

# **PROVIDENCE ROW HOUSING ASSOCIATION**

**Report and Financial Statements  
For the year ended 31 March 2022**

**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 2022

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## **PROVIDENCE ROW HOUSING ASSOCIATION**

### **EXECUTIVE AND ADVISORS**

**Year ended 31 March 2022**

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#### **BOARD OF MANAGEMENT**

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

#### **AUDITOR**

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#### **SOLICITORS**

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#### **DIRECTORS**

Fiona Humphrey BA (Hons) MCIH Dip (Housing)  
Chief Executive  
Karen Stuart BA (Hons)  
Director of Operations

#### **SOLICITORS**

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#### **SECRETARY AND REGISTERED OFFICE**

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#### **PRINCIPAL BANKER**

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#### **REGISTERED NUMBER**

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

## PROVIDENCE ROW HOUSING ASSOCIATION

### REPORT OF THE BOARD AND STRATEGIC REVIEW

Year ended 31 March 2022

The Board presents their report and the audited financial statements for the year ended 31 March 2022.

#### 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 £655,000 (2021: £909,000) before net interest charges, a surplus and total comprehensive income for the year of £303,000 (2021: £514,000) and generated a turnover of £9,824 million (2021: £9,292 million). Although PRHA's operating surplus decreased in the year when compared with the previous year, we continue to show a strong performance. The significantly better result in the previous year was driven mainly by specific circumstances of the pandemic. PRHA however outperformed its budget in the year generating sufficient income to meet its operating costs, loan interest payments and investments in its properties. We had additional contract income for new services from the Corporation of London and had access to infection control funding which helped mitigate additional Covid related expenditure.

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 £7.2 million at the year end (2021: £7.5 million).

The number of units of owned and managed accommodation at 31 March 2022 and 2021 are as follows:

	2022	2021
<b>Units of housing stock</b>		
General needs housing		
- social	89	89
- affordable	-	-
Supported housing	384	384
Total social housing units	473	473
<b>Total owned and managed</b>	473	473
Accommodation managed for others	28	28
<b>Total managed accommodation</b>	501	501
Units managed by other associations	44	44
<b>Total owned and managed accommodation</b>	545	545

### **The year under review**

This year has been dominated by the continuing global Coronavirus pandemic. As PRHA runs a significant number of 24 hour services for vulnerable adults this has meant an intense focus on keeping everyone safe and well (staff and residents). We also continued to provide additional housing and support services for rough sleepers from the Corporation of London.

We were delighted when the bravery and commitment of our staff teams was recognised at the national Chartered Institute of Housing awards in September 2021. We were winners of the Housing Heroes awards as "Support and Care team of the year". This provided a much needed boost for our teams.

Although non-urgent repairs were only permitted again mid-year, our property services team and contractors had been providing emergency and urgent repairs and statutory compliance inspections throughout the pandemic. In addition to this we continued to take forward the final year of the fire safety programme and completed this towards the end of the year. Ongoing investment will still be needed to replace damaged doors, rectify wear and tear and maintain fire detection systems. Building and fire safety have remained a very high priority both at Board level and operationally.

When the Government lifted restrictions for the majority of the population, they did not lift them for our residential services due to the high level of underlying health issues among our residents. So our staff are still required to carry out higher levels of testing and wearing personal protective equipment and visitors were not reintroduced for some time. This was frustrating for residents and staff alike but they understood the rationale.

This also impeded our resident engagement activities as most of these require face to face contact due to lower literacy levels and other barriers to engagement. We have now relaunched our Resident Engagement strategy and recommenced initiatives such as the Maintenance Advisory Panel and the Service Users Advisory Panel.

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. None of this compromised our ability to provide effective services.

Throughout the year the organisation continued with all of its essential functions and the Board resumed normal meeting cycles. Hybrid working has been incorporated in central functions to continue the gains from time efficiencies whilst balancing this with the need for face to face contact with colleagues and residents.

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;

## PROVIDENCE ROW HOUSING ASSOCIATION

### REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued) Year ended 31 March 2022

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- 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.

During 2021/22 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 69 rough sleepers in temporary accommodation (the City Assessment Service). This followed on from the Government's "Everybody in" initiative and provided innovative solutions to the City's more entrenched cohort, developing improved engagement in particular with health services;
- we bedded in the new support contracts for four accommodation-based projects at properties which PRHA owns and built new staff teams. We also took part in two new initiatives that are aimed at improving the quality of life for our residents;
- despite the disruption of lockdown Edward Gibbons House retained its "Outstanding" status from the Care Quality Commission (CQC) following an inspection;
- our 3 new Board members settled into their new roles as lead members for risk, building safety and social investment;
- the Board reviewed our financial projections and carried out an organisational SWOT exercise. They also reviewed our risk map and business continuity plan;
- we agreed and invested in a new fundraising strategy to look at alternative forms of funding for our charitable activities;
- we improved our cyber resilience carrying out testing and introducing new security measures;
- we relaunched our diversity training programme for staff and Board members and intend to continue this into next year;
- we carried out a treasury management exercise and "caught up" with internal audits of our 3 key risk areas (payroll, procurement and contractor payments); and
- we finally fully relocated our head office to smaller premises (planned originally when the first national lockdown started in 2020). During the year we were based across both sites. This had the advantage of additional space to ensure safer working conditions. However it was a relief for all of the teams to finally reunite under one roof.

Progress on some of the other corporate objectives was delayed:

- the letting of our old head office as commercial premises was delayed due to the uncertainties for all businesses. This is now proceeding with contracts exchanged in July 2022; and
- some of the early objectives in the Strategic Plan (2019-2024) were postponed. This includes our review of the existing asset management strategy and stock condition survey. We had hoped to be able to proceed with these in early 2021-2022 but as the pandemic lingered on we had to delay these again. These are now priorities for 2022-2023.

**The year ahead – challenges and opportunities**

There is still some level of uncertainty about the potential for recurrence of the pandemic especially around services for vulnerable people. As such we know we need to be vigilant and for instance, maintain emergency stocks of PPE and keep our contingency plans fit for purpose. We also encourage all staff and residents to take up vaccinations and have hosted a number of vaccination “clinics” in our schemes.

The Board is also keeping the changes in the external environment under review. The current “cost of living crisis” affects every aspect of our operations. We are responsible for the fuel supplies for the majority of our residents and as such increasing costs will impact on PRHA. We employ over 150 people, many of whom are essential for keeping the services running 24 hours a day. UK labour shortages may therefore impact heavily on PRHA. Our repairs contractors are impacted not just by labour shortages but also increases in the cost of/shortages in building materials. All of these factors may impact on our services to residents who in turn are themselves facing the biggest challenges in managing the cost of living for decades. All of this indicates a difficult year ahead with efficiency and operational planning at the centre of our strategy to manage this.

The pressures of this situation also present challenges for our funders and other stakeholders. Reductions in their budgets may well be passed along to our services.

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:

- the fire and building safety programmes will remain a key focus in terms of human and financial resources. We will continue to respond to the annual fire risk assessments and new/emerging requirements such as the Building Safety Act 2022. We are also seeking to improve our data collection and reporting capacity;
- we are starting the process of inspecting all our properties and planning for their future maintenance/improvement requirements. This will include starting to plan to meet the Government's carbon reduction targets through a range of measures including improved insulation;
- we will develop further our strategy around reducing our carbon footprint. We have updated our vehicle fleet to electric vans. We have also replaced a number of communal boilers with newer, more efficient versions. Next year we will be planning our approach to replacing gas boilers;
- 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 remain committed to resident engagement, information and co-production as central features of PRHA's culture and operations and welcome the new regulation in this area of our work with the introduction of the new Tenants Satisfaction Measures (TSMs);

## PROVIDENCE ROW HOUSING ASSOCIATION

### REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued) Year ended 31 March 2022

- we will also be focussing on our staff, their career development and wellbeing. We will be introducing a leadership development programme, encouraging internal progression and increasing mentoring opportunities for staff;
- we will also be seeking to retain our Investors in People Gold award;
- diversity is a key strength of our organisation and we will be looking to develop further our understanding of what this means for our staff, residents and stakeholders and how we can ensure increased opportunities for all within PRHA ;
- we will continue to explore new ways of funding our charitable activities; and
- we will continue to explore partnerships as a means of improving our services to residents and our financial stability.

#### 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 £9.824 million from £9.292 million in 2021;
- operating surplus decreased from £909,000 in 2021 to £655,000;
- surplus and total comprehensive income for the year was £303,000 (2021: £514,000);
- reserves increased from £10.619 million in 2021 to £10.922 million;
- the net book value of the housing properties totalled £39.8 million (2021: £40.0 m);
- housing loans stood at £7.2 million at the end of the financial year a decrease of £274,000 or 3.7%; and
- 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.

	2022 £'000	2021 £'000
Turnover	9,824	9,292
Operating costs	(9,169)	(8,383)
<b>Operating surplus</b>	<b>655</b>	<b>909</b>
Interest receivable	-	3
Interest and financing costs	(352)	(398)
<b>Surplus and total comprehensive income for the year</b>	<b>303</b>	<b>514</b>



## PROVIDENCE ROW HOUSING ASSOCIATION

### REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued) Year ended 31 March 2022

	2022 £'000	2021 £'000
<b>Consolidated balance sheet</b>		
Housing Properties	39,784	40,033
Other property, plant and equipment	2,388	2,380
Net current assets	2,355	2,452
	<u>44,527</u>	<u>44,865</u>
Creditors: amounts falling due after more than one year	(33,605)	(34,246)
	<u>10,922</u>	<u>10,619</u>
<b>Capital and reserves</b>		
Share capital	-	-
General reserves	10,922	10,619
	<u>10,922</u>	<u>10,619</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 as outlined above.

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. This is subject to ongoing review given the pressures on adult social care funding and rising costs associated with 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 more recently the national cost of living crisis:

- Involving residents in decisions about service provision and scrutiny of services.

A new resident engagement strategy has been launched to restart some of the activities that were so severely affected by the pandemic. As many of our residents have low literacy / digital literacy levels the return of face to face meetings will boost engagement.

Complaints are a key source of feedback from our tenants, helping to ensure that the services we provide are delivered efficiently and that action is taken to improve service delivery shortfalls. They form a key strand in our strategy to focus on delivering quality of service to our tenants, and also help to identify areas of service delivery which could be made more cost efficient.

Our Complaints Policy was updated for the start of the financial year in line with the Housing Ombudsman's Complaints Handling Code, and following a consultation with our tenants that was well responded to with feedback received from 113 tenants. A focus during the year was placed on publicising the new policy and on the assistance that tenants could receive from the Housing Ombudsman when raising a complaint. Over the course of the year we experienced a 74% increase in the number of complaints received (75 complaints about PRHA services, compared to 43 the previous year) which is viewed as a positive result as a result of our proactive efforts to ensure that residents' voices are heard and their concerns responded to.

- PRHA has a continuing emphasis on comparing performance with other landlords and support providers via the use of benchmarking data. After an initial period of disruption to benchmarking groups during the first year of the pandemic, this year saw the re-establishment of those groups. Benchmark data relating to smaller national providers (sourced from the Acuity benchmarking group that PRHA participates with) is shown against PRHA's own performance data in the tables within this report.
- Ensuring that Value for Money is a key focus for 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.

## PROVIDENCE ROW HOUSING ASSOCIATION

### REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued) Year ended 31 March 2022

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- Understanding our costs, managing our assets and our resources efficiently through effective cost controls and monitoring. This has been a close focus throughout the year especially given the ongoing uncertainties about the impact of the pandemic on our costs.
- 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 remained the overarching work plan for all departments while social care remains under on-going requirements for additional measures to protect residents.
- 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 and 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 continued to meet several times a week throughout to ensure effective communication and coordination across departments; this was so effective that this team has now been reshaped as the Corporate Leadership Team.
- Challenging how we deliver services and understanding how this relates to quality and cost. The challenge in this case has been to manage costs and at the same time to maintain quality. In particular continuing to staff a number of 24 hour services when large numbers of staff have been unwell or self-isolating has made control of agency/locum staff budgets difficult. Nevertheless we have managed to achieve full staffing and have sought to recover additional costs from various relevant Government and Local Authority sources.
- We have also reviewed our IT and data security this year and rolled out "thin clients" to our staff teams. These are much cost effective than traditional PCs, are more secure and more environmentally friendly to run.
- Repairs: This remains a key area of focus as a good repairs service is most residents' priority requirement from PRHA. Whilst the lockdown restrictions on visiting residents' homes eased, material and labour costs have increased significantly and labour shortages have affected contractor availability. PRHA has sought to meet these changes constructively through use of our direct labour team, ongoing liaison with our main contractor and creative approaches. Our resident-led Maintenance Advisory Panel has now also reformed and is starting scheme visits.
- PRHA has seen a significant increase in void turnover and tenant damage also, especially in our hostels. This is being addressed through ongoing senior team oversight and reviewing all aspects of the void repair/ redecorating and refurnishing process.

## PROVIDENCE ROW HOUSING ASSOCIATION

### REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued) Year ended 31 March 2022

- Recycling cost savings to further improve services. As well as reinvesting savings in pandemic related expenditure such as PPE, we have also improved our offer to some of our residents. One example is that we have improved access to online services for 85 of our hostel residents through investing in a lease line and installing a WiFi cloud. Also savings made through a review of our mobile phone contracts has enabled us to invest in technology that allows our hostels to publish their own information to residents about daily events and opportunities to access services as well as critical safety information.

#### 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 is responsible for ensuring we have a comprehensive and strategic approach to achieving Value for Money. 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 25% of our turnover relates directly to support service contracts and the majority of this is spent directly on the costs of staffing. Income remains fixed 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.

The table below showing the metrics is required to be published in accordance with the Regulator of Social Housing (RSH) Value for Money standard. The standard applies to all registered providers, setting out key sector metrics which providers are required to report on. These metrics helps us understand our performance against other social housing providers in our selected peer group.

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

Metrics	PRHA March 2021-22	PRHA March 2020-21	RSH Supported Housing Providers 2021
Re-investment %	0.50	0.23	4.10
New supply delivered (Social housing units) %	0.00	0.00	1.50
New supply delivered (Non-social housing units) %	0.00	0.00	0.00
Gearing %	4.49	5.07	11.60
Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest cover %	157.80	237.09	309.00
Headline social housing cost per unit £	9,466	9,127	9,680
Operating Margin (Social housing lettings only) %	6.94	9.28	13.40
Operating Margin (Overall) %	6.67	9.78	7.40
Return on capital employed (ROCE)	1.47	2.03	3.30

## PROVIDENCE ROW HOUSING ASSOCIATION

### REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued)

Year ended 31 March 2022

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We are committed to delivering and demonstrating Value for Money (VfM) in all we do for our customers and the communities we serve. The Board regularly reviews all of its key performance indicators and sets the strategy for managing its finances and assets as efficiently as possible.

We have used the Regulator of Social Housing's 2021 data for supported housing providers defined as providers with at least 30% supported housing stock. These figures are extracted from the Regulator of Social Housing (RSH) "Value for money metrics and reporting 2021: Annex to 2021 Global accounts". Although this predominantly reflects returns from registered providers owning/managing more than 1,000 homes, it does provide a good comparison for supported housing focussed organisations.

**Re-investment %** – measures the investment in properties (existing as well as new supply) as a percentage of the net book value of total properties held. PRHA continues to make significant investment in its properties to meet its strategic objectives and to ensure compliance with legislation. In the year ended March 2022 we re-invested £201k in replacing components, work to existing properties and meeting our compliance requirements. Over the past four years PRHA has increased its focus on fire safety, planned maintenance and major repairs, continuing to carry out improvement works on void properties and fire safety actions (from our programme and also following the 2021 Fire Risk Assessments). Our re-investment percentage outcome of 0.50% compares less favourably against the peer group (RSH supported housing) median as we are not currently developing new stock. We are however continuing the investment in improving our properties and maximising our returns over the long term in line with our Asset Management Strategy.

**New supply delivered %** – sets out the number of new social housing units acquired or developed in the year as a proportion of our total social housing units. PRHA has not developed or acquired any new properties this year. The key reason for this is the lack of availability of financially viable schemes in our key areas of operation. 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 %** – assesses how much of the assets are funded by debt and the degree of dependence on debt finance. It is often used as a key indicator for the organisations appetite for growth. Our ratio of net debt to the carrying value of housing properties decreased slightly to 4.49% from 5.07%. At 4.49% we are below the RSH supported housing gearing median of 11.60% as we have done little development in recent years. PRHA has used loan finance to develop and refurbish properties over the past 16 years whilst staying well within its loan covenants. As we are not currently developing stock for general needs or supported housing, there has not been a need to raise further finance. 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 %** – is a key indicator for liquidity and investment capacity as it seeks to measure the level of surplus generated compared to interest payable.

**REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued)**  
**Year ended 31 March 2022**

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The EBITDA MRI ratio for this year was 157.80% compared to the prior year's ratio of 237.09%. This is mainly due to the fall in operating surplus to £655k from £909k the previous year. Although below the RSH supported housing median of 309.00% it is in line with our prior years' results. Last years improved position was mainly due to specific circumstances of the pandemic and PRHA's financial strategy. 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** – measures the cost per unit of managing and maintaining our social housing stock. Although our headline social housing cost per unit has increased to £9,466 from £9,127 in the previous year we are still below the RSH median of £9,680. The increase is due to increases in management costs, repairs and maintenance costs and major repairs costs partially attributable to building safety compliance.

Supported housing providers 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.

**Operating margin (social housing lettings only) and (overall) %** – measures the profitability of the organisational operating assets before exceptional expenses are taken into account. PRHA's operating margin of 6.94% is a reduction on the previous year's of 9.28%. Although our core revenue stream remains strong, the social housing lettings operating margin is lower compared with the previous years. Although lower it is appropriate to our social purpose and business type, predominantly specialist supported housing. RSH benchmarking data shows that associations with large proportions of supported housing tend to record lower operating margins by around 10% compared to those with smaller proportions. The increase in the previous year was also due to specific circumstances around the pandemic. We have now returned to our pre-pandemic position.

**Return on capital employed (ROCE) %** – measures the efficient investment of capital resources by comparing the operating surplus to total assets, less current liabilities. Our ROCE fell to 1.47% from 2.03% for the previous year. This was largely due to the reduction in profitability in the total assets position. 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 increased rates of turnover in our hostels (following the previous year's freeze) and contractor delays due to Government restrictions, labour and materials shortages. The cumulative impact of these sudden and unpredictable changes was a worse voids performance than the previous year (5.65% against 3.6%). However it was only marginally above target.

## PROVIDENCE ROW HOUSING ASSOCIATION

### REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued)

Year ended 31 March 2022

Arrears also showed a variable picture. The impact of the pandemic continued with some residents coming off the streets but being unable/unwilling to engage in the welfare benefits support available to them. The pandemic did also 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 (11.04% against 8.64%). This is partly due to the impact of the Government's suspension of evictions. Although this lifted later in the year the Courts are still experiencing significant delays in processing applications. Strategies are in place to try to recover some of this debt and where possible tenants have signed up for long term arrears repayment plans that will slowly reduce the debt balances.

Combined general needs and supported	Target	Performance 2021-22	Performance 2020-21	Performance 2019-20
Void levels average	5.42%	5.65%	3.60%	5.80%
Current arrears	6.00%	11.04%	8.64%	6.27%

#### Tenant focus

Improved resident satisfaction with our services and positive engagement are absolute priorities for the teams at PRHA.

The pandemic challenged our mechanisms for resident involvement as many of our residents are not able to engage with digital /written media and instead prefer face to face meetings (which were banned for part of the year and severely restricted still in adult social care settings).

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.

Following the residents' survey last year we launched the new Complaints process and also the new Resident Engagement strategy. The annual complaints self-assessment exercise and launch of the Resident Engagement strategy enabled the Board to review these areas and input into the plans for implementing learning and re-energising resident involvement in decision making and service improvement.

We still have resident involvement at Board level and will soon be recruiting new resident Board members. Board members also recommenced meetings with our Service Users' Advisory Panel which reviews policies and key initiatives. It also sets the standards that residents expect from PRHA and then monitors the performance of PRHA.

Our Maintenance Advisory Panel has also been 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.

## PROVIDENCE ROW HOUSING ASSOCIATION

### REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued)

Year ended 31 March 2022

The data is used as part of the VFM review process and improvements are targeted through departmental work plans.

General needs (GN) and supported (SH)	Survey 2022	SPBM 2021 SH	SPBM 2021 GN	Survey 2021	Survey 2019
Overall satisfaction with services	92%	89%	89%	88%	88%
Satisfied that landlord listens to/acts upon tenant's views	86%	85%	74%	85%	85%
Satisfaction that rent provides value for money	85%	88%	89%	85%	87%
Satisfaction with the standard of cleaning	89%	N/A	N/A	89%	92%
Satisfaction with repairs and maintenance services	77%	80%	87%	72%	86%
Satisfaction with estate services	82%	N/A	N/A	80%	89%
Satisfaction with the overall quality of home*	87%	85%	88%	86%	89%
Satisfaction that service charges provide value for money	84%	86%	72%	84%	85%

Please note that we were unable to undertake our 2020 Annual Satisfaction survey due to the pandemic.

\*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, particularly where performance requires improvement;
- our 2021 survey shows that overall satisfaction with our services has increased to 92% from 88% in 2021. This sits 3% above the benchmark figures for general needs and supported housing;
- satisfaction that PRHA listens to/acts upon tenants' views increased marginally to 86%. This is 1% above the benchmark supported housing figure and 12% higher than the benchmark general needs figure;
- satisfaction that rent provides value for money remains the same as last year. The 85% outturn was below the benchmarking median figures for both supported and general needs residents (3% and 4% respectively). Satisfaction that service charges provide value for money also remained the same as last year (84%). This is slightly below the supported housing benchmark of 86% but above the general needs benchmark of 72%;
- satisfaction with the standard of cleaning remained the same as last year at 89%; and
- satisfaction with the repairs service increased by 5% to 77%. However this follows a sharp decrease in 2021 to 72% from 86% in 2019. Although this was expected given the Government's restrictions on contractor attendance in homes it does not compare favourably to the benchmarking outcomes of 80% for supported and 87% for general needs residents.



## PROVIDENCE ROW HOUSING ASSOCIATION

### REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued)

Year ended 31 March 2022

We believe there are a number of contributory factors including labour and material shortages but we have been reviewing systemic issues both within PRHA and with our contractors to resolve issues such as lack of communication and failure to fix at first visit:

- satisfaction with estate services has improved to 82% from last year's 80%. No benchmarking data is available for this metric; and
- satisfaction with the overall quality of home increased by 1% to 87% which takes it 2% above the supported housing benchmark and 1% below the general needs benchmark.

Benchmarking data is taken from the Acuity 2021 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 continued to present challenges. For part of the year non-essential repairs were still 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 shortage of labour and some materials exacerbated the situation.

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. Any outbreaks of Covid required that we shut down access to these buildings again. Nevertheless the service managed to improve performance against all four indicators. It did not however meet the performance across the sector reported through benchmarking.

	Target	Performance 2021-22	Benchmark 2020-21 (SPBM)	Performance 2020-21
Emergency repairs	100.00%	99.5%	99.9%	99.3%
Urgent repairs	98.00%	93.2%	96.4%	85.0%
Routine repairs	98.00%	92.9%	95.9%	91.1%
Appointments kept as a percentage of those made	98.00%	97.6%	N/A	91.9%

For emergency repairs performance improved by 0.2% to 99.5%. The target was not reached because of one job where the operative was unable to attend within the target timescales. 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 improved by 8.2% (93.2%) but remains below the SPBM benchmark of 96.4%. This represents 1100 completed to timescale against 1180 in total. The reasons for the delayed jobs included materials and labour shortage (39%) and second visit required (38%). The team is therefore focusing on discussions with contractors around first visit fixes.

## PROVIDENCE ROW HOUSING ASSOCIATION

### REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued) Year ended 31 March 2022

Routine repairs performance improved by 1.8% to 92.9%. This is 3% below SPBM benchmark performance. Of the 85 jobs reported 79 were completed to timescale. 50% of the delayed jobs were due to materials shortages.

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

#### Community Benefit

In our social care role PRHA works with the most vulnerable residents within our local communities providing not just housing and support but also opportunities to rebuild lifeskills and reintegrate with the wider community. During 2021-2022 we provided accommodation and services to 476 people with additional support needs, including 157 leaving the streets and helped them to address key obstacles to rehousing such as addiction and mental ill health. This in turn benefits our local communities and local public services by addressing health deterioration, anti-social behaviour and crime. We also continued to provide 89 homes for local families.

As a locally based social landlord and employer, PRHA aims to benefit its local communities. We work closely with local employment agencies to offer employment and work experience opportunities for local residents. Also our Grounded Ecotherapy project has worked on a number of projects that improve local open spaces and community gardens involving their residents in their local environment.

#### RISK MITIGATION

The Board usually reviews the risk register annually at the Risk and Audit Scrutiny Group, during Awayday discussions and when any risk issues emerge or circumstances change. Our key risk areas were defined by the Board as being:

KEY RISKS SUMMARY	
<b>Level 1</b>	Health and safety
	Loss of business /erosion of operating surplus and central costs
	Income maximisation
<b>Level 2</b>	Support services
	Staff
<b>Level 3</b>	Regulatory compliance and governance including GDPR
	Disaster recovery
	Government policy in relation to funding streams
	Economic pressures

The rating assesses not just the likelihood of these factors occurring but also the severity if they do. Health and safety for instance is a Level 1 factor because of the risks associated with the pandemic. There are robust systems in place to manage these risks but PRHA cannot totally mitigate these types of risks.

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 Leadership Team.

Throughout the year the Senior Leadership Team and Board reviewed the risk register in conjunction with the pandemic Business Continuity Plan. The new lead member for Risk and Audit chaired two scrutiny group meetings that carried out 'deep dive' reviews of key risks such as building safety, GDPR and cyber security.

## **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.

## **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 being 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.

## **PROVIDENCE ROW HOUSING ASSOCIATION**

### **REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued)** **Year ended 31 March 2022**

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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 PRHA'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 PRHA'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 2022, the Board considered that PRHA has adequate resources to continue in operational existence for the foreseeable future. Despite the continuing Covid-19 pandemic, PRHA exceeded its budgeted surplus.

Throughout the year, the Board has also reviewed 5 and 30 year financial projections. These projections include a treasury management review, annual outturns, cashflow and stress testing for scenarios relating to inflation, 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 and factors such as the rising cost of living and interest rates. 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 2020 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.

This year, the Board has adopted this new Code of Governance and has self-assessed itself against the Code. It has set out a plan to ensure ongoing compliance with the requirements. In particular it has adopted a Board succession strategy to address one area where it is not yet compliant (the new requirement for Board terms of office not to exceed 6 years except in exceptional circumstances).

## **PROVIDENCE ROW HOUSING ASSOCIATION**

### **REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued)** **Year ended 31 March 2022**

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Given the need to balance continuity and stability in governance with this requirement, the Board has agreed to aim to achieve this by the end of 2025.

This will involve a planned recruitment drive over the next few years with new Board members with specifically identified skills and experience incrementally taking over from longer standing ones. There will also be a focus on ensuring a diverse membership with the collective skills and attributes to govern effectively. There have been no new members this year but the three new Board members have been inducted into their roles. An appraisal process for all Board members is underway for completion in 2022-2023.

The second area of non-compliance has been the delay to the formal review of the external auditors. This was not considered feasible during the pandemic but will be undertaken in 2022-2023 with a view to retendering for the 2023-2024 accounts.

The other areas are all compliant and the action plan identifies further actions for improvement. The Board will continue discussion of issues such as how to influence culture, how to demonstrate that resident/stakeholder feedback is influencing decision - making and how to gain assurance on the information that is presented to it.

The strategic plan review will include consideration of whether and how active cooperation, collaboration, joint working or partnership with other organisations could enable it to deliver its social purpose and strategies more effectively and economically. There will also be a review of the CEO's appraisal process.

The Board has also adopted the new NHF Code of Conduct 2022. This sets out standards for housing associations and is intended to be used alongside the 2020 Code of Governance. It is for use by individual housing association staff, Board members and certain involved residents, and sets out guidance according to four key themes:

1. Acting in the best interest of the housing association and its residents.
2. Behaving with integrity.
3. Conducting yourself professionally and treating others well.
4. Protecting yourself, others and the environment.

## **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.

**REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued)**  
**Year ended 31 March 2022**

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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 Scrutiny group reviews identify and monitor key risks throughout the year and ensures that the Board is aware of these.

Last year the pandemic continued to dominate the top level risks (identified as Health and safety, loss of business /erosion of surplus and income maximisation). This year the focus has shifted to include the impact of economic pressures on both the organisation and on our residents. There is also concern about the current state of labour markets in the UK and material shortages.

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. Three reviews were carried out during the year: Payroll, procurement and contractor payments. Other sources of assurance include: the external auditors report, the annual internal controls assurance report, regular performance indicator reporting, reports from external regulators, reports on fire and building safety matters 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 Leadership Team. The Senior Leadership 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 Leadership Team, the Risk and Audit Scrutiny Group and the Finance Scrutiny Group.

**REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued)**  
**Year ended 31 March 2022**

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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 all new investment projects. The Board has adopted the National Housing Federation Code of Governance 2022 (see above).

The Board disseminates its requirements to all employees through PRHA's policies with regard to the quality, integrity, culture 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 and Barring Service checks, treasury management, health and safety, safeguarding, data and asset protection, cyber security, 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. The RSH generally focuses on the robustness of 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, currently having one resident on the Board and with others involved in a range of decision making roles. This is supported by information provided to residents including the annual performance report and complaints feedback and "lessons learnt". There is also regular review with residents of a set of service standards.

Residents are surveyed regularly on key service performance and this along with an improvement plan is fed back to the Board to inform decision making. Residents are also involved in inspection and audit processes across PRHA's activities. Although this has been disrupted by the pandemic it is being reinstated and continues to be at the core of our strategic and operational systems.

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.

## **PROVIDENCE ROW HOUSING ASSOCIATION**

### **REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued)** **Year ended 31 March 2022**

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These are reviewed and approved by the Board. A detailed 30 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 11 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  
21 July 2022



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

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**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 2022 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 2022 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.

## **PROVIDENCE ROW HOUSING ASSOCIATION**

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

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#### **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; or
- 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.

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

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Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**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. In order to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, we made enquiries of management and those charged with Governance about whether the entity is in compliance with such laws and regulations and we inspected any relevant regulatory and legal correspondence.

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

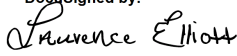
### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROVIDENCE ROW HOUSING ASSOCIATION (Continued)

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

#### Use of 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:  
  
C9A7C7386A35456...

Laurence Elliott (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom

Date: 12 August 2022

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 2022

	Note	2022 £'000	2021 £'000
Turnover	3	9,824	9,292
Operating costs	3	(9,169)	(8,383)
<b>Operating surplus</b>	3/5	655	909
Interest receivable		-	3
Interest and financing costs	8	(352)	(398)
<b>Surplus and total comprehensive income for the year</b>		303	514

All amounts relate to continuing activities.

The notes on pages 32 to 52 form part of these financial statements.

# PROVIDENCE ROW HOUSING ASSOCIATION

## BALANCE SHEET At 31 March 2022

	Note	2022 £'000	2021 £'000
<b>FIXED ASSETS</b>			
Housing Properties	10	39,784	40,033
Other property, plant and equipment	11	2,388	2,380
		<hr/>	<hr/>
		42,172	42,413
<b>CURRENT ASSETS</b>			
Debtors	12	208	240
Cash and cash equivalents		5,412	5,441
		<hr/>	<hr/>
		5,620	5,681
<b>CREDITORS:</b> amounts falling due within one year	13	(3,265)	(3,229)
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		2,355	2,452
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		44,527	44,865
		<hr/>	<hr/>
<b>CREDITORS:</b> amounts falling due after more than one year	14	(33,605)	(34,246)
		<hr/>	<hr/>
<b>NET ASSETS</b>		10,922	10,619
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Share capital	17	-	-
General reserves		10,922	10,619
		<hr/>	<hr/>
		10,922	10,619
		<hr/>	<hr/>

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



**J. GIESEN**  
Chair



**A. DISLEY**  
Vice Chair



**F. HUMPHREY**  
Secretary and Chief Executive

Date of approval: 21 July 2022

The notes on pages 32 to 52 form part of these financial statements.

**PROVIDENCE ROW HOUSING ASSOCIATION**

**STATEMENT OF CHANGES IN RESERVES**  
**For the year ended 31 March 2022**

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	Share Capital £'000	General Reserves £'000	Total £'000
Balance at 1 April 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
Total comprehensive income for the year	-	303	303
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2022	<hr/> - <hr/>	<hr/> 10,922 <hr/>	<hr/> 10,922 <hr/>

The notes on pages 32 to 52 form part of these financial statements

**PROVIDENCE ROW HOUSING ASSOCIATION**

**STATEMENT OF CASH FLOWS**

**Year ended 31 March 2022**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cash flows from operating activities</b>		
Surplus for the financial year	303	514
Adjustments for:		
Depreciation of fixed assets – housing properties	447	459
Depreciation of fixed assets - other	17	39
Amortised grant	(363)	(359)
Interest paid and finance costs	352	398
Interest received and income from investments	-	(3)
Decrease in debtors	32	241
Increase in creditors	35	774
<b>Net cash generated from operating activities</b>	<b>823</b>	<b>2,063</b>
<b>Cash flow from investing activities</b>		
Purchase of tangible fixed assets	(226)	(111)
Receipt of grant	-	-
Interest received	-	3
<b>Net cash (used in) investing activities</b>	<b>(226)</b>	<b>(108)</b>
<b>Cash flow from financing activities</b>		
Interest paid	(352)	(398)
Repayment of borrowings	(274)	(271)
<b>Net cash (used in) financing activities</b>	<b>(626)</b>	<b>(669)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(29)</b>	<b>1,286</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>5,441</b>	<b>4,155</b>
<b>Cash and cash equivalents at end of year</b>	<b>5,412</b>	<b>5,441</b>

The notes on pages 32 to 52 form part of these financial statements.



# **PROVIDENCE ROW HOUSING ASSOCIATION**

## **NOTES ON THE FINANCIAL STATEMENTS**

**Year ended 31 March 2022**

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### **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 Row Housing Association, 15A Kelsey Street, London E2 6HD.

### **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 adult social care are recognised as they fall due under the contractual agreement with Administering Authorities.

#### **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.

## PROVIDENCE ROW HOUSING ASSOCIATION

### NOTES ON THE FINANCIAL STATEMENTS (Continued)

Year ended 31 March 2022

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#### ACCOUNTING POLICIES (Continued)

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 is 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

#### **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.

### **ACCOUNTING POLICIES (Continued)**

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.

#### **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.

**NOTES ON THE FINANCIAL STATEMENTS (Continued)**

Year ended 31 March 2022

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**ACCOUNTING POLICIES (Continued)**

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.

**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. (See recycled capital grant fund above). 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.

**ACCOUNTING POLICIES (Continued)**

**Going concern**

After reviewing the Annual Budget and Business Plan in March 2022, the Board considered that PRHA has adequate resources to continue in operational existence for the foreseeable future. Despite the continuing Covid-19 pandemic, PRHA exceeded its budgeted surplus.

Throughout the year, the Board has also reviewed 5 and 30 year financial projections. These projections include a treasury management review, annual outturns, cashflow and stress testing for scenarios relating to inflation, 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 and factors such as the rising cost of living and interest rates. 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.

**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.

**Adult social care grant accounting policy**

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

## ACCOUNTING POLICIES (Continued)

### 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 are as follows:*

- *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.

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, adult social care*

Charges for services provided and adult social care 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 2022 (Continued)

3 TURNOVER, OPERATING EXPENDITURE AND OPERATING SURPLUS	2022				2021			
	Turnover £'000	Operating Expenditure £'000	Operating Surplus £'000		Turnover £'000	Operating Expenditure £'000	Operating Surplus £'000	
Social housing lettings (Note 4)	9,197	(8,559)	638		8,731	(7,921)	810	
Other social housing activities	627	(610)	17		561	(462)	99	
<b>TOTAL</b>	<u>9,824</u>	<u>(9,169)</u>	<u>655</u>		<u>9,292</u>	<u>(8,383)</u>	<u>909</u>	

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued)  
Year ended 31 March 2022

4 LETTING ACTIVITIES

	Supported Housing £'000	General Needs £'000	Agency Managed £'000	2022 Total £'000
<b>Income</b>				
Rent receivable net of identifiable service charges	2,173	651	-	2,824
Service charge income	2,805	215	-	3,020
Amortised government grants	257	94	12	363
Supported housing	2,436	-	-	2,436
Other	118	31	405	554
<b>Turnover from Social Housing Lettings</b>	<b>7,789</b>	<b>991</b>	<b>417</b>	<b>9,197</b>
<b>Expenditure</b>				
Management	1,420	207	68	1,695
Service charge costs	2,169	148	86	2,403
Routine maintenance	595	129	63	787
Major repairs expenditure	106	107	59	272
Bad debts	148	19	-	167
Depreciation of housing properties	310	127	13	450
Supported housing	2,785	-	-	2,785
<b>Operating expenditure on Social Housing Lettings</b>	<b>7,533</b>	<b>737</b>	<b>289</b>	<b>8,559</b>
<b>Operating surplus on Social Housing Lettings</b>	<b>256</b>	<b>254</b>	<b>128</b>	<b>638</b>
Void losses	(335)	(14)	-	(349)



PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued)  
Year ended 31 March 2022

4 LETTING ACTIVITIES (CONTINUED)

	Supported Housing £'000	General Needs £'000	Agency Managed £'000	2021 Total £'000
<b>Income</b>				
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
<b>Turnover from Social Housing Lettings</b>	<b>7,347</b>	<b>944</b>	<b>440</b>	<b>8,731</b>
<b>Expenditure</b>				
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
<b>Operating expenditure on Social Housing Lettings</b>	<b>6,836</b>	<b>767</b>	<b>318</b>	<b>7,921</b>
<b>Operating surplus on Social Housing Lettings</b>	<b>511</b>	<b>177</b>	<b>122</b>	<b>810</b>
Void losses	(205)	(13)	-	(218)

## PROVIDENCE ROW HOUSING ASSOCIATION

### NOTES ON THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2022

#### 5 OPERATING SURPLUS

Is stated after charging:

	2022 £'000	2021 £'000
Depreciation		
- Social housing properties held for lettings	447	444
- Other property, plant and equipment	17	39
- Accelerated depreciation	3	15
	<u>467</u>	<u>498</u>
Auditors' remuneration		
- External – audit services current year (excluding VAT)	30	28
	<u>30</u>	<u>28</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 £1,209 (2021: £Nil) 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:

	2022 £'000	2021 £'000
Gross salary	267	258
Social security costs	32	31
Employer's pension contributions	12	12
	<u>311</u>	<u>301</u>

**PROVIDENCE ROW HOUSING ASSOCIATION**

**NOTES ON THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 March 2022**

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**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:

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Highest paid Director		
Aggregate remuneration (excluding pension)	92	90
Pension contribution	5	5
	<hr/>	<hr/>
Emoluments (including pension contributions and benefits in kind)	97	95
	<hr/>	<hr/>

During the year pension contributions of £4,500 (2021: £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)

	<b>2022</b> <b>No.</b>	<b>2021</b> <b>No.</b>
£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 2022

#### 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 111 (2021: 108).

	2022 £'000	2021 £'000
Staff costs were as follows:		
Wages and salaries	3,429	2,938
Social security costs	327	297
Pension costs (note 18)	102	96
	<u>3,858</u>	<u>3,331</u>

Staff costs of £447,196 (2021: £281,839) were paid to various agencies.

Staff costs include redundancy payments amounting to £22,751 (2021: £Nil).

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

	2022 £'000	2021 £'000
On bank loans	352	398
	<u>352</u>	<u>398</u>

#### 9 TAX

PRHA is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly PRHA is 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 2022**

**10 TANGIBLE ASSETS – HOUSING PROPERTIES**

	<b>Social housing properties held for letting £'000</b>	
<b>Cost</b>		
At 1 April 2021		46,633
Additions		
- replaced components		76
- work to existing properties		125
Disposals		
- replaced components		(9)
<b>At 31 March 2022</b>		<b>46,825</b>
<b>Depreciation</b>		
At 1 April 2021		6,600
Charge for year		447
Disposals		
- replaced components		(6)
<b>At 31 March 2022</b>		<b>7,041</b>
<b>Net book value at 31 March 2022</b>		<b>39,784</b>
<b>Net book value at 31 March 2021</b>		<b>40,033</b>
	<b>2022 £'000</b>	<b>2021 £'000</b>
<b>Expenditure on works to existing properties</b>		
Amount expensed to the income and expenditure account (included in routine maintenance)	272	243
Amounts capitalised in fixed asset housing properties (as above)	201	92
	<b>473</b>	<b>335</b>

## PROVIDENCE ROW HOUSING ASSOCIATION

### NOTES ON THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2022

#### 10 TANGIBLE ASSETS – HOUSING PROPERTIES (CONTINUED)

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

	2022 £'000	2021 £'000
Freehold	18,430	18,513
Long Leasehold	18,217	18,323
Short Leasehold	3,137	3,197
	<u>39,784</u>	<u>40,033</u>

PRHA reclassified a property with a net book value of £8.8 million (2021: £8.9) from freehold to long leasehold at 31 March 2022.

#### Impairment

During the year, PRHA has not recognised any impairment loss (2021: £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 1.5 percent rent increase in 2021, 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.

#### Properties held for security

PRHA had property with a net book value of £25.2 million pledged as security at 31 March 2022 (2021 £25.4 m).

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued)

Year ended 31 March 2022

11 TANGIBLE ASSETS - OTHER PROPERTY, PLANT AND EQUIPMENT

Cost	Office Buildings £'000	Computer equipment £'000	Furniture and equipment £'000	Total £'000
At 1 April 2021	2,601	285	597	3,483
Additions	-	-	25	25
<b>At 31 March 2022</b>	<b>2,601</b>	<b>285</b>	<b>622</b>	<b>3,508</b>
<b>Depreciation</b>				
At 1 April 2021	246	285	572	1,103
Charge for year	10	-	7	17
<b>At 31 March 2022</b>	<b>256</b>	<b>285</b>	<b>579</b>	<b>1,120</b>
<b>Net book value at 31 March 2022</b>	<b>2,345</b>	<b>-</b>	<b>43</b>	<b>2,388</b>
<b>Net book value at 31 March 2021</b>	<b>2,355</b>	<b>-</b>	<b>25</b>	<b>2,380</b>

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

	2022 £'000	2021 £'000
Freehold	2,345	2,355
	<b>2,345</b>	<b>2,355</b>

During the year both offices were used for office purposes. PRHA fully relocated its head office to other premises towards the end of the year.

**PROVIDENCE ROW HOUSING ASSOCIATION**

**NOTES ON THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 March 2022**

**12 DEBTORS**

<b>Amounts receivable within one year:</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Gross rental debtors	692	488
Less: Provision for bad debts	(676)	(442)
	<u>16</u>	<u>46</u>
Other debtors and prepayments	192	194
	<u>208</u>	<u>240</u>

**13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2022 £'000</b>	<b>2021 £'000</b>
Bank loans (note 15)	274	271
Rent received in advance	482	417
Trade creditors	345	398
Grants received in advance	27	18
Tax and Social Security	90	101
Accruals and other creditors	1,662	1,639
Deferred capital grant less than 1 year (note 16)	385	385
	<u>3,265</u>	<u>3,229</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 2022

#### 14 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2022 £'000	2021 £'000
Loans (note 15)	6,923	7,200
Deferred government grant (note 16)	26,682	27,046
	<u>33,605</u>	<u>34,246</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 0.73% to 8.75%. (2021: 0.76% to 8.75%).

Instalments are due as follows:

	2022 £'000	2021 £'000
<b>Housing loans repayable by instalments</b>		
Within one year	274	271
Between two and five years	1,550	1,550
Due after five years or more	5,373	5,650
	<u>7,197</u>	<u>7,471</u>

#### 16 DEFERRED GOVERNMENT GRANTS

	2022 £'000	2021 £'000
At 1 April	27,430	27,790
Release to income in the year	(363)	(359)
Grants recognised in the year	-	-
<b>Balance at 31 March</b>	<u>27,067</u>	<u>27,431</u>

## PROVIDENCE ROW HOUSING ASSOCIATION

### NOTES ON THE FINANCIAL STATEMENTS (Continued)

Year ended 31 March 2022

#### 16 DEFERRED GOVERNMENT GRANTS (CONTINUED)

	2022 £'000	2021 £'000
Classified as:		
Amounts to be released within one year (note 13)	385	385
Amounts to be released in more than one year	26,682	27,046
	<u>27,067</u>	<u>27,431</u>

#### 17 SHARE CAPITAL

	2022 £	2021 £
At 31 March 2022	<u>11</u>	<u>14</u>

The share capital consists of 11 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 £101,745 (2021: £95,513) covering 124 employees (2021: 128).

#### 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 2022

#### 20 UNITS UNDER MANAGEMENT

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

	2022	Disposals	2021
<b>Units of housing stock</b>			
General needs housing			
- social	89	-	89
- affordable	-	-	-
Supported housing	384	-	384
Total social housing units	473	-	473
<b>Total owned and managed</b>	473	-	473
Accommodation managed for others	28	-	28
<b>Total managed accommodation</b>	501	-	501
Units managed by other associations	44	-	44
<b>Total owned and managed accommodation</b>	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 £6,793 (2021: £6,670) and the tenant had a pre-payment balance of £304 at the 31 March 2022 (2021: Arrears balance of £293).

#### 22 CONTINGENT LIABILITIES

PRHA received grant from the Regulator of Social Housing which is used to fund the acquisition and development of housing properties. At 31 March 2022, the value of grant recognised as deferred government grants relating to properties that had not been disposed of was £27.1 million (2021: £27.4 million). (See note 16). In addition grant received have been amortised to the general reserve of £8.0 million (2021: £7.7 million). PRHA has a future obligation to recycle such grant should, in certain circumstances, the relevant properties be disposed of.

## PROVIDENCE ROW HOUSING ASSOCIATION

### NOTES ON THE FINANCIAL STATEMENTS (Continued)

Year ended 31 March 2022

#### 23 CAPITAL COMMITMENT

	2022 £'000	2021 £'000
Commitments approved by the Board but not contracted for:		
Construction	193	259
	<u>193</u>	<u>259</u>
Capital commitments will be funded as follows:		
Social Housing Grant	-	-
Existing reserves	193	259
	<u>193</u>	<u>259</u>
Net Commitment	<u>193</u>	<u>259</u>

#### 24 OPERATING LEASES

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

	2022 £'000	2021 £'000
<b>Amounts receivable as Lessor</b>		
Not later than one year	16	16
Later than one year and not later than five years	66	65
Later than five years	255	259
Total	<u>337</u>	<u>340</u>

## PROVIDENCE ROW HOUSING ASSOCIATION

### NOTES ON THE FINANCIAL STATEMENTS (Continued)

31 March 2022

#### 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 2021 £'000	Cashflows £'000	31 March 2022 £'000
Cash at bank and in hand	5,441	(29)	5,412
Bank overdrafts	-	-	-
Obligations under finance leases	-	-	-
Bank loans	(7,471)	274	(7,197)
Convertible loan	-	-	-
Net Debt	<u>(2,030)</u>	<u>245</u>	<u>(1,785)</u>