

PROVIDENCE ROW HOUSING ASSOCIATION

**Report and Financial Statements
For the year ended 31 March 2021**

**The Regulator of Social Housing: Number L0695
Co-operative and Community Benefit Societies
Act 2014: Number 19322R**

PROVIDENCE ROW HOUSING ASSOCIATION

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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PROVIDENCE ROW HOUSING ASSOCIATION

EXECUTIVE AND ADVISORS

Year ended 31 March 2021

BOARD OF MANAGEMENT

John Giesen (Chair)
Jeff Baker (Vice Chair)
Thomas Albohm
Mo Ali
Serena Braggiotti
Andrew Disley
Helen New
Sue Stevens
Fahad Abdi (Appointed 28 January 2021)
Rebecca Bowden (Appointed 28 January 2021)
Denise Kent (Appointed 28 January 2021)

DIRECTORS

Fiona Humphrey BA (Hons) MCIH Dip (Housing)
Chief Executive

Karen Stuart BA (Hons)
Director of Operations

SECRETARY AND REGISTERED OFFICE

Fiona Humphrey
458 Bethnal Green Road
London
E2 0EA

REGISTERED NUMBER

Regulator of Social Housing: Number L0695
Co-operative and Community Benefit Societies Act 2014:
Number 19322R

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SOLICITORS

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SOLICITORS

Trowers & Hamblins LLP
3 Bunhill Row
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PRINCIPAL BANKER

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PROVIDENCE ROW HOUSING ASSOCIATION

REPORT OF THE BOARD AND STRATEGIC REVIEW

Year ended 31 March 2021

The Board presents their report and the audited financial statements for the year ended 31 March 2021.

PRINCIPAL ACTIVITY

The principal activity of Providence Row Housing Association (PRHA) is the provision of accommodation, ancillary and social care services for single homeless people and others in housing need.

OVERVIEW OF THE BUSINESS

PRHA made an operating surplus for the year of £909,000 (2020: £580,000) before net interest charges, a surplus and total comprehensive income for the year of £514,000 (2020: £171,000) and generated a turnover of £9,292 million (2020: £8.043 million). The increase in operating surplus was as a result of the impact of our new contracts that were awarded in 2019/20 and the retention of existing contracts that expired. Our results reflect the impact of specific circumstances of the pandemic and our financial strategy.

During the year PRHA received contract income, revenue grants and donations from various bodies including the London Borough of Tower Hamlets, the London Borough of Hackney and the Corporation of London.

PRHA borrows from the banks, mainly at fixed rates of interest, to finance our housing development programme. Total housing loans outstanding were £7.5 million at the year end (2020: £7.7 million). PRHA has unencumbered assets which are available for use as security if it decides to pursue any development projects.

The number of units of owned and managed accommodation at 31 March 2021 and 2020 were as follows:

	2021	2020
Units of housing stock		
General needs housing		
- social	89	89
- affordable	-	-
Supported housing	384	384
Total social housing units	473	473
Total owned	473	473
Accommodation managed for others	28	28
Total managed accommodation	501	501
Units managed by other associations	44	44
Total owned and managed accommodation	545	545

The year under review

This year has been dominated by the global Coronavirus pandemic. It brought with it uncertainty in all areas of our activities and a keen focus on survival both for our residents and staff, and for the organisation. We are pleased to say that so far (and the pandemic is still with us) we have succeeded. Our teams not only kept the services running to support our residents (in many cases 24 hours a day 7 days a week) but also provided new services to rough sleepers brought in off the streets.

PRHA's teams responded well to the challenge. Our intensive housing management team maintained contact with all of our residents to ensure that anyone suffering financial or other hardship received support and could access Government funding.

Our property services team and contractors continued to respond to emergency and urgent repairs and statutory compliance inspections although Covid-19 social distancing requirements meant that non-urgent repairs were suspended for much of the year.

The adjustments that we made to secure the financial and organisational stability of PRHA were also successful. Non-essential expenditure was suspended whilst urgent expenditure was prioritised such as staffing to backfill absences and the purchase of personal protective equipment and equipment to enable remote working. None of this compromised our ability to provide effective services.

The central functions of the organisation continued to run smoothly through a mixture of remote working and office presence. The Board also changed how it worked, meeting remotely but increasing the number of Board meetings to provide support to the organisation throughout the period. In particular they increased oversight of key financial and risk matters.

As a social landlord we have also been responding to the enhanced requirements around fire and building safety that are being discussed in Parliament. The planned fire safety works programme whilst delayed by the pandemic carried on whenever possible. The programme is expected to be finalised by the end of August 2021. Fire risk assessments and other critical safety inspections continued as planned.

The Board reaffirmed our corporate objectives:

- Ensure that we provide safe, decent homes for our residents;
- Help more people to avoid or survive homelessness and recover from the causes/effects of homelessness;
- Develop areas of specialism/expertise for our core resident groups to ensure our services provide the best possible outcomes;
- Ensure we listen to our residents and continue to involve them in the running of the Association;
- Develop more services that contribute to strengthening the local community especially around employment, training and volunteering for excluded groups;
- Diversify our financial base to increase our resilience to changing financial pressures; and
- Make best use of our assets, staff, housing, offices, finance and partnerships.

PROVIDENCE ROW HOUSING ASSOCIATION

REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued)

Year ended 31 March 2021

During 2020/21 we achieved some of these corporate objectives despite limitations imposed by the pandemic:

- We provided additional support services funded by the Corporation of London for up to 40 rough sleepers in temporary accommodation (the City Assessment Service). This was part of the Government's "Everybody in" initiative that saw over 37,000 people accommodated in a matter of weeks in hotels and other temporary accommodation. We also provided support for some of those placed in hotels.
- We regained the support contracts for two large accommodation based projects at properties which PRHA owns and transferred in 20 staff through TUPE. The transition was smooth and residents were supported throughout.
- We successfully bid for a further two support contracts for existing services and again the implementation of new contracts has gone smoothly.
- Despite the disruption of lockdown Edward Gibbons House retained its "Outstanding" status from the Care Quality Commission (CQC) following an inspection.
- We ran a recruitment campaign that attracted three new Board members with specific skills and experience in building safety, social enterprise and risk management. There was also a smooth transition when the Vice Chair, John Giesen took on the role of Chair from Jeff Baker mid-year. Jeff remains on the Board as Vice Chair until the AGM in September 2021.

Progress on some of the other corporate objectives was delayed:

- We were in the middle of relocating our head office to smaller premises when the first national lockdown started. We therefore have not yet let out the old premises. We are aiming to do so in 2021/22.
- Some of the early objectives in the Strategic Plan (2019-2024) were postponed. This includes developing a New Business strategy to include more diverse forms of income, including social enterprise. It also included our review of the asset management strategy and stock condition survey. These are now priorities for 2021-22.

The year ahead – challenges and opportunities

Despite the fact that with the success of the vaccination programme the government is currently releasing some of the lockdown restrictions, we remain cautious about the potential for coronavirus to recur. While we are starting to plan for the future again, our precautions remain largely in place.

The Board is also keeping the changes in the external environment under review. We will continue to carefully monitor the impact of Brexit (for instance increases in the cost of/shortages in building materials) as well as that of the pandemic.

The Board has reaffirmed our values and our core social purpose (providing housing for vulnerable and homeless people alongside the necessary support to recover and sustain their accommodation). We aim to ensure that we are ready to face the challenge of doing this in a way that is sustainable in an environment of economic constraints and reducing adult social care funding but increasing demand. In particular:

PROVIDENCE ROW HOUSING ASSOCIATION

REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued)

Year ended 31 March 2021

- The fire and building safety programme will remain a key focus for the years ahead in terms of human and financial resources as we respond to the annual fire risk assessments and new/emerging requirements such as the Building Safety Act 2021;
- PRHA remains committed to ensuring that its service delivery is high quality but cost effective. This is a challenge when supported housing costs are increasing due to the increased turnover of residents and increased complexity of support needs. This is a key focus; and
- We will be starting the process of inspecting all our properties and planning for their future maintenance requirements. This will include starting to plan to meet the Government's carbon reduction targets.

Financial results

PRHA demonstrates strong financial management. Our substantial reserves built over the years have allowed us to make significant investments in our housing stock and in the provision of services to our residents. A summary of the results for the year are as follows:

- Turnover increased to £9.292 million from £8.043 million in 2020;
- Operating surplus increased from £580,000 in 2020 to £909,000;
- Surplus and total comprehensive income for the year was £514,000 (2020: £171,000);
- Reserves increased from £10.105 million in 2020 to £10.619 million;
- The net book value of the housing properties totalled £40.0 million (2020: £40.4 m);
- Housing loans stood at £7.5 million at the end of the financial year a decrease of £271,000 or 3.5%;
- Loan covenants for the loan facilities, primarily determined by interest cover, gearing ratios and asset cover were met throughout the year and at year end.

	2021 £'000	2020 £'000
Turnover	9,292	8,043
Operating costs	(8,383)	(7,463)
Operating surplus	909	580
Interest receivable	3	16
Interest and financing costs	(398)	(425)
Surplus and total comprehensive income for the year	514	171

PROVIDENCE ROW HOUSING ASSOCIATION

REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued)

Year ended 31 March 2021

Consolidated balance sheet	2021 £'000	2020 £'000
Housing Properties	40,033	40,424
Other property, plant and equipment	2,380	2,376
Net current assets	2,452	2,181
	<u>44,865</u>	<u>44,981</u>
Creditors: amounts falling due after more than one year	(34,246)	(34,876)
	<u>10,619</u>	<u>10,105</u>
Capital and reserves		
Share capital	-	-
General reserves	10,619	10,105
	<u>10,619</u>	<u>10,105</u>

VALUE FOR MONEY

Our commitment to Value For Money

Achieving Value for Money remains a fundamental business strategy for PRHA, ensuring that we provide an efficient and cost-effective service to our residents. This means aiming to achieve high levels of resident satisfaction whilst also fully contributing to the achievement of wider outcomes for the community and maintaining financial stability.

Meeting our strategic objectives

PRHA aims to strike a balance through its Value for Money decision making which takes into account the seven key objectives of the organisation to:

- Ensure that we provide safe, decent homes for our residents;
- Help more people to avoid or survive homelessness and recover from the causes/effects of homelessness;
- Develop areas of specialism/expertise for our core resident groups to ensure our services provide the best possible outcomes;

- Ensure we listen to our residents and continue to involve them in the running of PRHA;
- Develop more services that contribute to strengthening the local community especially around employment, training and volunteering for excluded groups;
- Diversify our financial base to increase our resilience to changing financial pressures; and
- Make best use of our assets: staff, housing, offices, finance and partnerships.

The Board has reaffirmed its commitment to providing accommodation for people who are vulnerable and need ongoing social care/support. This reflects our long history of providing these services to our local communities, the skills of our staff team and the increasing demand for these services. Whilst we have not delivered any new homes this year we have invested in our current stock to meet changing needs and revised fire safety requirements.

Our Value for Money approach

PRHA aims to deliver a robust Value for Money approach in order to meet its overall strategic objectives, provide good quality services to its residents and to meet the requirements of its commissioners and regulators. It also enables us to maintain financial viability and manage risk within an uncertain and challenging external environment. This strategy is embedded in a number of other PRHA strategies including those for procurement, asset management, human resources and quality. We aim to deliver our strategy by achieving the following objectives some of which have been affected by the pandemic and the restrictions that it has placed upon everyone especially during the periods of national lockdown:

- Involving residents in decisions about service provision and scrutiny of services; this has been very restricted this year as in the past the majority of our resident involvement has been in the form of face-to-face meetings. We were able to involve residents in a review of the new complaints procedure but the Service User Advisory Panel SUAP meetings have not been able to take place. A new resident engagement strategy is being developed;
- Ensuring that Value for Money is a key focus of continuing Board and staff review and that both quality and cost are monitored and reported on. In the last year however Board and staff attention has been almost solely focused on ensuring the safety of our residents and therefore no specific reviews have been carried out;
- Understanding our costs, managing our assets effectively and managing our resources efficiently through effective cost controls and monitoring. This has been a close focus throughout the year. At the beginning of 2020- 2021 we had no way of determining what the impact of the pandemic would be on our costs. We therefore implemented an emergency financial strategy which required us to review all of our activities very closely and divert some expenditure into other costs such as PPE and IT equipment;
- Benchmarking costs internally and externally. Benchmarking groups have not been meeting in the past year but are starting to recommence;

REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued)

Year ended 31 March 2021

- Ensuring our business plans and departmental/service/staff work plans deliver value for money and quality services and that staff understand the role they can play in delivering value for money. The pandemic business continuity plan became the overarching work plan for all departments;
- Ensuring that we meet the requirements and standards of our commissioners. We have worked even more closely than usual with our commissioners to ensure that we meet the requirements of our contracts and the additional requirements in relation to resident & staff safety;
- Ensuring that we maintain organisational cohesion and positive staff relations; PRHA's staff have worked effectively and maintained morale throughout the year. The pandemic task force has met several times a week throughout to ensure effective communication and coordination across departments;
- Challenging how we deliver services and understanding how this relates to quality and cost. The challenge in this case has come from an external factor. Nevertheless we successfully met the challenge of delivering nearly all services in a totally different way. Whilst the primary objective has been resident and staff safety we have paid attention to quality and cost issues. We are starting to look at the learning from this also; and
- Recycling cost savings to further improve services. This was the key objective of the pandemic financial strategy with savings applied reinvested primarily in measures to ensure the safety of residents and staff.

Delivery of our Value For Money Strategy

Governance – The Board approves the strategy and reviews the efficiency of our operations through key performance indicators. It keeps a number of key strategies under ongoing review in the light of changes to funding and economic factors. These include development, treasury and asset management strategies as well as loan financing.

Financial – We are committed to produce efficiency savings and quality gains which will translate into value for money. Approximately 27% of our turnover relates directly to support service contracts and the majority of this is spent directly on the costs of staffing. Income has been fixed for the past eight years under these contracts and is likely to remain fixed or reduce in future years whilst costs are rising due to the concomitant commitment to pay the London Living Wage.

PROVIDENCE ROW HOUSING ASSOCIATION

REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued) Year ended 31 March 2021

Regulator of Social Housing – Value for Money (VFM) metrics

Metrics	PRHA March 2020-21	PRHA March 2019-20	RSH Supported Housing Providers 2020
Re-investment %	0.23	0.21	4.40
New supply delivered (Social housing units) %	0.00	0.00	0.40
New supply delivered (Non-social housing units) %	0.00	0.00	0.00
Gearing %	18.66	18.81	14.20
Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest cover %	237.09	161.36	259.00
Headline social housing cost per unit £	9,127	7,915	9,900
Operating Margin (Social housing lettings only) %	9.27	7.22	10.40
Operating Margin (Overall) %	9.95	7.22	6.50
Return on capital employed (ROCE)	2.10	1.52	3.10

The Board regularly reviews all of its key performance indicators and its strategy for managing its finances and assets as efficiently as possible. PRHA has a strong balance sheet with a low gearing ratio.

We have included the Regulator of Social Housing's 2020 data for supported housing providers (those with over 1/3rd supported housing stock). These figures are extracted from the Regulator of Social Housing (RSH) "Value for money metrics and reporting 2020: Annex to 2020 Global accounts". Although this predominantly reflects returns from larger providers (over 1000 units) it does provide a good comparison for supported housing focussed organisations.

Re-investment % – PRHA continues to make significant investment in its properties to meet its strategic objectives and to ensure compliance with legislation. Over the past three years PRHA has increased its focus on fire safety, planned maintenance and major repairs. Despite the lockdown we have continued to carry out improvement works on void properties and fire safety actions (from our programme and also following the 2020 Fire Risk Assessments). Our re-investment percentage fractionally increased on the previous year. Although this is below the RSH supported housing median we are committed to continuing the investment in improving our properties and maximising our returns over the long term in line with our Asset Management Strategy.

REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued)

Year ended 31 March 2021

New supply delivered % – PRHA has not developed any new properties this year. This is consistent with other providers who focus on supported housing. The higher costs and lower operating margins associated with supported housing mean that the levels of subsidy required and risk associated with new development are generally unsustainable. This is combined with the fact that smaller providers in London find it difficult to develop because of high land and labour costs. Nevertheless the Board continues to appraise potential opportunities and continues to be open to future development.

Gearing % – PRHA's Board closely monitors its key financial performance indicators including the gearing ratio. PRHA has used loan finance to develop and refurbish properties over the past 16 years whilst staying well within its loan covenants allowing scope for future growth. As we are not currently developing stock for general needs or supported housing, there has not been a need to raise further finance. Although at 18.66% we are slightly above the RSH supported housing gearing median of 14.2%, we are well within our covenant requirements enabling us to borrow funds for any future development if our development strategy changes.

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

Interest cover % – PRHA closely monitors its performance, focusing on its ability to remain within borrowing covenants as set out in its loan agreements. This year our EBITDA MRI of 237.09% is roughly equivalent to the RSH supported housing median of 259%. This is a dramatically improved position to last year and is partly due to the specific circumstances of the pandemic and PRHA's financial strategy. With the fall of our interest payments in 2018-2019 we have seen a year on year improvement to our interest cover. The interest cover metric in our loan agreements differs from the RSH measure. We however continue to have comfortable headroom.

Headline social housing cost per unit – Although our headline social housing cost per unit has increased from £7,915 in the previous year so has the RSH median, from £8,460 to £9,900. Our outturn of £9,127 per unit compares favourably with the RSH median for 2020 of £9,900. The increase is due to increases in repairs and maintenance costs and major repairs costs partially attributable to building safety compliance.

We have compared to other supported housing providers as their costs typically run higher than those of general needs providers. In PRHA's case this is because we provide predominantly temporary supported housing with high turnover rates, significant wear and tear and extensive services. We also provide higher levels of housing management in order to ensure that tenancies are sustained and bad debts minimised. This year we have experienced lower tenant turnover and bad debt rates due to the pandemic. However we have continued to run our repairs service throughout within Government guidelines and in supported housing in particular the level of demand for repairs has not decreased.

Operating margin (social housing lettings only) and (overall) % – PRHA's operating margin is appropriate to its business type, predominantly specialist supported housing and social purpose. It enables PRHA to maintain its financial covenants and demonstrates an improving level of financial efficiency. The social housing lettings percentage at 9.27% is broadly comparable with the RSH supported housing providers figure of 10.4%. The operating margin overall is higher than other providers (9.95% against 6.5%) and an improvement on the previous year as we show an improved surplus and turnover position due to tight budgetary controls throughout the year.

PROVIDENCE ROW HOUSING ASSOCIATION

REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued)

Year ended 31 March 2021

Return on capital employed (ROCE) % – Our ROCE improved slightly at 2.10% (previously 1.52%.) and is therefore closer now to the RSH supported housing providers figure of 3.1% This reflects the fact that although we have a strong asset base we are a provider of lower margin support services.

Managing Performance

We continue to review our performance and benchmark ourselves against similar sized organisations working in social housing and support services. We also provide performance information to our tenants and review it with them.

Our key objectives which measure efficiency and economy in our landlord related activities relate to voids and arrears. There have been a number of challenges this year in relation to voids performance including the need to decant some of our shared accommodation at the beginning of the pandemic in order to ensure the safety of residents. There was also a freeze on referrals for part of the year. PRHA was compensated for this by the Local Authority using Government funding. We also experienced lower levels of tenant turnover because of the lockdown. The cumulative impact of these sudden and unpredictable changes was a better voids performance than the previous year (3.60% against 5.80%).

The converse was true with arrears. The pandemic did adversely affect a number of our residents financially and the housing management team maintained close contact, assisting with benefits and other financial advice. Nevertheless performance significantly deteriorated over the previous year (8.64% against 6.27%). This is mainly due to the impact of the Government's suspension of evictions. This reflected in lower bad debts than in previous years as the debt is sitting in the current tenants account until court proceedings recommence. We anticipate long delays until at least the beginning of 2022 if not later.

Combined general needs and supported	Target	Performance 2020-21	Performance 2019-20	Performance 2018-19
Void levels average	5.39%	3.60%	5.80%	3.67%
Current arrears	6.00%	8.64%	6.27%	5.92%

Tenant focus

Improved resident satisfaction with our services is a key objective in our strategic plan. This year has challenged our mechanisms for resident involvement. The need to prioritise social distancing has meant that our usual structures involving face-to-face contact have not been able to operate. Particularly in our supported housing, there are very low levels of literacy and digital skills which means we cannot just switch to digital means of consultation. In our supported housing schemes there has continued to be daily interaction between staff and residents and this has ensured that ideas, comments and complaints have been responded to effectively. In our other housing, residents have been contacted by the housing team both to check on their welfare and to receive any feedback.

We carried out a survey on changes to a complaints process and were pleased to receive responses from over 20 percent of our residents. Some agreed to continue their involvement through a virtual complaints consultation.

PROVIDENCE ROW HOUSING ASSOCIATION

REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued)

Year ended 31 March 2021

We still have resident involvement at Board level and usually Board members also meet regularly with the SUAP. This group reviews policies and key initiatives. It also sets the standards that residents expect from PRHA and then monitors the performance of PRHA. This year these meetings have not taken place due to the pandemic but plans are in place to revive them.

The residents' selected priority areas for 2019 were: maintenance, how well PRHA listens to the views of our residents, and how well we keep our residents informed. This was not revisited in 2020-2021 due to the restrictions of lockdown. Residents will be asked in 2021-2022 to again identify their priority areas.

Our Maintenance Advisory Panel is also being reintroduced. This consists of PRHA residents who review all aspects of the repairs and maintenance service and carry out inspections of our properties.

Reviewing our satisfaction data forms is an essential part of ensuring that our services meet the expectations of our residents and this includes the use of SPBM Smaller Housing Association benchmark data to compare performance with other organisations within the sector. The data is used as part of the VFM review process and improvements are targeted through departmental work plans.

We were unable to undertake our 2020 Annual Satisfaction survey due to the pandemic. Many of our supported housing tenants in particular are not able to engage with surveys or other forms of consultation using digital technology. The figures below therefore compare the outcomes for the 2021 survey with those for 2019 and 2018.

General needs (GN) and supported (SH)	Survey 2021	SPBM 2020 SH	SPBM 2020 GN	Survey 2019	Survey 2018
Overall satisfaction with services	88%	90%	89%	88%	93%
Satisfied that landlord listens to/acts upon tenant's views	85%	85%	79%	85%	87%
Satisfaction that rent provides value for money	85%	85%	89%	87%	88%
Satisfaction with the standard of cleaning	89%	N/A	N/A	92%	86%
Satisfaction with repairs and maintenance services	72%	80%	87%	86%	86%
Satisfaction with estate services	80%	N/A	N/A	89%	90%
Satisfaction with the overall quality of home*	86%	88%	89%	89%	90%
Satisfaction that service charges provide value for money	84%	84%	77%	85%	87%

REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued)

Year ended 31 March 2021

*In our surveys this is phrased as satisfaction with the quality of accommodation overall.

- The outcomes of the 2021 survey will be discussed with residents and recommendations incorporated into the departmental work plans.
- Our 2021 survey shows that overall satisfaction with our services has remained the same in 2019 (88%). This sits 1% below the benchmark figures for general needs housing and 2% below supported housing.
- Satisfaction that PRHA listens to/acts upon tenants' views also remained the same at 85%. This is equivalent to the benchmark supported housing figure and 6% higher than the benchmark general needs figure.
- Satisfaction that rent provides value for money is slightly lower than in 2019. The 85% outturn was equivalent to the benchmarking median figure for supported residents but below the 89% for general needs residents. Satisfaction that service charges provide value for money also dropped by one percentage point to 84%.
- Satisfaction with the standard of cleaning and with the repairs service decreased. The cleaning outturn (89%) compares to 92% in 2019 and 86% in 2018. This was expected given the particular features of the Covid pandemic. While we increased substantially the frequency of cleaning of communal areas there were understandably increased resident concerns and expectations. There are no plans currently to decrease the frequency of communal area cleaning.
- Satisfaction with the repair service decreased to 72% from 86% in 2019. Again this was expected given the Government's restrictions on contractor attendance in homes. We maintained an emergency and urgent service throughout but had to suspend routine repairs for most of the year. We are however reviewing these figures in the light of benchmarking outcomes of 80% for supported and 89% for general needs residents and will be reporting back to residents on this later in the year.
- Similar issues arose for estate services and therefore a decreased satisfaction rating of 80% against 2019 figures of 89%. No benchmarking data is available for this metric.
- Satisfaction with the overall quality of home also dropped 3 % to 86% which takes it 2% below the supported housing benchmark and 3% below the general needs benchmark. This will be investigated further. Obviously residents have been spending significantly more time in their homes and this may have raised issues for them. It is possible this also reflects the restrictions on repairs and maintenance this year described above.

Benchmarking data is taken from the Acuity 2020 Annual Report for Smaller Housing Providers.

Repairs Service

Performance in repairs is one of the most important aspects of our service for residents. This year has presented unprecedented challenges. For a large part of the year non-essential repairs were not permitted by the Government under the lockdown rules. Even if repairs were considered essential contractors were not allowed to enter homes where anyone had symptoms of Covid. Contractors resources were depleted by the need for their staff to self-isolate if symptomatic. Also the national lockdown meant a shortage of some materials (and originally PPE) and issues with logistics.

PROVIDENCE ROW HOUSING ASSOCIATION

REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued)

Year ended 31 March 2021

For PRHA's supported housing these issues were complicated by the fact that there are significant shared areas and a lot of people mixing under one roof. Our primary objective was to ensure that there was no outbreak of Covid on these premises. There were also challenges in determining what was non-essential in this sort of environment. Therefore a lot of tenant-like repairs continued to be carried out by our operatives.

Repairs performance therefore dropped for all four indicators and none met the targets established for previous years.

	Target	Performance 2020-21	Benchmark 2019-20 (SPBM)	Performance 2019-20
Emergency repairs	100.00%	99.3%	100.0%	100.0%
Urgent repairs	98.00%	85.0%	96.6%	95.9%
Routine repairs	98.00%	91.1%	97.0%	99.1%
Appointments kept as a percentage of those made	98.00%	91.9%	n/a	98.3%

For emergency repairs performance dropped by 0.7%. This represents two jobs which both required a second visit by the contractor. Despite this no tenant was left in an unsafe situation. Staff worked closely with tenants to ensure that any risk was fully mitigated.

Urgent repairs performance dropped to 85%. While initial reports were responded to swiftly there were delays for large parts of the year in following up due to shortages of parts and labour. There was also some understandable hesitancy on the part of tenants to allow anyone into their homes unless absolutely necessary.

Routine repairs performance dropped from 99.1% to 91.1%. While many tenants (particularly in our general needs properties) held off reporting routine repairs, there was some backlog.

This year we have not benchmarked our repairs performance. Although all Registered Providers faced similar challenges in general needs, the specific features of PRHA's supported housing do make this difficult this year.

See also the repairs satisfaction responses in the satisfaction survey section.

The 2019-2020 benchmarking figures in the table above show median performance data from all contributing Housing Associations to SPBM via Acuity.

Community Benefit

As a locally based landlord and employer, PRHA aims to benefit its local communities. We usually work closely with Tower Hamlets Workpath programme to provide employment and work experience opportunities for local residents. Given lockdown this was not possible but this will recommence as soon as it is safe to do so.

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REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued)

Year ended 31 March 2021

RISK MITIGATION

The Board usually reviews the risk register annually at the Risk Panel, during Awayday discussions and when any risk issues emerge or circumstances change.

This year we had the unprecedented situation of having nine level 1 (extremely high) risks. This reflected the management of risk in uncertain times and the impact of the pandemic on every area of our operations, on the external environment and on the safety of our staff and residents. While all of the risks could be mitigated to some extent not all of the factors were within our control.

- Health and safety
- Staff
- Loss of business /erosion of operating surplus & central costs
- Income maximisation
- Support services
- Economic pressures
- Disaster recovery
- Government policy in relation to funding streams
- Regulatory compliance & governance including GDPR

Each of these areas is broken down into key components and then assigned mitigating actions. These actions aim to minimise the impact on residents and other stakeholders. This process provided a clear focus on the key risks to control and is an ongoing priority for the Senior Management Team.

A financial risk mitigation strategy was agreed by the Board in April 2020 and implemented immediately. We also increased the frequency of Board meetings to keep this and other risks under regular review. The strategy identified key risk areas (e.g. staffing costs and voids losses) and mitigation included accessing Government funding (including furlough job retention schemes), advice/support to residents in financial difficulties and reallocating non-essential expenditure.

The Board also carried out the full annual risk review in June 2020 and revised the risk register in conjunction with the Covid-19 Business Continuity Plan. As a result of reviewing the risk register a recruitment campaign recruited three new trustees to the Board, including a new lead on Risk, one on building safety and one on Social Enterprise/income generation.

A review of the future operation of the Risk and Audit Scrutiny Group was also carried out and we have agreed new Terms of reference and Membership and agreed to increase meetings to twice per year.

COMPLIANCE WITH GOVERNANCE AND FINANCIAL VIABILITY STANDARD

PRHA ensures compliance with the requirements of the Regulator of Social Housing's Governance and Financial Viability Standards through regular review of governance arrangements, risk review and financial planning. The Board considers that PRHA complies with all requirements of the Regulatory Framework.

PROVIDENCE ROW HOUSING ASSOCIATION

REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued)

Year ended 31 March 2021

THE BOARD AND DIRECTORS

The Board and Directors of PRHA are listed on page 2. Each member of the Board holds one fully paid share of £1 in PRHA. The Directors hold no interest in PRHA's share capital.

STATEMENT OF THE BOARD'S RESPONSIBILITIES

The Board members are responsible for preparing the report of the Board and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law and social housing legislation require the Board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing these financial statements, the Board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The Board members are responsible for keeping adequate accounting records that are sufficient to show and explain the association's transactions and disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that 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. They are also responsible for safeguarding the assets of the association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2018.

Financial statements are published on the association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the association's website is the responsibility of the Board members. The Board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

GOING CONCERN

After reviewing the Annual Budget and Business Plan in March 2021, the Board considered that PRHA has adequate resources to continue in operational existence for the foreseeable future. Despite the Covid-19 pandemic, PRHA exceeded its budgeted surplus. The Board has also reviewed financial projections for the period up to 2026. These projections include annual outturns, cashflow and stress testing for scenarios relating to voids and bad debts and adult social care contracts. This included considering the potential impact of future pandemics. After factoring into account these possible scenarios, PRHA remains compliant with loan covenants and the Board considers that sufficient funds are in place for the ongoing running of the business. PRHA does not currently have an active development or sales programme with their associated risks.

The Board and Senior Management team will continue to closely monitor the external environment and review the financial implications of any new events. They will also regularly review performance against the revised budget and stress test any emerging risks.

Given the strength of the balance sheet and cash flow projections the Board believe that, while uncertainty continues to exist, this does not pose a material uncertainty that would cast doubt on PRHA's ability to continue as a going concern. The Board, therefore, consider it appropriate for the accounts to be prepared on a going concern basis.

CORPORATE GOVERNANCE

The National Housing Federation's (NHF) "Code of Governance – Promoting board excellence for housing associations" was issued in 2015. It is intended for the guidance of housing associations, so that they can continue to follow the highest standards of governance, accountability and probity while responding to an environment of change and risk. The Code is the embodiment of the values underlying the voluntary housing movement.

The Code aims to assist associations to be competent, accountable, independent and diverse. Its recommendations are meant as guidance to best practice and are not mandatory.

The Board has fully adopted and complies with the Code of Governance. It will be considering the new Code of Governance (2020) later this year.

STATEMENT ON INTERNAL CONTROLS ASSURANCE

INTERNAL CONTROLS STATEMENT

The Board has overall responsibility for establishing and maintaining the whole system of internal controls and for reviewing its effectiveness.

The Board recognises that no system of internal controls can provide absolute assurance or eliminate all risk. The system of internal controls is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of PRHA's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the PRHA is exposed.

The process adopted by the Board in reviewing the effectiveness of the system of internal controls, together with some of the key elements of the controls framework includes:

- *Identification and evaluation of key risks*

The Board is responsible for overseeing the process of identifying, managing and evaluating risks. It reviews PRHA's risk map and action plan annually (and whenever necessitated by external or internal change). The twice yearly annual Risk and Audit Panel reviews identify and monitor key risks throughout the year and ensures that the Board is aware of these.

The Board also receives information from a range of sources to gain assurance that risks are being identified and that controls procedures are working. The internal controls framework and risk management process are subject to regular review by The Internal Audit Association, who are employed to provide independent assurance to the Board. Other sources of assurance include: the external auditors report, the Chief Executive's annual internal controls assurance report, regular performance indicator reporting, reports from external regulators, Health and Safety consultants reviews and quality assurance reviews, in particular Commissioning team reviews for vulnerable adults' services, Care Quality Commission and Investors in People reviews.

Management responsibility has been clearly defined for the identification, evaluation and controls of significant risks. There is a formal and ongoing process of management review in each area of PRHA's activities. This process is co-ordinated through a regular reporting framework by the Senior Management Team. The Senior Management Team regularly consider reports on significant specific risks facing PRHA and the Chief Executive is responsible for reporting to the Board any significant changes affecting key risks.

- *Monitoring and corrective action*

PRHA has instigated a continuous improvement process for strengthening internal controls. This takes the form of an internal controls action plan outlining key controls areas within the six main controls framework areas: Procedures; Regular Internal Auditing; Separation of functions; Monitoring of authorisation and expenditure; Training, induction and supervision of staff and review by the Senior Management Team and Management Board. This is monitored by the Senior Management Team and the Risk and Audit Panel/Finance Scrutiny Group. This ensures that corrective action is taken in relation to any significant controls issues, particularly those with a material impact on the financial statements. Work is continuing on maintaining awareness of internal controls at all levels of staff teams.

- *Controls environment and controls procedures*

The Board retains responsibility for a defined range of issues covering strategic, operational, and financial and compliance issues including treasury strategy and new investment projects. The Board has adopted the National Housing Federation Code of Governance and complies with it.

The Board disseminates its requirements to all employees through PRHA's policies with regard to the quality, integrity and ethics of its employees. It is supported by a framework of policies and procedures with which all employees must comply. These cover issues including delegated authority, tendering and procurement, Disclosure & Barring Service checks, treasury management, health and safety, protection of service users from abuse, data and asset protection, whistleblowing and fraud prevention and detection. All new staff are required to acknowledge understanding of key policies during their probationary period.

- *Regulator of Social Housing (RSH)*

The Board has responsibility for ensuring that PRHA complies with its regulatory obligations. RSH generally focus on the robustness of the PRHA's finance and risk strategies and the effectiveness of its corporate governance. PRHA has less than 1,000 properties and therefore is not subject to the same level of scrutiny as larger Registered Providers. Nevertheless the Board has taken the view that the standards as previously applied constitute good practice which PRHA will continue to aim to comply with. The Board of PRHA are subject to the Regulatory Framework for Social Housing in England 2015 (as updated in 2017).

PRHA has a significant commitment to co-regulation with a resident on the Board and involved in a range of decision making and management roles. This is supported by the annual performance report and the agreement with residents of a set of service standards. Residents are also involved in inspection and audit processes across PRHA's activities. Although this has been disrupted by the pandemic it continues to be at the core of our strategic and operational systems.

PROVIDENCE ROW HOUSING ASSOCIATION

REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued) Year ended 31 March 2021

PRHA has complied with the revised Value for Money standard in the text of these accounts.

- *Information and financial reporting systems*

Financial reporting procedures for PRHA include detailed budgets for the year ahead and forecasts for the subsequent years. These are reviewed and approved by the Board. A detailed 10 year financial model is being used to enable more accurate forecasting and scenario planning given the particular risks inherent in managing a large number of social care contracts. The Board also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

The Board has received the Chief Executive's annual report and has considered any changes needed to maintain the effectiveness of the risk management and controls process.

SHAREHOLDING MEMBERSHIP

The shareholding membership consists mainly of current and past Board and Committee members, but not any of the senior staff. Each member holds one fully paid share of £1 of PRHA. The holding of shares confers no beneficial entitlement. There are 14 shares in issue.

APPOINTMENT OF AUDITORS

A resolution to reappoint BDO LLP as auditors of PRHA will be put to the Annual General Meeting.

By order of the Board



F. HUMPHREY

Secretary and Chief Executive
19 August 2021

Opinion on the financial statements

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 the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance 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.

We have audited the financial statements of Providence Row Housing Association ("the Association") for the year ended 31 March 2021 which comprise the Association statement of comprehensive income, the Association balance sheet, the Association statement of changes in reserves, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the board members' 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROVIDENCE ROW HOUSING ASSOCIATION (Continued)

Other information

The board are 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 we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information including the Report of the Board and Strategic Review, 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 where we are required by the Co-operative or Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the Association; or
- a satisfactory system of control has not been maintained over transactions; or
- the Association financial statements are not in agreement with the accounting records and returns; 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 18, 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 members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board are 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 intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROVIDENCE ROW HOUSING ASSOCIATION (Continued)

be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Association and the industry in which it operates, we identified that the principal laws and regulations that directly affect the financial statements to be 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. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

In addition the Association is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: employment law, data protection and health and safety legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence if any.

Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reading minutes of meeting of those charged with governance, and reviewing correspondence with HMRC;
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to the impairment of housing properties, depreciation on tangible fixed assets (including component accounting); and bad debt provision.
- In addressing the risk of fraud, including the management override of controls and improper income recognition, we tested the appropriateness of certain manual journals, reviewed the application of judgements associated with accounting estimates for the indication of potential bias and tested the application of cut-off and revenue recognition.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

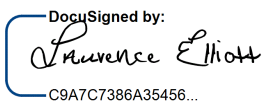
PROVIDENCE ROW HOUSING ASSOCIATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROVIDENCE ROW HOUSING ASSOCIATION (Continued)

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.

Use of our report

This report is made solely to the members of the Association, as a body, in accordance with in accordance with the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014. 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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BDO LLP

Statutory Auditor
London,
United Kingdom

Date: 01 September 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

PROVIDENCE ROW HOUSING ASSOCIATION

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Turnover	3	9,292	8,043
Operating costs	3	(8,383)	(7,463)
		<hr/>	<hr/>
Operating surplus	3/5	909	580
Interest receivable		3	16
Interest and financing costs	8	(398)	(425)
		<hr/>	<hr/>
Surplus and total comprehensive income for the year		514	171
		<hr/>	<hr/>

All amounts relate to continuing activities.

The notes on pages 30 to 51 form part of these financial statements.

PROVIDENCE ROW HOUSING ASSOCIATION

BALANCE SHEET
At 31 March 2021

	Note	2021 £'000	2020 £'000
FIXED ASSETS			
Housing Properties	10	40,033	40,424
Other property, plant and equipment	11	2,380	2,376
		<u>42,413</u>	<u>42,800</u>
CURRENT ASSETS			
Debtors	12	240	481
Cash and cash equivalents		5,441	4,155
		<u>5,681</u>	<u>4,636</u>
CREDITORS: amounts falling due within one year	13	(3,229)	(2,455)
		<u>2,452</u>	<u>2,181</u>
NET CURRENT ASSETS			
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>44,865</u>	<u>44,981</u>
CREDITORS: amounts falling due after more than one year	14	(34,246)	(34,876)
		<u>10,619</u>	<u>10,105</u>
NET ASSETS			
CAPITAL AND RESERVES			
Share capital	17	-	-
General reserves		10,619	10,105
		<u>10,619</u>	<u>10,105</u>

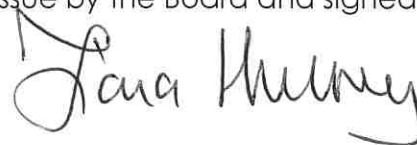
These financial statements were approved and authorised for issue by the Board and signed on its behalf by:



J. BAKER
Vice Chairman



A. DISLEY
Board Member



F. HUMPHREY
Secretary and Chief Executive

Date of approval: 19 August 2021

The notes on pages 30 to 51 form part of these financial statements.

PROVIDENCE ROW HOUSING ASSOCIATION

STATEMENT OF CHANGES IN RESERVES For the year ended 31 March 2021

	Share Capital £'000	General Reserves £'000	Total £'000
Balance at 1 April 2019	-	9,934	9,934
Total comprehensive income for the year	-	171	171
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2020	-	10,105	10,105
Total comprehensive income for the year	-	514	514
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2021	-	10,619	10,619
	<hr/>	<hr/>	<hr/>

The notes on pages 30 to 51 form part of these financial statements

PROVIDENCE ROW HOUSING ASSOCIATION

STATEMENT OF CASH FLOWS

Year ended 31 March 2021

	2021	2020
	£'000	£'000
Cash flows from operating activities		
Surplus for the financial year	514	171
Adjustments for:		
Depreciation of fixed assets – housing properties	459	459
Depreciation of fixed assets - other	39	21
Amortised grant	(359)	(363)
Interest paid and finance costs	398	425
Interest received and income from investments	(3)	(16)
Decrease/(Increase) in debtors	241	(210)
Increase/(Decrease) in creditors	774	(1,021)
Net cash generated from/(used in) operating activities	2,063	(534)
Cash flow from investing activities		
Purchase of tangible fixed assets	(111)	(821)
Receipt of grant	-	525
Interest received	3	16
Net cash (used in) investing activities	(108)	(280)
Cash flow from financing activities		
Interest paid	(398)	(425)
Repayment of borrowings	(271)	(270)
Net cash (used in) financing activities	(669)	(695)
Net increase/(decrease) in cash and cash equivalents	1,286	(1,509)
Cash and cash equivalents at beginning of year	4,155	5,664
Cash and cash equivalents at end of year	5,441	4,155

The notes on pages 30 to 51 form part of these financial statements.

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS

Year ended 31 March 2021

1 LEGAL STATUS

PRHA is a regulated charitable housing association registered under the Co-operative and Community Benefit Societies Act 2014 (No. 19322R). PRHA is registered with the Regulator of Social Housing as a social landlord (No. L0695) and public benefit entity.

The Registered office address and principal place of business is Providence House, 458 Bethnal Green Road, London E2 0EA.

2 ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared in accordance with applicable law and UK accounting standards and the Statement of Recommended Practice for Accounting by Registered Social Housing Providers (SORP 2018) under the historic cost convention and comply with the Accounting Direction for private registered providers of social housing 2019 ("the Direction").

The financial statements are presented in Sterling (£'000).

The principal accounting policies of PRHA are set out below.

Turnover

Turnover represents rental income receivable, fees receivable and grants from local authorities, the Regulator of Social Housing and other agencies.

Turnover is recognised as follows:

- Rental income and service charges are recognised in the period to which it relates net of rent and service charge losses from voids.
- Revenue grants are recognised in the Statement of Comprehensive Income in the same period as the expenditure to which they relate.
- Capital grants received are initially deferred and then credited to turnover in the Statement of Comprehensive Income on a straight line basis over the expected life of the asset which they have funded.
- Charges for support services funded under Supporting People are recognised as they fall due under the contractual agreement with Administering Authorities.

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2021

ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefits. Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings, development costs, interest capitalised during the development period and directly attributable administration costs.

Depreciation of housing property

Housing land and property is split between land, structure and other major components that are expected to require replacement over time.

Depreciation is calculated on the cost of properties and their major components and is charged on a straight line basis over their expected useful economic lives as shown below. Freehold land is not depreciated.

• Structure	100 years
• Roof and coverings	70 years
• Electrics	40 years
• Bathroom	30 years
• Mechanical systems	30 years
• Windows and Doors	30 years
• Lift	25 years
• Kitchen	20 years
• Boilers	15 years

Where assets are leased the depreciation term is the lower of the rates above or the lease term.

Assets are not depreciated in the year of acquisition/completion.

Capital items having a cost of less than £1,000 are immediately expensed to the Statement of Comprehensive Income.

Other property, plant and equipment and depreciation

Other property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected useful lives of the assets at the following rates:

Furniture	-	20% per annum on cost
Computer equipment	-	20% per annum on cost

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued) **Year ended 31 March 2021**

ACCOUNTING POLICIES (Continued)

Impairment

Annually housing properties are assessed for impairment indicators. For the purposes of impairment assessments, units and bed spaces are grouped together into properties and treated as cash generating units for impairment purposes.

At each statement of financial position date, each property is assessed to determine if there are indicators that the property may be impaired in value; if there are such indicators of impairment, then a comparison of the property's carrying value is made to its recoverable amount. Any excess over the recoverable amount is recognised as an impairment loss and charged as expenditure in the Statement of Comprehensive Income; the carrying value is reduced appropriately.

The assessment of the recoverable amount takes account of the service potential of the assets or the present value of future cash flows to be derived from them adjusting for any costs or restrictions. The use of depreciated replacement cost is taken as a suitable measurement model.

Amortisation of Government grants

Government grants received for housing properties are recognised in income over the useful life (as identified for the depreciation charge) of the housing property structure.

Recycled Capital Grant Fund

On the occurrence of certain relevant events, primarily the sale of dwellings, the Regulator of Social Housing can direct PRHA to recycle capital grants or to make repayments of the recoverable amount. PRHA adopts a policy of recycling, for which a separate fund is maintained. If unused within a three year period, it will be repayable to the Regulator of Social Housing with interest. Any unused recycled capital grant held within the recycled capital grant fund, which it is anticipated will not be used within one year is disclosed in the balance sheet under "creditors due after more than one year". The remainder is disclosed under "creditors due within one year".

Where there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within creditors is released and recognised as income within the income and expenditure account.

Agencies

The transactions incurred directly by agencies managing the supported housing projects are not consolidated in the financial statements where the related risks and rewards are with the agency.

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued)

Year ended 31 March 2021

ACCOUNTING POLICIES (Continued)

Financial Instruments

Financial assets and liabilities are recognised in the statement of financial position when PRHA becomes a party to the contractual provisions of the instrument.

Trade (including rental) and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank and short-term bank deposits with an original maturity of three months or less.

Interest bearing bank loans which meet the criteria to be classified as basic financial instruments are initially recorded at the value of the cash payable to the bank, which is ordinarily equal to the proceeds, received net of direct issue costs. Subsequent measurement of the bank loans are recorded at the value of the cash payable to the bank. PRHA loans meet the definition of basic financial instruments.

Contingent liabilities

A contingent liability is recognised for a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources; or for a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or when a sufficiently reliable estimate of the amount cannot be made.

A contingent liability exists on grant repayment which is dependent on the disposal of related property.

Management of units owned by others

Management fees receivable and reimbursed expenses are shown as income and included in management fees receivable. Costs of carrying out the management contracts and rechargeable expenses are included in operating costs.

Bad debt provision

The bad debt provision is based on 100% of former tenant rent arrears and between 5% - 100% of current tenant rent arrears. We deem this as reasonable. We will however consider reviewing this policy if we see a considerable rise in rental debtors.

ACCOUNTING POLICIES (Continued)

Social housing grant

Social Housing Grant (SHG) is a capital grant made towards the cost of acquiring and/or building additional housing for rent or sale.

SHG is repayable unless formally abated or waived. On the occurrence of certain relevant events, primarily following the sale of property, the SHG repayable or to be recycled will be restricted to the net proceeds of sale where appropriate. In recognition of this, external lenders seek the subordination of the Regulator of Social Housing's right to recover SHG to their own loans.

Social housing grant (SHG) is receivable from the Regulator of Social Housing and is recognised in income over the expected useful life of the housing property structure under the accruals model. SHG due from the Regulator of Social Housing or received in advance is included as a current asset or liability. SHG received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates.

Going Concern

After reviewing the Annual Budget and Business Plan in March 2021, the Board considered that PRHA has adequate resources to continue in operational existence for the foreseeable future. Despite the Covid-19 pandemic, PRHA exceeded its budgeted surplus. The Board has also reviewed financial projections for the period up to 2026. These projections include annual outturns, cashflow and stress testing for scenarios relating to voids and bad debts and adult social care contracts. This included considering the potential impact of future pandemics. After factoring into account these possible scenarios, PRHA remains compliant with loan covenants and the Board considers that sufficient funds are in place for the ongoing running of the business. PRHA does not currently have an active development or sales programme with their associated risks.

The Board and Senior Management team will continue to closely monitor the external environment and review the financial implications of any new events. They will also regularly review performance against the revised budget and stress test any emerging risks.

Given the strength of the balance sheet and cash flow projections the Board believe that, while uncertainty continues to exist, this does not pose a material uncertainty that would cast doubt on PRHA's ability to continue as a going concern. The Board, therefore, consider it appropriate for the financial statements to be prepared on a going concern basis.

ACCOUNTING POLICIES (Continued)

Apportionment of management expenses

Direct employee, administration and operating costs have been apportioned to the relevant sections of the income and expenditure account on the basis of costs of the staff directly engaged on the operations dealt with in these financial statements.

Pension costs

PRHA operates a number of Stakeholders' Pension Schemes where PRHA's liability is limited to the Contracted Employer's contribution rate.

Operating leases

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

Supporting People (SP) grant accounting policy

Turnover includes (SP) grant income received from administering authorities, plus support charges to individual tenants. The related expenditure is included in operating cost.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the key judgements have been made in respect of the following:

- Whether there are indicators of impairment of the tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset. The Board members have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on Existing Use Value – Social Housing (EUV-SH) or depreciated replacement cost.

Other key sources of estimation uncertainty

- *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 value are assessed annually and may vary depending on factors such as future market conditions, the remaining life of the asset and the disposal values.

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2021

ACCOUNTING POLICIES (Continued)

In assessing impairment of assets an estimate of the rebuild cost is applied and depreciation is calculated based on the age of the existing property to arrive at a depreciated replacement cost.

- *Rental and other trade receivables (debtors)*

The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

- *Revenue recognition around particular contracts – for example, supporting people*

Charges for services provided and Supporting People income are recognised as income when PRHA has provided the service concerned. Grants made as contributions to revenue expenditure are credited to income in the period in which the related expenditure is incurred.

- *Bad debt provision*

The trade debtors balances recorded in the statement of financial position comprise a relatively large number of small balances. A full line by line review of trade debtors is carried out at the end of each month. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectible.

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS year ended 31 March 2021 (Continued)

3 TURNOVER, OPERATING EXPENDITURE AND OPERATING SURPLUS						
	2021			2020		
	Turnover £'000	Operating Expenditure £'000	Operating Surplus £'000	Turnover £'000	Operating Expenditure £'000	Operating Surplus £'000
Social housing lettings (Note 4)	8,731	(7,921)	810	7,828	(7,263)	565
Other social housing activities	561	(462)	99	215	(200)	15
TOTAL	9,292	(8,383)	909	8,043	(7,463)	580

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued)
Year ended 31 March 2021

4 LETTING ACTIVITIES

	Supported Housing £'000	General Needs £'000	Agency Managed £'000	2021 Total £'000
Income				
Rent receivable net of identifiable service charges	2,297	645	-	2,942
Service charge income	2,697	203	-	2,900
Amortised government grants	253	94	12	359
Supported housing	2,009	-	-	2,009
Other	91	2	428	521
Turnover from Social Housing Lettings	7,347	944	440	8,731
Expenditure				
Management	1,277	178	69	1,524
Service charge costs	2,136	254	99	2,489
Routine maintenance	570	132	26	728
Major repairs expenditure	81	71	91	243
Bad debts	81	5	-	86
Depreciation of housing properties	299	127	33	459
Supported housing	2,392	-	-	2,392
Operating expenditure on Social Housing Lettings	6,836	767	318	7,921
Operating surplus on Social Housing Lettings	511	177	122	810
Void losses	(205)	(13)	-	(218)

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued)
Year ended 31 March 2021

4 LETTING ACTIVITIES (CONTINUED)

	Supported Housing £'000	General Needs £'000	Agency Managed £'000	2020 Total £'000
Income				
Rent receivable net of identifiable service charges	1,878	637	-	2,515
Service charge income	2,564	203	-	2,767
Amortised government grants	255	94	14	363
Supported housing	1,683	-	-	1,683
Other	87	13	400	500
Turnover from Social Housing Lettings	6,467	947	414	7,828
Expenditure				
Management	1,112	230	76	1,418
Service charge costs	1,935	139	95	2,169
Routine maintenance	391	75	48	514
Major repairs expenditure	142	84	24	250
Bad debts	112	3	-	115
Depreciation of housing properties	311	127	17	455
Supported housing	2,342	-	-	2,342
Operating expenditure on Social Housing Lettings	6,345	658	260	7,263
Operating surplus on Social Housing Lettings	122	289	154	565
Void losses	(330)	(1)	-	(331)

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2021

5 OPERATING SURPLUS

Is stated after charging:

	2021 £'000	2020 £'000
Depreciation		
- Social housing properties held for lettings	444	444
- Other property, plant and equipment	39	21
- Accelerated depreciation	15	15
	<u>498</u>	<u>480</u>
Auditors' remuneration		
- External – audit services current year (excluding VAT)	<u>28</u>	<u>25</u>

6 DIRECTORS' AND SENIOR EXECUTIVES EMOLUMENTS

The key management personnel are defined as the Board of Management, the Chief Executive and the Executive Management Team. None of the Board members received any emoluments in either year. The Board members, received £Nil (2020: £1,944) for board expenses during the year.

The total emoluments paid to Directors (who for the purpose of this note include the members of the Board and the executive management team) were as follows:

	2021 £'000	2020 £'000
Gross salary	258	254
Social security costs	31	30
Employer's pension contributions	12	12
	<u>301</u>	<u>296</u>

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2021

6 DIRECTORS' AND SENIOR EXECUTIVES EMOLUMENTS (CONTINUED)

The total amount payable to the Chief Executive, who was also the highest paid director in respect of emoluments was as follows:

	2021 £'000	2020 £'000
Highest paid Director		
Aggregate remuneration (excluding pension)	90	90
Pension contribution	5	5
	<hr/>	<hr/>
Emoluments (including pension contributions and benefits in kind)	95	95
	<hr/>	<hr/>

During the year pension contributions of £4,500 (2020: £4,500) were paid by PRHA for the benefit of the Chief Executive. The Chief Executive is an ordinary member of the scheme. The scheme to which they were paid is the Legal and General Assurance Society Stakeholders Pension.

Salary bandings for all employees earning over £60,000 (including pension)

	2021 No.	2020 No.
£60,000 to £70,000	1	1
£90,001 to £100,000	1	1

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2021

7 EMPLOYEE INFORMATION

The average number of persons (including the Chief Executive) employed during the year, expressed in full time equivalent members of staff, was 108 (2020: 89).

	2021 £'000	2020 £'000
Staff costs were as follows:		
Wages and salaries	2,938	2,690
Social security costs	297	254
Pension costs (note 18)	96	85
	<u>3,331</u>	<u>3,029</u>

Staff costs of £281,839 (2020: £284,139) were paid to various agencies.

Staff costs include redundancy payments amounting to £Nil (2020: £53,418).

Full time equivalents are calculated for full time and part time staff based on a standard working week of 35 – 40 hours.

8 INTEREST PAYABLE AND SIMILAR CHARGES

	2021 £'000	2020 £'000
On bank loans	398	425
	<u>398</u>	<u>425</u>

9 TAX

PRHA is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly PRHA is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

No tax charge arose in the period.

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued)
Year ended 31 March 2021

10 TANGIBLE ASSETS – HOUSING PROPERTIES

	Social housing properties held for letting £'000
Cost	
At 1 April 2020	46,641
Additions	
- replaced components	82
- work to existing properties	10
- transfers between categories	(23)
Disposals	
- replaced components	(77)
At 31 March 2021	46,633
Depreciation	
At 1 April 2020	6,217
Charge for year	444
Disposals	
- replaced components	(61)
- transfers between categories	-
At 31 March 2021	6,600
Net book value at 31 March 2021	40,033
Net book value at 31 March 2020	40,424

	2021 £'000	2020 £'000
Expenditure on works to existing properties		
Amount expensed to the income and expenditure account	243	250
(included in routine maintenance as above)		
Amounts capitalised in fixed asset housing properties	92	83
	335	333

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2021

10 TANGIBLE ASSETS – HOUSING PROPERTIES (CONTINUED)

The net book value of housing properties may be further analysed as:

	2021 £'000	2020 £'000
Freehold	27,370	27,613
Long Leasehold	9,466	9,554
Short Leasehold	3,197	3,257
	<u>40,033</u>	<u>40,424</u>

Impairment

During the year, PRHA has not recognised any impairment loss (2020 - £Nil) in respect of social housing properties.

PRHA undertook an impairment loss review as follows:

- Determined the level at which the recoverable amount is to be assessed;
- Estimated the recoverable amount of the properties;
- Calculated the carrying amount of the properties; and
- Compared the carrying amount to the recoverable amount to determine if an impairment loss has occurred.

PRHA calculated the Depreciated Replacement Cost (DRC) of each social housing property with a 2.7 percent rent increase in 2020, using the rebuild costs and land prices depreciated based on the age of the existing property. This was then compared to the carrying amount of each asset. There was no impairment of social housing properties.

Properties held for security

PRHA had property with a net book value of £25.4 million pledged as security at 31 March 2021 (2020 £25.7m).

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued)
Year ended 31 March 2021

11 TANGIBLE ASSETS - OTHER PROPERTY, PLANT AND EQUIPMENT

Cost	Office Buildings £'000	Computer equipment £'000	Furniture and equipment £'000	Total £'000
At 1 April 2020	2,559	285	597	3,441
Additions	19	-	-	19
Transfers between categories	23	-	-	23
At 31 March 2021	2,601	285	597	3,483
Depreciation				
At 1 April 2020	221	279	565	1,065
Charge for year	25	6	7	38
Transfers between categories	-	-	-	-
At 31 March 2021	246	285	572	1,103
Net book value at 31 March 2021	2,355	-	25	2,380
Net book value at 31 March 2020	2,338	6	32	2,376

The net book value of office buildings may be further analysed as:

	2021 £'000	2020 £'000
Freehold	2,355	2,338
	2,355	2,338

PRHA partially relocated its head office to other premises in 2019-20. Both offices are currently in use for office purposes. Once the pandemic situation stabilises all staff will relocate to the new head office.

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued)
Year ended 31 March 2021

12 DEBTORS

Amounts receivable within one year:	2021 £'000	2020 £'000
Gross rental debtors	488	366
Less: Provision for bad debts	(442)	(340)
	<u>46</u>	<u>26</u>
Other debtors and prepayments	194	455
	<u>240</u>	<u>481</u>

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £'000	2020 £'000
Bank loan (note 15)	271	270
Rent received in advance	417	112
Trade creditors	398	298
Grants received in advance	18	32
Tax and Social Security	101	72
Accruals and other creditors	1,639	1,286
Deferred capital grant less than 1 year (note 16)	385	385
	<u>3,229</u>	<u>2,455</u>

Grants received in advance relate to social housing grants for works to existing properties. Grants received in advance are transferred to deferred capital grants when the asset starts to be depreciated. Grants will then be amortised and released to income in accordance with the amortisation of Government grants policy.

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2021

14 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2021 £'000	2020 £'000
Loans (note 15)	7,200	7,472
Deferred government grant (note 16)	27,046	27,404
	<u>34,246</u>	<u>34,876</u>

15 LOANS

Loans from Orchardbrook Limited, Cooperative Bank Plc and Lloyds Bank Plc are secured by specific charges on PRHA's housing properties and are repayable at varying dates. The loans bear interest at various rates ranging from 0.76% and 8.75%. (2020: 1.49% to 8.75%).

Instalments are due as follows:

	2021 £'000	2020 £'000
Housing loans repayable by instalments		
Within one year	271	270
Between two and five years	1,550	1,420
Due after five years or more	5,650	6,052
	<u>7,471</u>	<u>7,742</u>

16 DEFERRED GOVERNMENT GRANTS

	2021 £'000	2020 £'000
At 1 April	27,790	27,628
Release to income in the year	(359)	(363)
Grants recognised in the year	-	525
Balance at 31 March	<u>27,431</u>	<u>27,790</u>

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2021

16 DEFERRED GOVERNMENT GRANTS (CONTINUED)

	2021 £'000	2020 £'000
Classified as:		
Amounts to be released within one year (note 13)	385	385
Amounts to be released in more than one year	27,046	27,405
	<u>27,431</u>	<u>27,790</u>

17 SHARE CAPITAL

	2021 £	2020 £
At 31 March 2021	<u>14</u>	<u>11</u>

The share capital consists of 14 shares with a nominal value of £1 each which carry no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. Where a shareholder ceases to be a member, that person's share is cancelled and the amount paid up thereon becomes the property of PRHA. Therefore all shareholdings relate to non-equity interests; there are no equity interests in PRHA.

18 PENSION COSTS

PRHA operates a number of Stakeholders' Pension Schemes where PRHA's liability is limited to the Contracted Employer's contribution rate.

During the year PRHA made contributions to individuals' personal pension schemes of £95,513 (2020: £84,540) covering 128 employees (2020: 100).

19 LEGISLATIVE PROVISIONS

PRHA is incorporated under the Co-operative and Community Benefit Societies Act 2014, Registration Number 19322R. PRHA is an exempt charity and is registered with the Regulator of Social Housing, Number L0695.

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2021

20 UNITS UNDER MANAGEMENT

The number of units of accommodation at 31 March were as follows:

	2021	Disposals	2020
Units of housing stock			
General needs housing			
- social	89	-	89
- affordable	-	-	-
Supported housing	384	-	384
Total social housing units	473	-	473
Total owned	473	-	473
Accommodation managed for others	28	-	28
Total managed accommodation	501	-	501
Units managed by other associations	44	-	44
Total owned and managed accommodation	545	-	545

21 RELATED PARTY TRANSACTIONS

The Board includes one tenant member who holds a tenancy agreement on normal terms and cannot use their position to their advantage. The rent charged for the year was £6,670 (2020: £6,693) and the tenant had an arrears balance of £293 at the 31 March 2021 (2020: Arrears balance of £1,399).

22 CONTINGENT LIABILITIES

PRHA received grant from the Regulator of Social Housing which is used to fund the acquisition and development of housing properties. PRHA has a future obligation to recycle such grant once the properties are disposed of. At 31 March 2021, the value of grant received in respect of these properties that had not been disposed of was £27.4 million (2020: £27.8 million). Included within the general reserve is £7.7 million (2020: £7.3 million) relating to amortised grants.

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2021

23 CAPITAL COMMITMENT

	2021 £'000	2020 £'000
Commitments approved by the Board but not contracted for:		
Construction	259	175
	<u>259</u>	<u>175</u>
Capital commitments will be funded as follows:		
Social Housing Grant	-	-
Existing reserves	259	175
	<u>259</u>	<u>175</u>
Net Commitment	<u>259</u>	<u>175</u>

24 OPERATING LEASES

PRHA had minimum lease receipts under non-cancellable operating leases as set out below:

	2021 £'000	2020 £'000
Amounts receivable as Lessor		
Not later than one year	16	16
Later than one year and not later than five years	65	66
Later than five years	259	268
Total	<u>340</u>	<u>350</u>

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued) 31 March 2021

25 FINANCIAL INSTRUMENTS

Financial assets comprise trade receivables, cash and cash equivalents, measured at historical costs.

Financial liabilities comprise loans payable measured at historical cost as an approximate for amortised cost as the difference between historical cost and amortised cost is not deemed material and trade creditors and other creditors are measured at historical cost.

26 NET DEBT RECONCILIATION

	1 April 2020 £'000	Cashflows £'000	31 March 2021 £'000
Cash at bank and in hand	4,155	1,286	5,441
Bank overdrafts	-	-	-
Obligations under finance leases	-	-	-
Bank loans	(7,742)	271	(7,471)
Convertible loan	-	-	-
Net Debt	<u>(3,587)</u>	<u>1,557</u>	<u>(2,030)</u>

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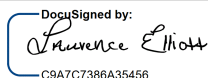
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