Government grants

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
At 1 April 2020	11,798	11,802	11,798	11,802
Grants receivable	560	171	560	171
Amortisation to Statement of Comprehensive Income	(168)	(175)	(168)	(175)
Disposals	(310)	-	(310)	-
Grant amortisation written back on disposal	46	-	46	-
At 31 March 2021	11,926	11,798	11,926	11,798
Net deferred income – Government grants				
Due within one year	172	172	172	172
Due after one year	11,754	11,626	11,754	11,626
At 31 March 2021	11,926	11,798	11,926	11,798

17. Recycled Capital Grant Fund

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
At 1 April 2020	635	805	635	805
Grants released on disposal	310	-	310	-
Grants recycled	(560)	(170)	(560)	(170)
At 31 March 2021	385	635	385	635
Net deferred income – Government grants				
Due within one year	75	523	75	523
Due after one year	310	112	310	112
At 31 March 2021	385	635	385	635

18. Grant and financial assistance

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Held as deferred capital grant	11,926	11,798	11,926	11,798
Recognised as income in revenue reserves	5,109	4,987	5,109	4,987
Held in Recycled Capital Grant	385	635	385	635
Total accumulated government grant and financial assistance	17,420	17,420	17,420	17,420

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2021

19. Analysis of debt repayments

Borrowings are repayable as follows:

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Bank loans				
Between one and two years	46	44	46	44
Between two and five years	155	147	155	147
After five years	697	751	697	751
	898	942	898	942
On demand or within one year	44	42	44	42
	942	984	942	984

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.

£208,826 (Orchardbrook Ltd) (31st March 2020 £217,021) repayable quarterly for 31 years commencing in 2000; interest rate 10.9625%.

£732,854 (Triodos bank) (31st March 2020 £766,678) 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 2021 was £117,457 (2020: £103,962)

An amount of £41,117 was payable to the fund at the year end and is included in creditors payable within one year (2020: £9,926).

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 2021

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	
	2021	2020
	£'000	£'000
Financial assets		
Measured at amortisation cost	956	1,046
Financial liabilities		
Measured at amortisation cost	2,461	2,103

22. Share capital

	2021	2020
	£	£
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.

23. Financial commitments

Operating lease commitments:

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

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Payments due: -				
- within one year	987	741	987	741
- between one and five years	313	112	313	112
- after five years	146	-	146	-
	1,446	853	1,446	853

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2021

24. Housing stock

Group and Association	2021 Number	2020 Number
Owned and managed		
Supported housing accommodation	671	614
General needs housing accommodation	22	18
	693	632
	25	25

25. Property held for sale

Group and Association	2021 £'000	2020 £'000
At 1 April 2020	-	-
Transfer to Property held for sale	-	-
	-	-
At 31 March 2021	-	-

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	2021 £'000	2020 £'000
Adullam Social Enterprises C.I.C (ASE)	Management charge to ASE	10	10
	Agency charges for staff time from ASE	599	552

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 2021 between Adullam Homes Housing Association and Adullam Social Enterprises C.I.C, non-regulated entity which forms part of the Group:

	2021 £'000	2020 £'000
Adullam Homes Housing Association Ltd owed Adullam Social Enterprises C.I.C	40	15
Adullam Social Enterprises C.I.C owed Adullam Homes Housing Association Ltd	-	-

Adullam Homes Housing Association Limited

Notes to the financial statements

For the year ended 31 March 2021

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.