

Nottingham Community (Second) Housing Association Limited

Report and accounts for the year ended 31 March 2021



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Board of Management



Claire Winfield (Chair)

BA (Hons)

Appointed to the Board in 2013, Claire is also a member of the Care Committee and the Governance Committee. She brings skills and experience in risk management and assurance, governance, care and support, and human resources. **Shareholder.**



Audra Wynter

MBA FMAAT ATT (fellow), FCMI, MIC

Appointed to the Board in 2015, Audra is a qualified accountant and a member of the Audit and Risk Committee. She brings skills and experience in housing regulation, governance, risk management and assurance, and finance. **Shareholder.** Audra Wynter retired from NCHA Board on 28 July 2021.



David Harrison

BA MCIH

Appointed to the Board in 2015, David also chairs the Care Committee and the Governance Committee. He brings skills and experience in housing regulation, property development and sales, and governance. **Shareholder.**



Callum Gillespie

BSc (Hons)

Appointed to the Board in 2016, Callum also Chairs the Audit and Risk Committee and is a member of the Governance Committee. He brings skills and experience in housing regulation, risk management and assurance and, ICT and digitisation. **Shareholder.**



Carri Swann

BA

Appointed to the Board in 2015, Carri is a non-practising solicitor who is a member of the Audit and Risk Committee. She brings legal skills as well as experience in housing regulation and equality and diversity. **Shareholder.** Carri Swann retired from NCHA Board on 2 June 2021.



Paul Casey

BA (Hons) MCIH

Appointed to the Board in 2015, Paul brings skills and experience in asset management, property development and sales and corporate PR. **Shareholder.** Paul Casey retired from NCHA Board on 28 July 2021.



Donna Edwards

BA, CPFA

Appointed to the Board in 2016, Donna is a qualified accountant. She brings skills and experience in housing regulation, finance and governance. **Shareholder.**



Chris Blackburn

Appointed to the Board in 2016, Chris is also an involved tenant and member of the Customer Committee. He brings skills and experience in housing regulation, governance, ICT and digitisation. **Shareholder.**



Lorelei Jarvis

BSc (Hons)

Appointed to the Board in 2018, Lorelei is also a member of the Care Committee and the Customer Committee. Lorelei brings skills and experience in risk and assurance, care and support, and health and safety. **Shareholder.**



Michael Finister-Smith

Appointed in 2019, Michael is a qualified accountant and a member of the Audit and Risk Committee. He brings skills and experience in housing regulation, finance, risk and assurance, and governance. **Shareholder.**



Pradeep Khuti

Appointed in 2019, Pradeep is a member of the Care Committee. He brings legal skills and experience in housing regulation, equality and diversity, and ICT and digitisation. **Shareholder.**



Paul Parkinson

BA (Hons) Dip.RSA FCIH

Appointed to the Board on 16 September 2020, Paul is also a member of the Customer Committee. Paul brings experience in housing services, performance and digital service improvements as well as aspects of compliance and safety and governance. **Shareholder.**

All Board Members served for the whole year, with the exception of Paul Parkinson who was appointed during the year. Audra Wynter, Carri Swann and Paul Casey retired after the year-end.

Executive Team, Advisors and Bankers



Paul Moat DMS, MBA, MRICS, BSc (Hons)
Chief Executive

- The NCHA Group Leadership
- Corporate Governance
- Risk
- Health and Safety



Allan Fisher BSc (Hons), PG (DIP), MSc
Director of Development and Assets

- Development
- Sales
- Asset Management
- Maintenance



Holly Dagnall BA (Hons), PG (DIP), MSc
Director of Homes and Wellbeing

- Affordable Social Housing
- Sub Market Rent
- Shared Ownership
- Care and Support
- Almshouse Charities



Naomi Dobraszczyc BA (Hons), ACA
Director of Finance and Resources

- Finance
- Human Resources
- Technology and Transformation
- Marketing Communications

Registered with the Financial Conduct Authority, Number 23277R.

Registered with the Regulator of Social Housing as a Registered Provider, Registered Number SL3169.

Secretary:
Naomi Dobraszczyc

**Registered
Office:**

12/14 Pelham Road
Sherwood Rise
Nottingham
NG5 1AP

Telephone 0800 013 8555

Facsimile 0115 910 4445

Email info@ncha.org.uk

**External
Auditors:**

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

Bankers:

Lloyds Bank plc
PO Box 72
Bailey Drive
Gillingham
Kent
ME8 0LS

Strategic Report of the Board

**The Board presents its Report and Financial Statements
for the year ended 31 March 2021.**



Legal structure and activities

The Association was registered on the 2 June 1981 under the Industrial and Provident Societies Act 1968 and is now registered under the Co-operative and Community Benefit Societies Act 2014 for the purpose of carrying on the trade of providing housing and associated amenities. The Association is registered with the Regulator of Social Housing under reference SL3169 and with the Financial Conduct Authority under reference 23277R. The Registered Office of the Association is 12-14 Pelham Road, Sherwood Rise, Nottingham NG5 1AP.

Post balance sheet events

Based on an assessment of future budgets and liquidity of assets the board considers that no material uncertainty about the ability of NC(2)HA to continue as a going concern. NC(2)HA has recently undertaken a review of its legal structure and governance arrangements. As a result of this review on 1 April 2021, the association merged with its parent company, Nottingham Community Housing Association Ltd and ceased to exist as an independent entity.

Review of the year

The Association has achieved an operating surplus of £76,464 (2020 - £23,327). During the year ended 31 March 2021, a payment of £23,512 was made to its parent company in respect of profit for the year ended 31 March 2020.

Value for money self-assessment

Nottingham Community (Second) Housing Association is part of the Nottingham Community Housing Association Group. A value for money self-assessment is included each year in the statutory annual accounts document for the Group.

Sector Scorecard measures are aligned with the VFM metrics used by the RSH as part of the Value for Money standard to measure economy, efficiency and effectiveness. HouseMark carries out analysis of the data and publishes the scorecard in Autumn each year.

Comparing the headline measures included in the Sector Scorecard provides an opportunity to understand our relative performance. In depth analysis is carried out using the HouseMark detailed cost benchmarking which examines the remaining variances; all HouseMark benchmarking costs tie back to the Headline Social Housing Cost per Unit in the Sector Scorecard.

The Sector Scorecard and VFM metrics are reported for the Association and are considered by the directors where appropriate.

Value for money self-assessment (continued) Regulator of Social Housing Metrics: NC(2)HA

Where practicable the Group captures the equivalent of the Regulator of Social Housing Metrics for NC(2)HA and shows them in the Group Annual Accounts. The NC(2)HA results for both 2019/2020 and 2020/2021 are shown in the table below along with commentary:

	Regulatory VFM Standard Metric	2019/2020	2020/21
1	Reinvestment %	0.0%	1.4%
	This metric looks at the financial investment in properties (acquiring and developing new properties, works to existing properties, capitalised interest and schemes completed) as a percentage of the financial value of properties held (Net book value of housing properties). NC(2)HA does not currently have a development programme.		
2 A	New supply delivered: Social Housing units (%)	0%	0%
	The number of new social housing units that have been acquired or developed in the year as a proportion of total social housing units owned at period end. NC(2)HA does not currently have a development programme.		
2B	New supply delivered: Non-Social Housing units (%)	0%	0%
	The number of new non-social housing units that have been acquired or developed in the year as a proportion of total non-social housing units owned at period end. NC(2)HA does not currently have a development programme.		
3	Gearing (%)	-24.70%	-34.85%
	Assesses how much adjusted assets are made up of debt and the degree of dependence on debt finance. It is deemed to be a key indicator of an RP's appetite for growth. NC(2)HA is very lowly geared.		
4	EBITDA (MRI) interest cover (%)	593%	84%
	An interest cover test, this metric acts as an indicator for liquidity and investment capacity. This measure takes financial operating surplus/loss and adjusts for non-cash items and major repairs and is divided by gross interest payable before capitalisation of interest for development purposes. The movement between years results from the interest paid falling on the reducing outstanding loan balance.		
5	Headline Social Housing cost per unit (£)	£1,253	£1,539
	The measure adds together the data generally disclosed in the Annual Report and Accounts for costs such as management, service charges, routine and planned maintenance, major repairs, capitalised major repairs, other social housing letting costs, development services, community neighbourhood services, and charges for support services and then divides by the number of social housing units owned and/or managed at the period end. As with the other surplus based measures, relatively minor movements in individual costs such as maintenance make major differences in this measure.		
6A	Operating margin: Social Housing lettings (%)	52.70%	52.88%
	The metric attempts to define how efficient an organisation is. The Regulator asks for the metric to be calculated for social housing letting and also for the group i.e. with all activities included. It is calculated by taking financial operating profit over relevant financial turnover to create a %. The above figure is on the basis of overall activity. As with the other surplus based measures, relatively minor movements in individual costs such as maintenance make major differences in this measure.		
6B	Operating margin: (%)	52.70%	52.88%
	As NC(2)HA is wholly social housing lettings, this is identical to 6A.		
7	Return on capital employed (%)	5.71%	19.53%
	The metric attempts to assess the efficient investment of capital resources. It should be noted that NC(2)HA has no capital development programme.		

Sector Scorecard: NC(2)HA

Where practicable the Group captures the equivalent of the Sector Scorecard for NC(2)HA and shows them in the Group Annual Accounts. The NC(2)HA results for both 2019/2020 and 2020/2021 are shown in the table below along with commentary:

Sector Scorecard		2019/2020 NC(2)HA	2019/2020 National median	2020/2021 NC(2)HA
1	Operating margin (overall) (%)	52.7%	21.5%	52.9%
	Surplus generated from turnover on provider's day to day activities. A measure of overall operational efficiency. The operating margin exceeds the national median.			
2	Operating Margin (Social Housing Lettings) (%)	52.7%	23.6%	52.9%
	Surplus generated from turnover on the part of business that manages social housing. All NC(2)HA units are social housing.			
3	EBITDA MRI (As % of interest) (%)	594.0%	196.1%	84.0%
	An interest cover test, it acts as an indicator for liquidity and investment capacity. This measure takes financial operating surplus/loss and adjusts for non-cash items and major repairs and is divided by gross interest payable before capitalisation of interest for development purposes.			
4	Units developed - New supply (absolute)	0	N/A	0
	New properties completed by the Provider during the year. NC(2)HA does not currently have a development programme.			
5	Units developed - New supply (% of units owned)	0.0%	1.3%	0.0%
	Comparable measure to assess development programme in relation to properties already managed. NC(2)HA does not currently have a development programme.			
6	Gearing (%)	-24.70%	33.8%	-34.85%
	Assesses how much of the adjusted assets are made up of debt and the degree of dependence on debt finance. It is deemed to be a key indicator of an RP's appetite for growth. NC(2)HA is very lowly geared.			
7	Customers satisfied with service provided (%)	91.0%	86.9%	88.0%
	The measure of outcomes delivered for customers. The group figure is shown as the NC(2)HA figure is not currently captured separately.			
8	Reinvestment %	0.83%	6.1%	1.75%
	Measures the extent to which Providers are investing own money in new supply. NC(2)HA does not currently have a development programme.			
9	£ Invested for every £ generated from operations in communities	£0	N/A	£0
	Measures the extent to which Providers are investing own money in communities. This is not an NC(2)HA function.			

Sector Scorecard: NC(2)HA

Sector Scorecard		2019/2020 NC(2)HA	2019/2020 National Median	2020/2021 NC(2)HA
10	Return on capital employed (%)	5.7%	2.8%	19.5%
	The metric attempts to assess the efficient investment of capital resources. It should be noted that NC(2)HA has no capital development programme.			
11	Occupancy (%)	100.0%	99.3%	100.0%
	Demonstrates how efficient providers are at turning around void properties. NC(2)HA has had no voids for a sustained period.			
12	Ratio of responsive repairs to planned maintenance spend	0.97:1	0.64:1	0.01:1
	There is an assumption that planned work is the most cost effective way of maintaining properties. This measure looks at the ratio of expenditure on routine maintenance to spend on planned maintenance, major repairs and capitalised major repairs. Movement in maintenance programmes between years on such a small number of units has a large effect on the statistics. 2020/21 saw a scheduled increase in the planned maintenance programme and was coupled with a decrease in responsive work.			
13	Headline Social Housing cost per unit (£)	£1,253	£4,023	£1,539
	Measure calculates the total costs of providing social housing by the number of social housing units. This cost remains consistently lower than the national median.			
14	Rent collected (%)	101.00%	99.84%	98.00%
	Effectiveness of income management function in collecting rent due and managing arrears. NC(2)HA continues to perform well on income collection.			
15	Overheads as a percentage of adjusted turnover (%)	6.71%	13.90%	4.42%
	The proportion of turnover spent on overheads. The national figure calculated on the HouseMark return is not completed until September. HouseMark data continually shows NCHA Group as having exceptionally low overheads compared to turnover. The local figures are on the basis of our internal calculation. The movement in 2020/2021 reflects a small decrease in management costs.			

Public benefit entity

As a public benefit entity, the Association has applied the public benefit entity "PBE"- prefixed paragraphs of FRS102.

Housing properties

Details of the properties in management are contained in notes 8 and 11 of the financial statements.

Board Members and Officers liability insurance

The Association has maintained Board Members and Officers liability insurance throughout the year.

Statement of the Board's responsibilities in respect of the financial statements

The Co-operative and Community Benefit Societies Act 2014 and relevant social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the income and expenditure for the period of account. In preparing these financial statements the Board is required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the accounts on the going concern basis unless it is inappropriate to assume that the Association will continue in business.

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Association and to enable it to ensure that the accounts 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. It has general responsibility for taking reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Information for Auditors

The Board Members and Executive Officers who held office at the date this Strategic Report of the Board confirm that, as far as they are aware, there is no relevant audit information of which the auditors are unaware; and each member of the Board and the Executive Team have taken all steps they ought to have taken as a Board and an Executive Team in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Annual compliance statement

The Board undertook a self-assessment of compliance with the Regulator of Social Housing Regulatory Framework and in particular the Governance and Viability Standard and satisfied itself that the Association was fully compliant. Compliance with the selected Code of Governance is also self-assessed on an annual basis. The Board also confirms that for the year ended March 2021, it was fully compliant with its chosen code: the NHF Code (2015).

Post balance sheet events

The resolution adopted by the Shareholders on 25 January 2021 to transfer the whole of the stock, property, assets, liabilities and all other engagements of the Association to Nottingham Community Housing Association Limited (registered number 7104) was passed at a special general meeting of the Association held virtually on 10 February 2021 at 16:30.

On 1 April 2021 NC(2)HA transferred into Nottingham Community Housing Association Limited.

Going concern

Nottingham Community (Second) Housing Association transferred into Nottingham Community Housing Association on 1 April 2021. After making enquiries, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future.

Annual General Meeting

There will be no annual general meeting in 2021 due to the transfer into Nottingham Community Housing Association Ltd.

The report of the Board was approved on 28 July 2021 and signed on its behalf by:



Claire Winfield
Chair

Report of the Independent Auditor to the Members of NC(2)HA



Opinion

We have audited the financial statements of Nottingham Community (Second) Housing Association Limited ('the Association') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Reserves, Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in Note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the Association's affairs as at 31 March 2021 and of its income and expenditure 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 2019, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Strategic Report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and 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 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- The Association has not maintained a satisfactory system of control over transactions; or
- The Association has not kept proper accounting records; or
- The Association's financial statements are not in agreement with 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 Board's Responsibilities set out on page 12, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Association or to cease operations, or has 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.

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, regulations and guidance that affect the Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws, regulations and guidance 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.

Auditor's responsibilities for the audit of the financial statements (continued)

- 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 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 regulated nature of the Association's activities.
- We reviewed financial statements disclosures and 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.

Use of our report

This report is made solely to the Association, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to it 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 for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

Sue Hutchinson FCCA (Senior Statutory Auditor)

For and on behalf of
Beever and Struthers
Chartered Accountants and Statutory Auditor
St George's House
215-219 Chester Road
Manchester
M15 4JE

Date: 27th August 2021

Statement of Comprehensive Income




Statement of Comprehensive Income

For the year ended 31 March 2021		2021	2020
	Note	£	£
Turnover	2,3	42,589	44,261
Operating costs	2,3	(20,066)	(20,934)
Gain on disposal of property, plant and equipment (fixed assets)	4	53,941	-
Operating Surplus	2,3,4	76,464	23,327
Interest receivable	5	161	793
Interest payable and similar charges	6	(24,331)	(4,345)
Profit before taxation		52,294	19,775
Tax (charge) on profit at 19%		(9,936)	(3,757)
Tax relief in respect of gift aid		9,936	3,757
Profit after tax and for the year		52,294	19,775

The notes on pages 29 to 42 form an integral part of these financial statements.

The financial statements on pages 21 to 42 were approved and authorised for issue by the Board on 28 July 2021 and were signed on its behalf by:



Claire Winfield
Chair

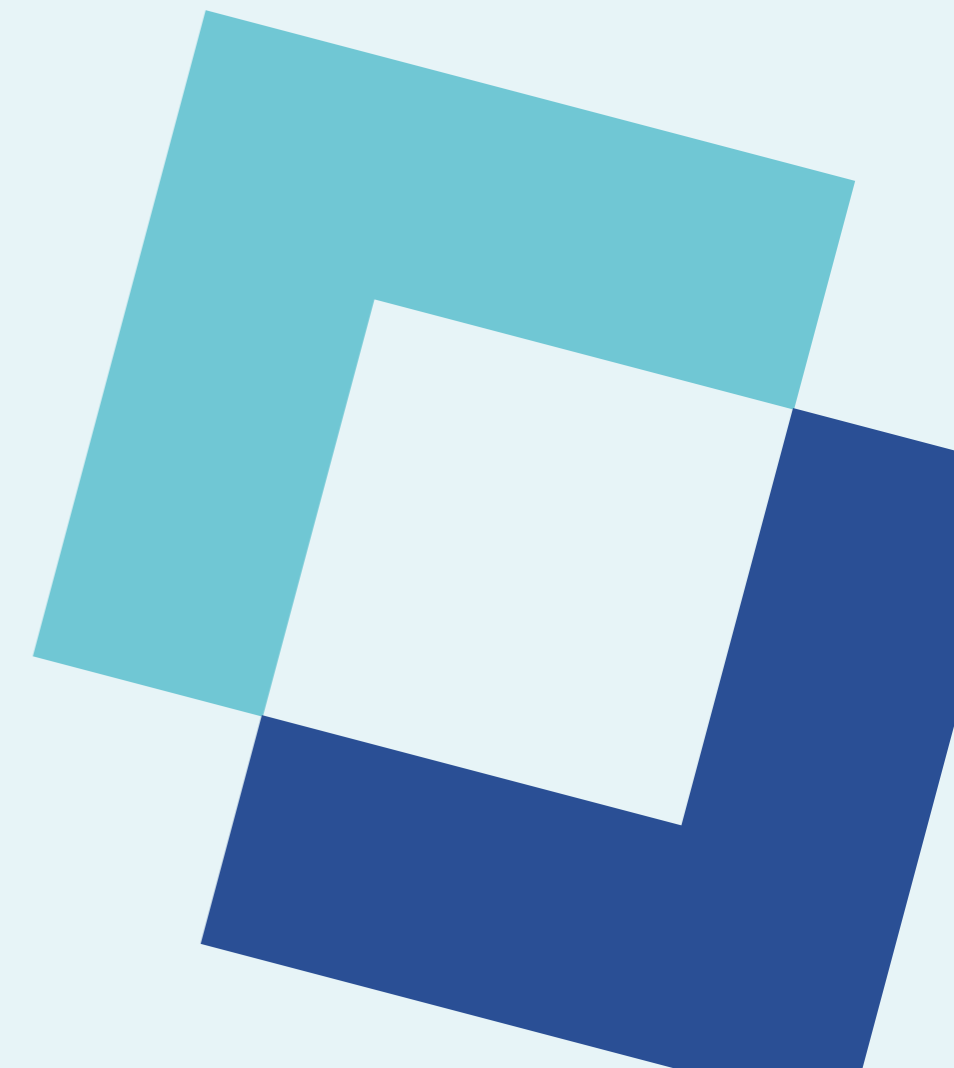


Chris Blackburn
Board Member



Naomi Dobraszczyc
Secretary

Statement of Financial Position

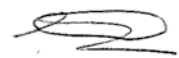


Statement of Financial Position

As at 31 March 2021		2021	2020
	Note	£	£
Tangible fixed assets			
Housing properties	11	294,932	306,593
Current assets			
Debtors	12	627	681
Cash at bank and in hand		102,776	113,509
Total current assets		103,403	114,190
Creditors			
Amounts falling due within one year	13	(6,833)	(12,100)
Net current assets		96,570	102,090
Creditors			
Amounts falling due after more than one year	14	(154,704)	(200,671)
Net assets		236,798	208,012
Capital and reserves			
Called-up equity share capital	16	18	14
Revenue reserve		236,780	207,998
Total		236,798	208,012

The notes on pages 29 to 42 form an integral part of these financial statements.

The financial statements on page 21 to 42 were approved and authorised for issue by the Board of Management on 28 July 2021 and were signed on its behalf by:



Claire Winfield
Chair



Chris Blackburn
Board Member



Naomi Dobraszczyc
Secretary

Statement of Changes in Reserves

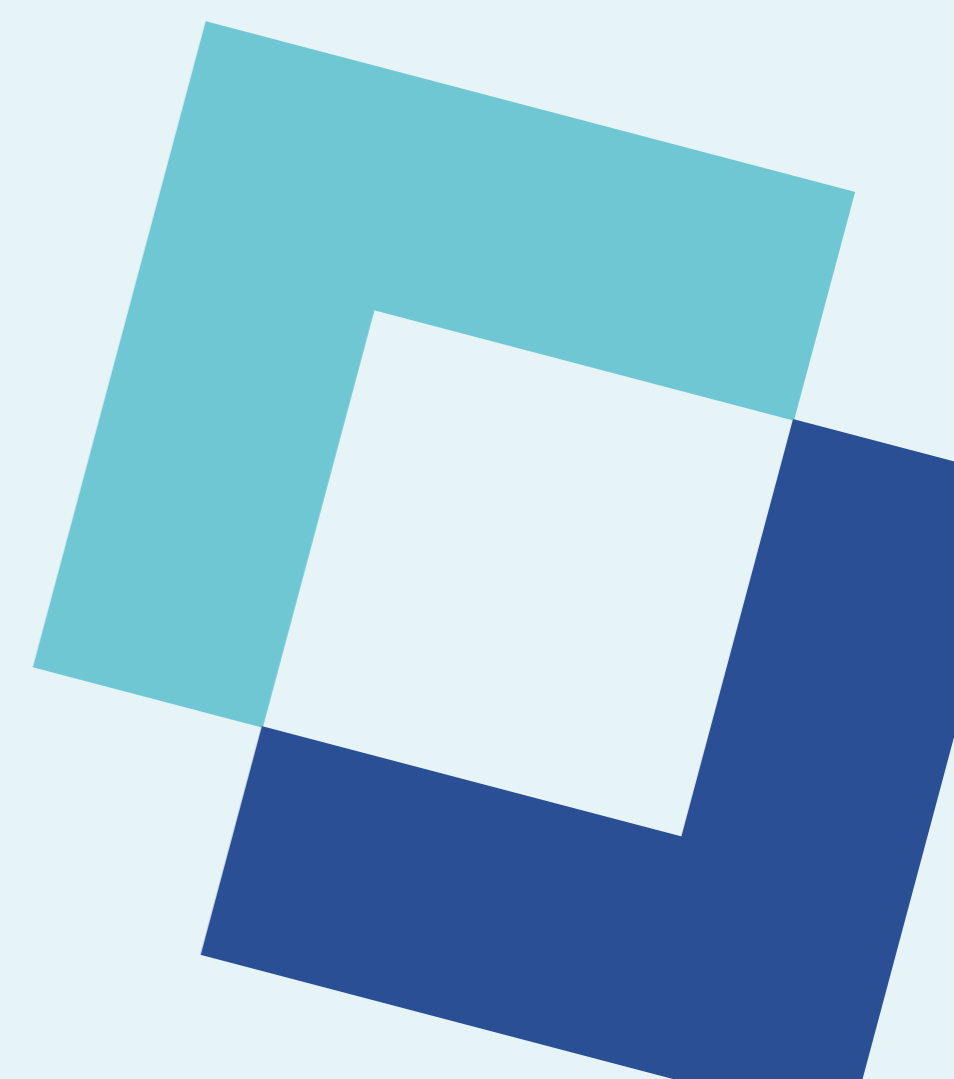


Statement of Changes in Reserves

For the year ended 31 March 2021		Income and Expenditure
	Note	£
Balance at 31 March 2019		213,214
Surplus from Statement of Comprehensive Income		19,775
Payment to parent made under gift aid scheme		(24,991)
Balance at 31 March 2020		207,998
Surplus from Statement of Comprehensive Income		52,294
Payment to parent made under gift aid scheme		(23,512)
Balance at 31 March 2021		236,780

The notes on pages 29 to 42 form an integral part of these accounts.

Statement of Cash Flows



Statement of Cash Flows

For the year ended 31 March 2021	2021	2020
	£	£
Net cash generated from operating activities	21,601	32,069
Cash flow from investing activities		
Purchase of tangible assets	(4,123)	-
Interest received	161	793
Proceeds from sale of fixed asset	57,249	-
Sub total	53,287	793
Cash flow from financing activities		
Interest paid	(24,331)	(4,345)
Shares issued	5	-
Shares written back	(1)	-
Repayment of borrowings	(37,782)	(2,081)
Gift aid payment	(23,512)	(24,991)
Sub total	(85,621)	(31,417)
Net change in cash and cash equivalents	(10,733)	1,445
Cash and cash equivalents at the beginning of the year	113,509	112,064
Cash and cash equivalents at the end of the year	102,776	113,509
Cash flow from operating activities		
Surplus for the year	22,523	23,327
Adjustments for non cash items:		
Depreciation of tangible fixed assets	3,905	3,737
(Decrease) for amortisation of Social Housing Grant	(2,036)	(2,112)
(Increase)/decrease in other debtors	(213)	411
(Decrease)/increase in creditors	(2,845)	7,068
Increase/(decrease) in provision	267	(362)
Net cash generated from operating activities	21,601	32,069

Notes to the Financial Statements

Legal status

The Association 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 Registered Provider as defined by the Housing and Regeneration Act 2008.



Notes

1. Principal accounting policies

(a) Basis of accounting

The Association's financial statements have been prepared in accordance with applicable United Kingdom Generally Accepted Accounting Practice (UK GAAP) and Statement of Recommended Practice for registered housing providers: Housing SORP 2019.

The 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 and are presented in pounds sterling.

The Association's financial statements have been prepared in compliance with FRS102 including the restatement of Gift Aid. In applying FRS102 the Association meets the definition of a public benefit entity.

(b) Going concern

The financial statements have been prepared on a going concern basis, which assumes an ability to continue operating for the foreseeable future.

(c) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the date of the Statement of Financial Position and the amounts reported for revenue and expenses during the financial year. However, the nature of estimation means that the actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on the amounts recognised in the financial statements:

- i. Categorisation of housing properties. The Association has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Association has considered if the asset is held for social benefit or to earn commercial rentals.
- ii. The Association has reviewed the useful economic lives of its housing properties and depreciates the property cost, less freehold land and residual value, for all housing properties.

Notes

1. Principal accounting policies (continued)

(c) Judgements and key sources of estimation uncertainty (continued)

- iii. 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. The Association has identified a cash generating unit for impairment assessment purposes at a property programme level. Following a trigger for impairment, the Association perform impairment tests based on fair value less costs to sell or a value in use calculation.

The fair value less costs to sell calculation is based on available data from sales transactions in an arm's length transaction on similar cash generating units (properties) or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on either a depreciated replacement cost or a discounted cash flow model. The depreciated replacement cost is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the Association as the existing property. The cash flows are derived from the business plan for the next 30 years and do not include restructuring activities that the Association is not yet permitted to or significant future investments that will enhance the asset's performance of the cash generating unit being tested.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes. Following the assessment of impairment, no impairment losses were identified in the reporting period.

(d) Turnover

Turnover represents rental income (less loss of rent due to voids) and other charges receivable and amortised capital grant.

Rental income is recognised when the property is available for let, net of voids.

(e) Mortgages

Mortgage loans were advanced by the former Housing Corporation and the Development Commission under the terms of individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments which have been given approval for Social Housing Grant by the Department of the Environment or the Regulator of Social Housing. These loans have subsequently been sold to Orchardbrook Limited.

In October 1999 the Development Commission confirmed that they no longer required repayment of the amounts advanced and therefore these sums have now been recognised as deferred capital grant in the financial statements.

Notes

1. Principal accounting policies (continued)

(f) Housing properties, depreciation and impairment

Social Housing:

The Association has reviewed the economic useful lives of its housing properties and depreciates the property cost, less freehold land and residual value, for all housing properties.

Future estimated lives have been determined as follows:

New build houses	100 years
New build flats and rehabilitated houses	75 years
Rehabilitated flats	60 years

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

Depreciation is charged in equal annual instalments over the assets expected useful economic lives. The useful economic lives for the identified components are as follows:

Freehold land	Not depreciated
Structure: New build houses	100 years
Structure: New build flats and rehabilitated houses	75 years
Structure: Rehabilitated flats	60 years
Roof	50 years
Windows and doors	40 years
Alternative energy systems	25 years
Bathroom	25 years
Kitchen	20 years
Heating system	20 years
Disabled adaptations	20 years

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.

Notes

1. Principal accounting policies (continued)

(g) Shared ownership properties

The costs of shared ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset and subsequent sales treated as sales of fixed assets.

(h) Short-term debtors and creditors

Debtors and creditors without any stated interest terms which are receivable or payable within one year are recorded at the transaction price. Should any losses be incurred as a result of impairment, these would be immediately recognised as other operating expenses in the Statement of Comprehensive Income.

(i) Corporation Taxation

Any profits made by Nottingham Community (Second) Housing Association would be gift aided to the parent association and therefore no UK Corporation Tax would be payable thereon.

(j) Value Added Tax

Although the Association is registered for VAT, most of its activities are exempt. It charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. All amounts disclosed in these accounts are inclusive of VAT to the extent that it is suffered by the Association and is irrecoverable.

Notes

1. Principal accounting policies (continued)**(k) Social Housing and other government grants**

Where developments have been financed wholly or partially by Social Housing and other government 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, under the accruals model.

Social Housing Grant received for non-land items of cost written off in the Statement of Comprehensive Income, including that which relates to a proportion of the development and design administration costs, is matched against those costs as part of turnover.

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

Social Housing Grant 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 Social Housing Grant can be used for projects approved by the Regulator of Social Housing. However, Social Housing Grant may have to be repaid if certain conditions are not met.

In certain circumstances Social Housing Grant may be repayable and, in that event, is a subordinated unsecured repayable debt.

(l) Recycling of Capital Grant

No Recycled Capital Grant Fund is maintained within the Company due to an agreed recycling arrangement with the parent Company, NCHA.

(m) Financial instruments

The Association holds short term investments, short term creditors, loans and cash as financial instruments. The method of measurement for investments and cash is at current value. The method of measurement on short terms creditors is shown above. The method of measurement of loans is contractual value.

(n) Gift Aid

Gift Aid is shown only as attributable on a cash paid basis.

Notes

2. Turnover, operating expenditure and operating surplus before property disposals

	2021			2020		
	Turnover	Operating costs	Operating surplus	Turnover	Operating costs	Operating surplus
	£	£	£	£	£	£
Shared ownership housing	28,051	(11,979)	16,072	29,876	(13,274)	16,602
Social housing lettings	14,538	(8,087)	6,451	14,385	(7,660)	6,725
Total	42,589	(20,066)	22,523	44,261	(20,934)	23,327

3. Turnover and operating expenditure from shared ownership and social housing lettings before property disposals

	2021		2020	
	Shared ownership housing	Social housing lettings	Total	Total
	£	£	£	£
Income				
Rents receivable net of identifiable service charges and net of voids	26,494	13,757	40,251	41,411
Service charge income	115	187	302	738
Amortised government grant	1,442	594	2,036	2,112
Total turnover	28,051	14,538	42,589	44,261
Expenditure				
Management	10,553	3,166	13,719	14,394
Service charge costs	-	-	-	65
Routine maintenance	-	87	87	1,513
Planned maintenance	-	2,084	2,084	1,564
Rent losses from bad debts	4	267	271	(339)
Depreciation of housing properties	1,422	2,483	3,905	3,737
Total operating expenditure	11,979	8,087	20,066	20,934
Operating surplus from shared ownership and social housing lettings before property disposals	16,072	6,451	22,523	23,327
Void losses (being rental income lost as a result of property not being let, although available for letting)	-	-	-	-

Notes

4. Surplus on properties not developed for outright sale

	2021	2020
	£	£
Proceeds of sale	65,000	-
Less: cost of sale	(11,059)	-
Total surplus	53,941	-

5. Interest receivable

	2021	2020
	£	£
Bank interest receivable	161	793
Total interest receivable	161	793

6. Interest payable and similar charges

	2021	2020
	£	£
On housing loans	24,331	4,345

7. Ultimate controlling party, staff costs and directors' emoluments

As Nottingham Community Housing Association owns one ordinary share in Nottingham Community (Second) Housing Association Limited and has the power to appoint and remove members of that Association's Board of Management that Association is accounted for as the parent company. The remaining shares are owned by twelve board members and five other shareholders. NCHA accounts are available from the registered office detailed on page six. The Company is a subsidiary of that body.

Nottingham Community (Second) Housing Association is part of NCHA Group.

Nottingham Community Housing Association Limited (NCHA) is registered as a charitable social landlord under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing. It was first registered on the 22 March 1973 for the benefit of the community. NCHA operates mainly within the East Midlands and has three regional offices and a number of satellite offices across the East Midlands. Its head office is in Nottingham.

NCHA's principal activities are the management, maintenance, improvement and development of social housing together with the provision of Care and Support services for those people within communities across the East Midlands with additional needs.

Notes

7. Ultimate controlling party, staff costs and directors' emoluments (continued)

The Association employs no staff. Instead services are secured from the ultimate parent. A management charge is levied by the parent of £13,719 (2019/2020 - £14,394). At 31 March 2021 £399 was due to the parent undertaking (31 March 2020 - £2,227 due to the parent undertaking).

The key employees of the ultimate parent are its Executive Team:



Paul Moat DMS, MBA, MRICS, BSc (Hons)
Chief Executive

- The NCHA Group Leadership
- Corporate Governance
- Risk
- Health and Safety



Allan Fisher BSc (Hons), PG (DIP), MSc
Director of Development and Assets

- Development
- Sales
- Asset Management
- Maintenance



Holly Dagnall BA (Hons), PG (DIP), MSc
Director of Homes and Wellbeing

- Affordable Social Housing
- Sub Market Rent
- Shared Ownership
- Care and Support
- Almshouse Services



Naomi Dobraszczyc BA (Hons) ACA
Director of Finance and Resources

- Finance
- Human Resources
- Technology and Transformation
- Marketing Communications

The directors of NCHA are the key management employees of the Association. They receive no payment for fulfilling this role for the Association.

The Association's Board is outlined on pages 4 and 5.

Notes

8. Units

Owned and managed	2021	2020
	Number	Number
Shared ownership	10	11
Rented properties	3	3
Total	13	14

9. Profit for the year before taxation

	2021	2020
	£	£
Is stated after charging:		
Maintenance fee to parent undertaking	5,822	1,012
Management and service administration fee to parent undertaking	9,896	9,720
Depreciation	3,905	3,737
Auditors remuneration (excluding VAT) in their capacity as auditors	1,520	1,260
Auditors remuneration (excluding VAT) in respect of other services	-	1,100

10. Taxation

Profits arising from previous years have been gift aided to Nottingham Community Housing Association Limited. This allows the company to claim tax relief and therefore no Corporation Tax is payable.

Notes

11. Tangible and fixed assets

2021

	Shared ownership properties	General needs housing properties	Total
	£	£	£
Cost			
At 1 April 2020	212,896	157,707	370,603
Additions	-	4,123	4,123
Disposals	(14,021)	(481)	(14,502)
At 31 March 2021	198,875	161,349	360,224
Depreciation			
At 1 April 2020	31,895	32,115	64,010
Charge for the year	1,422	2,483	3,905
Disposals	(2,142)	(481)	(2,623)
At 31 March 2021	31,175	34,117	65,292
Net book value			
At 31 March 2021	167,700	127,232	294,932
At 31 March 2020	181,001	125,592	306,593

Housing loans are secured by specific charges on the Association's shared ownership housing properties.

The above figures are all in respect of freehold housing properties.

12. Debtors

	2021	2020
	£	£
Rent arrears	894	681
Less provision for bad debts	(267)	-
Total	627	681

Notes

13. Creditors: Amounts falling due within one year

	2021	2020
	£	£
Loan due within one year	-	2,313
Rent in advance	1,280	2,047
Amount due to parent undertaking	399	2,227
Other creditors	3,144	3,395
Sub total	4,823	9,982
Deferred capital grant	2,010	2,118
Total	6,833	12,100

14. Creditors: Amounts falling due after more than one year

	2021	2020
	£	£
Deferred capital grant	154,704	165,202
Housing loan	-	35,469
Total creditors falling due after more than one year	154,704	200,671
The loans are repayable in instalments falling due as follows:		
In less than one year	-	2,313
Between one and two years	-	2,571
Between two and five years	-	9,572
In five years or more	-	23,326
Total housing loans repayable	-	37,782

Housing loans are secured by specific charges on the Association's shared ownership housing properties, all loans were repaid in the year. They bore interest at rates in the range of 9.25% to 12.13%.

During the year, an Orchardbrook loan was repaid early in preparation for the planned transfer of engagement with the parent company.

Notes

15. Deferred Capital Grant

	Shared ownership housing properties	Housing properties	Total
	£	£	£
Gross Social Housing Grant (SHG)			
At 1 April 2020	152,052	59,727	211,779
Disposals	(10,878)	-	(10,878)
At 31 March 2021	141,174	59,727	200,901
SHG Amortisation			
At 1 April 2020	(31,926)	(12,534)	(44,460)
Disposals	2,309	-	2,309
Amortisation in year	(1,442)	(594)	(2,036)
At 31 March 2021	(31,059)	(13,128)	(44,187)
Amortised SHG	110,115	46,599	156,714
SHG Amortised within one year			2,010
SHG Amortised after one year			154,704
Total			156,714

Total accumulated SHG received or receivable at the balance sheet date from both capital and revenue sources £200,901 (2020 - £211,779).

Notes

16. Called up share capital

Ordinary shares of £1 each	2021	2020
	£	£
At the start of the year	14	14
Issued during the year	5	-
Written back during the year	(1)	-
At the end of the year	18	14

The shares do not have any right to dividend or distribution in a winding up and are not redeemable. Each share has full voting rights.

17. Capital commitments

No capital expenditure has been contracted for but not provided for in the financial statements nor has any capital expenditure been authorised by the Board of Management but not yet been contracted for.

18. Financial instruments

	2021	2020
	£	£
Assets measured at amortised cost:		
Rent arrears (less provision for bad debts)	627	681
Cash at bank and in hand	102,776	113,509
	103,403	114,190
Liabilities measured at amortised cost:		
Total housing loans repayable	-	37,782
Amount due to parent undertaking	399	2,227
Other creditors	3,144	3,395
	3,543	43,404

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An electronic version of this report can be found on our website, www.ncha.org.uk
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