

SANDBOURNE HOUSING ASSOCIATION

FINANCIAL STATEMENTS

31 MARCH 2021

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31 MARCH 2021

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INFORMATION

Registered Numbers

Community Benefit Society	12740R
Homes and Communities Agency	LH0418
Exempt Charity	403885

Members of the Board

Elizabeth Lees	Chair
Joe Waters	Vice-Chair
Maria Byrne	
Paul Frith	Chair of Audit, Finance and Risk Committee and of Staffing and Remuneration Committee
David Joicey	Chair of Management and Governance Oversight Committee
Bill Law	
Jan Lewis	
Michael Owen	
Theresa Saunders	
Ann Schofield	
Yogesh Vadgama	
Laurie Wright	Chair of Development Committee

Senior Management Team

Fiona Ferenczy MA ACA MCIH	Chief Executive Officer and Company Secretary
David Hall MCIH	Head of Housing

Registered Office

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Telephone	01202 671222
Email	info@sandbourne.org.uk
Website	www.sandbournehousingassociation.org.uk

Auditors

PKF Francis Clark
Towngate House
2-8 Parkstone Road
Poole
BH15 2PW

Solicitors

Tozers Solicitors LLP
Broadwalk House
Southernhay East
Exeter
EX1 1UA

Capsticks Solicitors LLP
Kings Park House
22 Kings Park Road
Southampton
SO15 2UF

Humphries Kirk LLP
3 Acorn Business Park
Ling Road
Poole
BH12 4NZ

Bankers and Building Societies

Cambridge and Counties Bank Ltd
National Westminster Bank Plc
Nationwide Building Society
Triodos Bank UK Ltd

BOARD REPORT

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

Members of the Board

The Board members who have served during the year were as follows:

Elizabeth Lees - Chair	
Maria Byrne	Appointed September 2020
Paul Frith	
David Joicey	
Bill Law	Co-opted September 2020
Jan Lewis	
Michael Owen	Appointed September 2020
Theresa Saunders	
Ann Schofield	
Yogesh Vadgama	
Joe Waters	
Laurie Wright	

Review of the Operations of the Association

Sandbourne Housing Association (Sandbourne) is a not for profit organisation governed by a voluntary Board. It is a Community Benefit Society, an Exempt Charity and is registered with the Homes and Communities Agency.

The principal activity of Sandbourne is the provision of affordable housing in Poole, Bournemouth, Ringwood and the surrounding area.

During the year £482,981 [2020: £859,412] was spent on the purchase and alteration of housing properties for rent.

Rent

Rents are set in accordance with government guidance.

Repairs and Maintenance

All of Sandbourne's properties meet the requirements of the government's Decent Homes Standard, with the exception of some of the flats at Ace Court. These are currently in the process of being refurbished and the work is expected to be completed in the next year. Sandbourne carries out a range of planned and responsive maintenance to enable all its properties to be maintained to a high standard and to continue to meet the Decent Homes Standard as a minimum.

Reserves

Sandbourne maintains two designated reserves. These were set up to cover expenditure on major repairs for all the rented properties and cyclical repairs for shared ownership properties.

All other reserves are classified as free and are used for the general running of the business.

Treasury Matters

The objective of the Board is to ensure that the provision of the financial resources necessary to run Sandbourne's business is adequately maintained. Surplus funds will be invested in interest-bearing cash accounts; loans will be entered into, after due financial appraisal, where additional funds are required for new development and the smooth running of the business.

Value for Money

Strategy

Sandbourne aims to embed value for money in all its thinking. We aim to provide the best possible service to our current and future residents and other stakeholders while still remaining financially viable. This means that we have to ensure that our services are provided in an effective, efficient and economic way.

Our regulator, the Regulator of Social Housing (RSH), assesses all registered providers of social housing on their commitment to providing value for money within their businesses. It specifically states that all registered providers must demonstrate:

- (a) A robust approach to achieving value for money – this must include a robust approach to decision making and a rigorous appraisal of potential options for improving performance.
- (b) Regular and appropriate consideration by the board of potential value for money gains – this must include full consideration of costs and benefits of alternative commercial, organisational and delivery structures.
- (c) Consideration of value for money across their whole business and where they invest in non-social housing activity, they should consider whether this generates returns commensurate to the risk involved and justification where this is not the case.
- (d) That they have appropriate targets in place for measuring performance in achieving value for money in delivering strategic objectives, and that they regularly monitor and report their performance against these targets.

Vision

Sandbourne seeks to be a high quality housing provider of choice in the local area.

Objectives

Sandbourne has a range of objectives as set out in its Business Plan, which was reviewed in December 2020. The objectives and their impact on Value for Money are:

- (a) To be locally based and primarily operating in the Poole, Bournemouth, Ringwood areas – the Board believes that by concentrating the business in a defined local area which it knows well, it can provide the best possible service while containing the cost of those services. Opportunities which arise to

- provide services outside this area will only be undertaken if a real value for money benefit to both the business and the residents can be shown.
- (b) To provide high quality, affordable homes to enable residents to live independently – high quality homes last longer, require less maintenance and are more comfortable to live in. However, expenditure on quality must be tempered against affordability to ensure that our homes are available to those in greater financial and housing need.
 - (c) To provide additional homes as the opportunity arises – surpluses generated by the business are retained within the business and used to improve existing homes or provide new ones.
 - (d) To empower residents to have a direct say in the way that their homes and services are managed and to play an active role in the continuous improvement and development of systems and services – Sandbourne is currently working on improving and extending the ways that residents can be involved in the running of the Association and can express opinions on the services provided. Sandbourne currently has two resident Board members who contribute to the strategy and direction of the business. Other residents have opportunities to contribute to the business through regular meetings with staff, surveys on general service provision and specific topics and concerns, feedback forms on the website and in each newsletter and directly by phone, letter or email.
 - (e) To seek to add social benefit to our residents in all we do. And to explore ways of measuring this investment – the best form of social benefit for our residents is the provision of affordable, secure and safe places to live. This also provides a social benefit to society as a whole. Residents who work directly with Sandbourne to review our services gain a range of experience and are offered relevant training to assist them. This can help them in their professional careers and in their social contacts.
 - (f) To employ high quality, dedicated staff who can assist residents in benefitting from the quiet enjoyment of their homes and promote all aspects of equality and diversity – investing in staff means that they are more likely to stay with Sandbourne, will be more motivated in their work and will, thus, offer a better service to residents.
 - (g) To invest in our staff, to ensure that they have the resources and skills to fulfil their role and to develop those skills where appropriate – Sandbourne promotes lifelong learning and encourages all staff to undertake training that will help to broaden their life experience and improve their professional skills. Where appropriate, and where finances allow, Sandbourne will also fund this training.
 - (h) To seek to continually improve our services and adapt them to the needs and requirements of our residents – Sandbourne regularly reviews the services that it provides to ensure that they meet the needs and aspirations of each cohort of residents and that they provide value for money to the business as a whole. We are also working with residents to introduce a range of service standards to help assess the effectiveness of the services we provide.
 - (i) To use local contractors wherever reasonable – local contractors know the area in which we are based and we work with them to provide services tailored to our residents and stock. Sandbourne is also a significant customer

for these contractors, which means that we can benefit from a cost effective, more personalised service from them.

- (j) To strive to embed Value for Money principles in all its activities – Sandbourne is constantly seeking to provide the best possible service to all its current and future residents at a price which is affordable and financially viable.
- (k) To actively pursue environmentally friendly options where possible and where affordable for both Sandbourne and our residents – the long term future of the planet is important to Sandbourne and we will look to protect that future wherever possible. As technologies develop, it may also be the case that the environmentally friendly option is also the best value for money option.
- (l) To remain ‘SMALL’ (defined as less than 1,000 homes by the Regulator) – the size of the organisation enables us to really know our residents and to react quickly to new opportunities which offer better value for money or to adapt business procedures to counter threats.
- (m) To remain independent – the Board believes that independence enables Sandbourne to provide the best service to our residents at the current time. However, the status of the Association is not set in stone and is reviewed regularly.

Value for Money in the year to 31 March 2021

The full version of the Value for Money Assessment for 2020/21 can be found on Sandbourne’s website. The following is a summary of that report.

(a) Financial Returns

- Sandbourne refinanced its loan with Triodos Bank in 2018 and also arranged a new £2,000,000 borrowing facility. All of this facility has now been drawn down to finance new developments. A development of six new homes is due to start on site in the summer of 2021 and complete in the summer of 2022.
- Sandbourne currently owns 58 properties which are let on long leases. Sandbourne’s policy is always to agree to the extension of these leases, but to negotiate terms to get the best deal for the business as a whole. There have been two lease extensions in the period generating income of £19,000, which will be used for capital projects in the business.
- Sandbourne currently has two properties which are let out on market rents. These are both properties which were bought on the open market with no social housing grant to offset the cost. They are let at market rent to enable Sandbourne to recoup some of this cost. The current annual income from these two properties is £17,340.

(b) Social Returns

- Work was carried out in the year to increase the number of parking spaces and create a buggy store at the Stourwood Avenue site. This enables more residents to park on site and provides safe and secure storage for more disabled buggies. Both improvements play a part in helping residents to maintain an active role in society and remain in their accommodation for longer.

(c) Environmental Returns

- The 12 properties acquired from Bournemouth Ace in 2019 did not comply with the Decent Homes Standard. Work is ongoing to bring them up to standard including fitting new heating systems, which are more environmentally friendly than the older ones. Work was delayed by the Covid-19 pandemic but is due to be completed in 2022.
- The communal boiler at Harcourt Grange was upgraded in the year making it more efficient and environmentally friendly.
- Electric heating systems were upgraded in 11 properties in the year.
- The Covid-19 pandemic compelled the implementation of home working for most staff. Staff and Board meetings were held remotely on digital platforms throughout the year. This was more environmentally friendly, saved travel time and expenses and often resulted in a higher attendance at meetings.

(d) Asset Management Strategy

- Sandbourne is undertaking a review of the Fire Risk Assessments at all its communal developments over a two-year period. All the 60+ blocks were reviewed in 2020/21 and most of the recommended work has been carried out. The general needs blocks will be reviewed in 2021/22.

In the year 2020/21 Sandbourne has spent £156,490 on fire safety works.

(e) Services to residents

- Sandbourne employed a contractor to review its existing ways of engaging residents in the work of the Association. The Board has now approved an Action Plan to improve Sandbourne's approach and residents will be consulted on the plan and encouraged to share their views on resident engagement over the next year.
- Additional standards of cleaning were commissioned at all developments throughout the Covid-19 pandemic. This was to help keep residents and staff safe from the virus. The additional costs of this cleaning will not be passed on to residents by way of service charges.

(f) Administrative Improvements

- The internet access to the office was upgraded in the year and a new phone system was installed. Both of these improvements have enhanced the service that could be provided to residents when the office had to be closed. The internet access has meant that all staff could successfully work from home when they were required to do so. The phone system enabled calls to the office to be answered by staff from home, so that the phone service to tenants was uninterrupted during the second and subsequent lockdown periods.
- The transfer from office working to remote working has enabled staff to work more flexibly, both in location and in time. This means that staff can provide a better service to residents, have a better work/life balance themselves and reduce the need for overtime, which saves money.

Value for Money Metrics	2021	2020
Metric 1 – Reinvestment %	1.46%	2.66%
Metric 2 – New supply delivered %	0% for social housing units 0% for non-social housing units	0.71% for social housing units 0% for non-social housing units
Metric 3 – Gearing %	30.32%	26.68%
Metric 4 – Earnings before interest, depreciation, amortisation, major repairs included (EBITDA MRI) Interest Cover %	173.8%	186.0%
Metric 5 – Headline social housing cost per unit	£3,615	£3,446
Metric 6 – Operating Margin %	23.2%	27.0%
Metric 7 – Return on capital employed (ROCE) %	2.1%	2.6%

Income year on year between 2020 and 2021 was virtually unchanged but expenditure rose due to the Covid-19 pandemic and budgeted expenditure on fire safety works, which were significantly higher than in 2019/20. Investment in properties was negatively impacted by the pandemic, as only emergency work was carried out for large parts of the year. Gearing has increased because an additional loan of £1,000,000 was drawn down in the year.

Compliance with Governance and Financial Viability Standard

The Board confirms that Sandbourne complies with the requirements of the revised Governance and Financial Viability Standard applicable for the year from 1 April 2020.

NHF Code of Governance 2020

The Board adopted the NHF Code of Governance 2020 during the year and will seek to follow its guidance in all areas of the management of the business with the exception of the following clauses:

Clause number	Principle	Reason for non-compliance
3.1(2)	The chair of the Board does not chair and is not a member of the committee responsible for audit, nor does the chair of the Board chair the committee responsible for remuneration.	The Chair of the Board is allowed to be on the audit and remuneration committees, but not to chair them. This is so that the best use can be made of the skills of the individual Board members.

3.3(4)	There is a dedicated senior Board member (normally a vice-chair or senior independent director) with duties that include appraisal of the chair and assisting the chair to ensure the effectiveness of the Board.	Sandbourne has a Vice-Chair who assists the Chair to ensure the effectiveness of the Board. The Board are appraised as a whole and not as individuals, so the vice Chair does not appraise the Chair directly.
3.7(3)	Maximum tenure will normally be up to six consecutive years (typically comprising two terms of office), but where a member has served six years, and the Board agrees that it is in the organisation's best interests, their tenure may be extended up to a maximum of nine years.	Sandbourne does not currently comply with this requirement and will retain the nine-year rule as standard for the present. Reasons for this include: <ul style="list-style-type: none"> • To maintain a good skill level on the Board. • Greater role for Board members in a small organisation, so need to ensure a good range of skills at all times. • May be harder to recruit Board members to smaller organisations, particularly as Sandbourne does not currently pay Board members. • Recruitment and training of Board members is also time consuming for executive management. • Smaller local area to draw potential Board members from.
3.7(4)	A member who has left the Board is not re-appointed for at least three years.	Currently members leaving the Board can re-apply for membership after one year. Mostly this does not happen, but Sandbourne would want to keep the one-year time scale for the following reasons: <ul style="list-style-type: none"> • In case a new member with a relevant skill cannot be found. • Recruiting from a small area, so limited availability of a good range of skills and volunteers.

3.10	Member appraisal: a full, rigorous and documented appraisal process for the individual members of the Board and its committees, including the chairs, is carried out at least every two years.	This would be difficult to achieve due to the constraints of time and cost. An appraisal of the Board as a whole is more workable and can address whether the Board members consider that they are being effective and whether any changes are required to increase effectiveness. Board members are all currently volunteers.
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Principal Risks of the Business

The Board of Sandbourne recognises that all business activities carry risk and that these risks need to be managed, mitigated or avoided to safeguard the business and the assets owned by it. Sandbourne has a register of business risks which is reviewed at least twice a year in detail by the Audit, Finance and Risk Committee and at least annually by the full Board.

The latest review in March 2021 identified the following five principal risks of the business:

Risk	Comments and mitigation
Significant movements in inflation rate – expenditure.	<ul style="list-style-type: none"> • The impact of the pandemic has caused inflation rates to fluctuate and that is likely to continue for at least the next year. • No contractual obligation to offer salary rises or performance related pay, only to review salaries on an annual basis. • Limited ability to delay (or bring forward) planned and major repairs expenditure. • Rent rises of CPI plus 1% for five years from 2020 will help to mitigate rising expenditure. • The UK has now left the EU and some disruption is being experienced in the supply chain, particularly with repairs and maintenance supplies.
Changes in building, health and safety and environmental regulations resulting in unexpected expenditure.	<ul style="list-style-type: none"> • Ongoing planned maintenance to ensure that properties meet current standards. • New standards can only be considered when and if they are brought into effect. However, the Housing White Paper 2020 includes the likelihood of new minimum standards for social housing lets, which could mean increasing planned maintenance expenditure.

	<ul style="list-style-type: none"> • The Association will take advantage of any relevant funding initiatives. • Reviewing and monitoring of fire inspections and regulations following Grenfell. Current indications are that further expenditure will be required, but impossible to quantify that at this stage. • New developments will aim to meet the highest level of government environmental standards that is practical and affordable. • Current stock will be upgraded to include more environmentally friendly fitments where appropriate and practical.
<p>Major problems encountered with a significant new development.</p>	<ul style="list-style-type: none"> • Use of skilled professionals to set up and manage the contract. • New development is due to start in June 2021 and complete in the spring of 2022. No other developments will be started until this one is completed. • Insurance cover in place. • Sandbourne will aim to ensure that development work is scheduled carefully, and delayed where necessary, to avoid overstressing staff and resources and to limit the impact of any problems on the business. • Expertise and skills from partner organisations and contractors will be helpful, but there is still a potential for a significant amount of management time to be taken up with any large project. • A Development Committee will hold regular meetings while development work is underway. The Board member with relevant expertise has agreed to chair those meetings.
<p>Failure of IT systems or loss of IT support, including malicious intrusion.</p>	<ul style="list-style-type: none"> • Annual review of IT support contracts in place. • Robust back-up procedures. • Business systems can be remotely accessed by IT providers and have response times built into contracts. • Separate IT systems for business management, housing management and finance. • All firewalls and cyber protection are updated regularly and automatically applied.

<p>Financial impact of changes in fire safety and other safety legislation</p>	<ul style="list-style-type: none"> • Advice now being taken from a range of professionally qualified contractors to agree the best course of action for all of Sandbourne's properties with communal areas. • Priority expenditure in the current year to ensure that all properties at least meet the required fire safety requirements currently in place.
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Risks associated with Covid-19 Pandemic

Immediately prior to the 2020 year end a new major risk to Sandbourne emerged. A new coronavirus had been identified in China in late 2019 which was spreading rapidly around the world. In March 2020 the World Health Organisation declared that the disease had reached pandemic level and on 23 March 2020 the whole of the UK was put into immediate lockdown. The risk remains fairly high and the UK was again in a form of lockdown on 31 March 2021. While the pandemic does now appear to be easing in the UK there continues to be the possibility of further restrictions required. The risks to Sandbourne, its residents and staff, and the procedures put in place to mitigate and manage those risks, can be summarised as follows:

Risk	Mitigation and management
<p>Ensuring the safety of residents and staff.</p>	<ul style="list-style-type: none"> • Limiting the access to the main office and continuing to encourage staff to work from home where possible and practical. • Sensitive management of repairs and maintenance. All statutory repairs and safety checks will continue to be carried out, but other repairs and maintenance can be scheduled when both staff and residents feel that it is safe to do so. • Ensuring that both staff and residents were provided with up to date guidance from the government.
<p>Maintaining effective working practices while under lockdown restrictions.</p>	<ul style="list-style-type: none"> • Lettings are proceeding as normal, but procedures are in place to limit contact between residents and staff and additional cleaning is carried out where required. • All repairs are now being carried out but contractors and staff are sensitive to resident feelings and fears.

	<ul style="list-style-type: none"> • All safety checks continued to be carried out where possible, but extra care continues to be taken to avoid unnecessary contact. • Communal services are being carried out but, again, care is taken to minimise contact and government guidelines on social distancing are followed at all times. • Housing staff helped tenants to adapt to the new restrictions including offering support for those trying to claim emergency benefits and contacting a number of residents who were identified as having no local support.
<p>Financial viability of the business</p>	<ul style="list-style-type: none"> • Sandbourne had significant cash reserves at the year end, meaning that any significant reduction in income due to the pandemic can be managed, at least in the short term. • Income has held up well throughout the pandemic period to date and there is no immediate threat to the business. However, the Board is conscious that future months may present further challenges. • The budget for 2021/22 includes a 30% uplift on responsive repairs expenditure to cover potential items that were not carried out in the last year due to the pandemic restrictions. <p>The Board have considered the impact of Covid-19 on Sandbourne for at least 12 months after the date of signing of these Financial Statements and are comfortable that the business will remain a going concern. Thus, the accounts have been prepared on a going concern basis.</p>

The Board will continue to monitor the ongoing impact of the pandemic on the business but, up to the date of the approval of these Financial Statements, the Board consider that the risk has been well managed and does not pose a significant threat to Sandbourne.

Internal Controls' Assurance

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

The Board recognises that no system of internal control 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 Sandbourne's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which Sandbourne is exposed and is consistent with Turnbull principles as incorporated in the Tenant Services Authority circular 07/07 Internal Controls Assurance.

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 control framework, includes:

- Identification and evaluation of key risks;
- Regular monitoring by the Board and taking corrective action;
- Maintaining a control environment and written procedures; and
- Financial and other information reported to and reviewed by the Board.

The internal control framework and the risk management process are subject to regular review by Internal Auditors who are responsible for providing independent assurance to the Board via its Audit, Finance and Risk Committee. The Audit, Finance and Risk Committee considers internal control and risk at each of its meetings during the year.

The Board has received the Director of Finance's annual report, has conducted its annual review of the effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of the risk management and control process.

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Association. This process has been in place throughout the year under review, up to the date of the annual report, and is regularly reviewed by the Board.

Statement of the Board's Responsibilities

The Co-operative and Community Benefit Society Act 2014 and other registered provider legislation require that the Board prepare financial statements for each financial year which give a true and fair view of the state of affairs of Sandbourne and of its income and expenditure for that period. In preparing these financial statements, the Board is required to:

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

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time Sandbourne's financial position and to enable it 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 in England 2015. It also has general responsibility for taking reasonable steps to safeguard Sandbourne's assets and to prevent and detect fraud and other irregularities. The Board is also responsible for ensuring that this report is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2014.

Auditors

The members of the Board confirm that:

- So far as each one is aware, there is no relevant information of which the auditors are unaware; and
- They have taken all the steps that they ought to have taken to make themselves aware of any relevant information which could be required by Sandbourne's auditors and to establish that the auditors are made aware of that information.

By order of the Board

Elizabeth Lees
Chair

Signed by E Lees

Date: *28 July 2021*

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANDBOURNE
HOUSING ASSOCIATION

Opinion

We have audited the financial statements of Sandbourne Housing Association for the year ended 31 March 2021 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity/reserves, statement of cash flows and notes to the financial statements, including 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). In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2021, and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The board are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 the Co-operative and Community Benefit Act 2014 requires us to report to you if, in our opinion:

- the association has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation; or
- the revenue account, any other accounts to which our report relates, and the balance sheet are not in agreement with the association's books of account; or
- we have not obtained all the information and explanations necessary for the purposes our audit.

Responsibilities of the board

As explained more fully in the board's responsibilities statement set out on page 15, 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 it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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:

As part of our audit planning we obtained an understanding of the legal and regulatory framework that is applicable to the association. We gained an understanding of the association and the industry in which the association operates as part of this assessment to identify the key laws and regulations affecting the association. We enquired with management policies and procedures and made an appropriate team selection (ensuring competence and capability to recognise non-compliance). Key regulations we identified were health and safety regulations, employment law and also those laws and regulations that have a direct impact on the preparation of the financial statements.

Management enquiries covered any knowledge or evidence of actual or potential fraud, litigation and claims which are followed up with corroborative audit review work. We also evaluated management incentives and opportunities for fraudulent manipulation of the financial statements and found nothing to note.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- Enquiries of management regarding their knowledge of any non-compliance with laws and regulations that could affect the financial statements. As part of these enquiries we also discussed with management whether there have been any known instances of fraud, of which there were none.
- Reviewed legal and professional costs to identify any possible non-compliance or legal costs in respect of non-compliance.
- Reviewed filings with the Regulator of Social Housing and FCA and whether there were any late submissions, of which there were none.
- Discussed with management if any health and safety incidents have been recorded during the year, of which there were none.
- Review of the GDPR policy and enquiries to management as to the occurrence of any reportable breaches, of which there were none.
- Reviewed Board minutes and correspondence with the Regulator of Social Housing and FCA.
- Reviewed estimates and judgements made in the accounts for any indication of bias, of which there were none.

- Audited the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the association's members, as a body, in accordance with section 87 of 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 association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signed by Mark Johns

Mark Johns FCA ACCA (Senior Statutory Auditor)
PKF Francis Clark
Towngate House
2-8 Parkstone Road
Poole
BH15 2PW

Date: 13 August 2021

SANDBOURNE HOUSING ASSOCIATION
31 MARCH 2021

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
31 MARCH 2021

	Notes	2021 £	2020 £
Turnover	2	2,665,258	2,668,254
Operating costs		(2,046,624)	(1,949,090)
Operating surplus		618,634	719,164
Gain on disposal of tangible fixed assets	4	-	39,903
Interest receivable and similar income		40,293	54,179
Interest payable and similar charges		(404,583)	(417,373)
Surplus for the period		254,344	395,873

On behalf of the Board

Elizabeth Lees (Chair)

Signed by E Lees

Paul Frith (Chair of Audit, Finance and Risk Committee)

Signed by P Frith

Fiona Ferenczy (Company Secretary)

Signed by Fiona Ferenczy

SANDBOURNE HOUSING ASSOCIATION
31 MARCH 2021

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Notes	2021 £	2020 £
Fixed Assets			
Housing properties	8	27,681,705	27,638,705
Other tangible fixed assets	9	47,606	53,855
		<u>27,729,311</u>	<u>27,692,560</u>
Current assets			
Debtors	10	142,044	140,568
Cash at bank and in hand		2,670,661	1,822,964
		<u>2,812,705</u>	<u>1,963,532</u>
Creditors: amounts falling due within one year	11	(558,361)	(524,454)
Net current assets		<u>2,254,344</u>	<u>1,439,078</u>
Total assets less current liabilities		29,983,655	29,131,638
Creditors: amounts falling due after more than one year	12	(15,329,449)	(14,731,777)
Total net assets		<u><u>14,654,206</u></u>	<u><u>14,399,861</u></u>
Reserves			
Called up share capital	14	29	28
Income and expenditure reserve		14,002,211	13,747,867
Designated reserves		651,966	651,966
Total reserves		<u><u>14,654,206</u></u>	<u><u>14,399,861</u></u>

The financial statements were approved and authorised for issue by the Board on

Signed on behalf of the Board

28 July 2021

Signed by E Lees

Elizabeth Lees (Chair)

Signed by P Frith

Paul Frith (Chair of Audit, Finance and Risk Committee)

Fiona Ferenczy (Company Secretary)

Signed by Fiona Ferenczy

The notes on pages 25 to 35 form part of these accounts.

SANDBOURNE HOUSING ASSOCIATION
31 MARCH 2021

STATEMENT OF CHANGES IN EQUITY AND RESERVES FOR THE YEAR ENDED
31 MARCH 2021

	Called up share capital £	Income and expenditure reserve £	Designated reserves £	Total £
At 1 April 2020 as restated	28	13,747,867	651,966	14,399,861
Surplus/(deficit) for the year	-	254,344	-	254,344
Transfers in the year	-	-	-	-
Share capital issued/(cancelled)	1	-	-	1
At 31 March 2021	29	14,002,211	651,966	14,654,206

SANDBOURNE HOUSING ASSOCIATION
31 MARCH 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Cash flow from operating activities	15	1,029,727	1,089,739
<u>Cash flow from investing activities</u>			
Payments to acquire tangible fixed assets		(490,452)	(873,318)
Receipts from sales of tangible fixed assets	4	-	116,078
Interest received		40,293	54,179
Net cash flow from investing activities		(450,159)	(703,061)
<u>Cash flow from financing activities</u>			
Proceeds from issue of shares		1	3
Repayment of long term loans		(316,038)	(302,373)
New loan drawn down		990,000	-
Repayment of finance lease liabilities	13	(1,251)	(1,145)
Interest paid		(404,583)	(417,373)
Net cash flow from financing activities		268,129	(720,888)
Net (decrease)/increase in cash and cash equivalents		847,697	(334,210)
Cash and cash equivalents at 1 April 2020		1,822,964	2,157,174
Cash and cash equivalents at 31 March 2021		<u>2,670,661</u>	<u>1,822,964</u>
<u>Cash and cash equivalents consist of:</u>			
Cash at bank and in hand		579,655	735,781
Short term deposits		2,091,006	1,087,183
Cash and cash equivalents at 31 March 2021		<u>2,670,661</u>	<u>1,822,964</u>

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of significant accounting policies

(a) General information and basis of preparation

Sandbourne Housing Association (the Association) is a not for profit organisation governed by a voluntary Board. The Association is a Community Benefit Society, an Exempt Charity and is registered with the Homes and Communities Agency.

The Association was formed of the merger of Bournemouth Housing Society for the Elderly and Broadway Park Housing Association Ltd in 2015, the acquisition of Ringwood and District Old People's Housing Society Ltd in 2016 and the acquisition of Bournemouth Ace Housing Association Ltd in 2018.

The principal activity of the Association is the provision of affordable housing in the Poole/Bournemouth conurbation, the town of Ringwood and the surrounding area.

The Association constitutes a public benefit entity as defined by FRS 102.

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102)", the Statement of Recommended Practice for Social Housing Providers 2014 and with the Accounting Direction for private registered providers of social housing in England 2015. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling, which is the functional currency of the Association.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

(b) Tangible fixed assets

Tangible fixed assets (including social housing properties) are stated at cost to the Association less accumulated depreciation. Cost includes costs directly attributable to making the asset capable of operating as intended, such as expenditure on improvements. Such expenditure will only be capitalised when it results in incremental future benefits such as increasing rental income, reducing maintenance costs or resulting in a significant extension of the useful life of the property.

Depreciation is provided on all tangible fixed assets (except land) at rates calculated to write off the cost, less any residual value, of each asset on a straight line basis over its expected useful life as follows:

Land	Not depreciated
Housing properties – structure	100 to 125 years
Housing properties – lifts	25 years
Housing properties – kitchens	20 years
Housing properties – bathrooms	30 years
Housing properties – roofs	50 to 60 years
Housing properties – boilers	10 years
Housing properties – windows and doors	30 years
Fixtures and fittings in communal areas	10 years
Office furniture and equipment	5 years
Solar panels	25 years

Housing properties under construction are not depreciated until they are in use.

The useful economic lives of all tangible fixed assets are reviewed annually.

(c) Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in other administrative expenses.

(d) Investments

Cash investments are recognised at fair value.

(e) Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a financing transaction it is measured at present value.

(f) Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. The level at which an impairment is assessed is either on a block basis (for those properties owned in blocks) or on an individual basis (for those properties owned individually). The key indicators considered for impairment are frequency of tenancy change and length of void periods for each cash generating unit.

If an indication of impairment is identified the carrying value of the property or group of properties will be reduced to the estimated recoverable amount. The associated impairment write down amount will be recognised in expenditure through the Statement of Comprehensive Income.

(g) Leases

Assets acquired under finance leases are capitalised and depreciated over the shorter of the lease term and the expected useful life of the asset. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability using the effective interest rate method. The related obligations, net of future finance charges, are included in creditors.

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

(h) VAT

The Association is not VAT-registered, so all expenditure is shown inclusive of VAT.

(i) Turnover and other income

Turnover is measured at the fair value of the consideration received or receivable in the period. The policies adopted for the recognition of turnover and other income are as follows:

- Turnover represents rental and service charge income receivable in the year (net of rental and service charge losses from void properties) and any revenue grants received or receivable.
- Other income is made up predominantly of interest received or receivable on cash investments.

(j) Sale of fixed assets

The disposal of any assets held as fixed assets will be accounted for through the Statement of Comprehensive Income in the period in which the disposal takes place. Where the surplus or loss on disposal of such assets is material to the accounts, the net amount will be shown on the face of the Statement of Comprehensive Income, with further details set out in the notes to the financial statements. Otherwise, any surplus or loss will be included in Operating Costs.

Proceeds from the first tranche disposals of shared ownership properties are included in Turnover in the period in which the disposal occurred and the costs of sale are included in Operating Costs. Proceeds from the sale of subsequent tranches are treated as disposals of fixed assets.

(k) Government grants

Government grants have been received from Homes England and from local authorities in respect of many of the Association's housing properties. These grants are recognised at the fair value of the asset received. The assets are accounted for using the cost model and the grant is accounted for using the accruals model. The difference between the fair value of the asset and the consideration is recognised as a liability and amortised over the useful economic life of the asset. This amortisation is recognised within Turnover.

(l) Employee benefits - Pensions

The Association operates a defined contribution pension plan for the benefit of its employees. Contributions are expensed as they become payable.

(m) Reserves

The Association has three reserves – an Income and Expenditure Reserve, a Major Repairs Reserve and a Cyclical Repairs Reserve. The Cyclical Reserve is restricted to funding cyclical repairs for the leasehold properties which contribute to it. Neither of the other two reserves is restricted.

(n) Merger and Acquisitions

Where Sandbourne joins with another entity of similar size and nature on a voluntary basis, the amalgamation will be accounted for as a merger. The financial statements will be presented as if the two entities had always been one.

Where Sandbourne joins with another entity that is significantly smaller or different in nature, the amalgamation will be accounted for as an acquisition. The assets, liabilities and reserves of the acquired entity will be brought into the Sandbourne financial statements at their fair value on the date of the acquisition. If the amount paid to acquire the entity is greater than the fair value of the net assets and liabilities, the excess will be treated as goodwill and written off over its expected useful life. If the amount paid to acquire the entity is less than the fair value of the net assets and liabilities, the difference will be treated as income in the year of acquisition and accounted for through the Statement of Comprehensive Income.

(o) Judgements and key sources of estimation uncertainty

The following judgements have been made in the process of applying the above accounting policies that have had a significant effect on the amounts recognised in the financial statements:

- The carrying value of all Sandbourne's housing properties is reviewed for potential impairment on an annual basis. The Board have taken the view that each individual property is a cash generating unit in its own right and that any adjustment for impairment of valuation should be made accordingly. The value of each property to Sandbourne is primarily based on its ability to generate rental income. Thus, the impairment review focuses on void times and void losses for each property over the previous

year. In the judgement of the Board, there has been no impairment of the value of Sandbourne's housing properties in the year to 31 March 2021 or in the period up to the signing of these accounts.

- Each of the material leases entered into by Sandbourne were assessed and categorised as either finance or operating leases. In the judgement of the Board, the terms of one lease had transferred most of the risks and rewards of ownership to Sandbourne, making it a finance lease. In this case the asset leased has been included in the balance sheet as a fixed asset and a corresponding loan has been included in creditors. In all other cases the Board considered that most of the risks and rewards of ownership had not been transferred to Sandbourne and only the annual cost of leasing those assets has been included in these accounts.
- The Board has reviewed the impact of the Covid-19 pandemic on the Association and its business up to the date of the signing of these accounts and does not consider it to have been material. Thus, there has been no adjustment to these accounts relating to the impact of the pandemic.

The following key sources of estimation have been applied to these financial statements:

- The carrying value of all fixed assets except for land (net of their estimated residual values) are depreciated over their estimated useful lives. These estimated useful lives and the estimated residual values of assets are reviewed regularly based on internal information and sector averages.
- The financial statements contain reserves for major and cyclical repairs. These are regularly reviewed for their completeness based on known levels of replacements and renewals of such assets.
- The carrying value of rental debts is reviewed on an annual basis to ensure that all debts are collectable. These accounts include an estimated provision against those rental debts which are deemed to be doubtful.

2. Social housing turnover and costs

	2021 £	2020 £
Rent receivable	2,149,757	2,131,075
Service charges receivable	447,100	475,274
Support income	32,303	35,170
Less: Void losses	(22,725)	(27,566)
	<u>2,606,435</u>	<u>2,613,953</u>
Add: Amortised government grants	58,823	54,301
Net income from social housing activity	2,665,258	2,668,254
Less: Social housing activity expenditure	(2,046,624)	(1,949,090)
Operating surplus from social housing activities	<u>618,634</u>	<u>719,164</u>

3. Accommodation owned and managed

	Number of units at 31 March 2021	Number of units at 1 April 2020
Completed units:		
General needs housing let at social rent	156	156
Housing for older people	266	266
Low cost home ownership	21	21
Leasehold property	37	37
	<hr/> 480	<hr/> 480
Units in development	-	-
	<hr/> <hr/> 480	<hr/> <hr/> 480

4. Disposals of housing properties held as tangible fixed assets

	2021 £	2020 £
Proceeds from the disposal of housing properties	-	117,500
Less: Carrying value of housing properties	-	(76,175)
	-	<hr/> 41,325
Less: Other disposal costs	-	(1,422)
Surplus on disposal of property	-	<hr/> <hr/> 39,903

5. Surplus on ordinary activities is stated after charging/(crediting):

	2021 £	2020 £
Auditor's remuneration (including expenses) for audit	10,750	10,500
Auditor's remuneration (including expenses) for non-audit	2,909	2,400
Operating lease rentals	<hr/> 51,493	<hr/> 51,848

6. Board and key management personnel remuneration

No Board member received any remuneration in the year (2020: £nil). Expenses totalling £83 (2020: £276) were paid to Board members in the year.

The total remuneration for key management personnel in the year amounted to £155,296 (2020: £167,489).

The highest paid member of the management team received remuneration of £87,926 (2020: £85,030) excluding pension contributions.

The Association makes pension contributions on behalf of the Chief Executive into a defined contribution personal pension scheme. The Chief Executive is an ordinary member of this scheme and no special or enhanced terms apply. During the year to 31 March 2021 Sandbourne made contributions of £4,893 (2020: £4,723) into the scheme.

7. Staff costs

The average number of employees, including members of the executive team, calculated on a full time equivalent of 35 hours per week, was 9 employees (2020: 9 employees).

The number of employees who received more than £60,000 as their employee package (excluding pension costs) are as follows:

	2021 Number	2020 Number
£60,001 to £70,000	-	-
£70,001 to £80,000	1	1

8. Tangible fixed assets – housing properties

	60+ Properties £	18+ Properties £	Shared Ownership Properties £	Under Construction £	Total £
COST					
At 1 Apr 2020	19,656,289	12,673,749	646,601	49,474	33,026,113
Additions	324,373	137,680	-	20,928	482,981
Acquisition	-	-	-	-	-
Disposals	(8,752)	(34,649)	-	(11,116)	(54,517)
Transfers	-	-	-	-	-
At 31 Mar 2021	<u>19,971,910</u>	<u>12,776,780</u>	<u>646,601</u>	<u>59,286</u>	<u>33,454,577</u>
DEPRECIATION					
At 1 Apr 2020	3,480,306	1,800,516	106,586	-	5,387,408
Charge for year	278,991	138,860	3,870	-	421,721
Disposals	(7,424)	(28,833)	-	-	(36,257)
At 31 Mar 2021	<u>3,751,873</u>	<u>1,910,543</u>	<u>110,456</u>	<u>-</u>	<u>5,772,872</u>
NET BOOK VALUE					
At 31 Mar 2021	<u>16,220,037</u>	<u>10,866,237</u>	<u>536,145</u>	<u>59,286</u>	<u>27,681,705</u>
At 31 Mar 2020	<u>16,175,983</u>	<u>10,873,233</u>	<u>540,015</u>	<u>49,474</u>	<u>27,638,705</u>

The income, costs and surplus relating to the shared ownership and leasehold properties amount to £110,058 (2020: £109,586), £57,472 (2020: £65,440) and £52,586 (2020: £44,146) respectively.

Total accumulated impairments of £0 are recognised in the opening position.

Social housing properties with a net book value of £19,797,948 (2020: £19,829,498) have been pledged as security for liabilities of the Association. These assets have restricted title.

9. Tangible fixed assets – other

	Office furniture and equipment £	Equipment in communal lounges £	Total £
COST			
At 1 Apr 2020	140,921	131,243	272,164
Additions	6,183	1,288	7,471
Disposals	(5,162)	-	(5,162)
At 31 Mar 2021	<u>141,942</u>	<u>132,531</u>	<u>274,473</u>
DEPRECIATION			
At 1 Apr 2020	108,408	109,901	218,309
Charge for year	9,378	4,205	13,583
Eliminated on disposals	(5,025)	-	(5,025)
At 31 Mar 2021	<u>112,761</u>	<u>114,106</u>	<u>226,867</u>
NET BOOK VALUE			
At 31 Mar 2021	<u>29,181</u>	<u>18,425</u>	<u>47,606</u>
At 31 Mar 2020	<u>32,513</u>	<u>21,342</u>	<u>53,855</u>

Included in the above assets is one hire purchase asset. The net book value of this asset is as follows:

	£
Cost	5,994
Accumulated depreciation	<u>(4,196)</u>
Net book value of hire purchase asset at 31 March 2021	<u>1,798</u>
Net book value of hire purchase asset at 31 March 2020	<u>2,997</u>

10. Debtors

	2021 £	2020 £
Trade debtors (gross social housing rent arrears)	46,493	47,693
Less: Provision for doubtful debts	<u>(12,326)</u>	<u>(8,679)</u>
	34,167	39,014
Other debtors	39,923	40,560
Prepayments and accrued income	67,954	60,994
	<u>142,044</u>	<u>140,568</u>

Gross social housing rent arrears includes £0 (2020: £0) to reflect the net present value element adjustment where a repayment schedule is in place.

11. Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	51,712	49,269
Rents paid in advance	31,541	24,251
Housing loans	325,378	309,927
Social Housing Grant	58,823	58,165
Other tax and social security	9,035	9,035
Finance leases	1,359	1,252
Other creditors	5,549	5,549
Accruals and deferred income	74,964	67,006
	<u>558,361</u>	<u>524,454</u>

Details of leasing arrangements are provided in note 13.

12. Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Bank loans	9,817,199	9,158,688
Social Housing Grant	5,511,528	5,571,009
Finance leases	722	2,080
	<u>15,329,449</u>	<u>14,731,777</u>

Bank loans from lending institutions are secured by specific charges on the Association's housing properties and are repayable at rates of interest between 1.86% and 6.05% over terms of between 25 and 30 years.

Details of leasing arrangements are provided in note 13.

13. Leases (Lessee)

The Association has taken out one finance lease for the acquisition of a photocopier. Total future minimum finance lease payments are as follows:

	2021	2020
	£	£
Not later than one year	1,478	1,478
Later than one year and not later than five years	739	2,218
	<u>2,217</u>	<u>3,696</u>
Less finance charges	(136)	(364)
	<u>2,081</u>	<u>3,332</u>
Less: Included in current liabilities	(1,359)	(1,252)
	<u>722</u>	<u>2,080</u>

In 2014 the Association took out a 10-year lease on its offices in Poole. The lease expires in September 2024. The amount payable up to the end of the lease is £78,582.

14. Share capital

	2021 £	2020 £
At 1 April 2020	28	29
Issued during the year	1	3
Cancelled during the year	-	(4)
At 31 March 2021	<u>29</u>	<u>28</u>

The shares have no rights to any interest or share of surpluses. If the Association is dissolved, then the assets can be distributed as decided by a Special General Meeting, but the shareholders are not entitled to anything other than the return of the £1 face value of the share.

15. Reconciliation of operating surplus to cash flow from operating activities

	2021 £	2020 £
Surplus for the year	254,344	395,873
Interest payable	404,583	417,373
Interest received	(40,293)	(54,179)
Depreciation of tangible fixed assets	435,304	421,366
Loss on disposal of fixed assets	18,397	17,726
Surplus of sale of tangible fixed assets	-	(39,903)
Release of Social Housing Grant	(58,823)	(54,301)
Decrease/(increase) in debtors	(5,123)	42,264
(Decrease)/increase in bad debt provision	3,647	339
Increase/(decrease) in creditors	17,691	(56,819)
Net cash flow from operating activities	<u>1,029,727</u>	<u>1,089,739</u>

16. Pensions

The Association operates a defined contribution pension plan for its employees. The amount recognised as an expense in the period was £20,439 (2020: £19,437).

17. Related Party Transactions

The following tenants served as Board members throughout the year:

Theresa Saunders

Ann Schofield

Their tenancies are on normal commercial terms similar to all other tenants and they cannot use their position to their advantage.

David Joicey is a Sandbourne Board member and is employed by Poole Housing Partnership (PHP). Sandbourne has a contractual agreement with PHP in relation to the provision of office space. Sandbourne paid £22,452 in the year to PHP [2020: £17,076] as rent for those offices and the provision of sundry other services. All services were provided on an arms-length basis.

Michael Owen is a Sandbourne Board member and is a Partner with Capsticks Solicitors LLP. Sandbourne use Capsticks for legal advice in

relation to housing management issues and paid them £10,118 in the year (2020: £1,389) for those services. All services were provided on an arms-length basis and Michael Owen played no part in them.

19. Capital Commitments

As at 31 March 2021 Sandbourne had no capital commitments.