



Central & Cecil Housing Trust
CCHT Group Annual Financial Statements

Year ended 31 March 2021

C&C Annual Financial Statements 2020-21

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Executives and Advisors

President

Harriet Bowes-Lyon

Vice Presidents

Ian Henderson CBE

Nicholas Moore

Board of Management

Peter Walters

Janine Desai

Philip Insuli

Bruce Matthews

Trevor McClymont

Paul Shipley

Nicky Wilden

Stephen Burns (appointed May 2020)

Mike Basquill (resigned February 2021)

Executive Management Team

Chief Executive

Julia Ashley*

Group Chief Finance Officer

Jo Teare*

Director of Property and Development

Deborah Thomas

Director of People

Steve Tree (resigned June 2021)

Interim Director of Housing

Howard Dawson (appointed September 2020)

Director of Care

Sharon Bye (appointed May 2021)

Interim Director of Care

Michael Byrne (September - November 2020)

*Board Member

Company Secretary

Liam Dawson

Registrations

Registered Social Housing Provider

Co-operative and Community Benefit Society FCA number: 27693R

Regulator for Social Housing number: H1528

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Executives and Advisors (continued)

Advisors

Auditors

BDO LLP
2 City Place, Beehive Ring Road
Gatwick, West Sussex, RH6 0PA

Solicitors

Trowers & Hamlins
2 Bunhill Road
London, EC1Y 8YZ

Bankers

Lloyds
39 Piccadilly, London,
W1V 0AA

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30 Finsbury Circus
London, EC2M 7DJ

Registered Office

Cecil House, 266 Waterloo
Road, London, SE1 8RQ

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Strategic Report

Overview

The Board of Management present the Report for the year ended 31st March 2021 for Central and Cecil Housing Trust ("The Association") and the group headed by The Association ("The Group"). The report and financial statements have been prepared in accordance with applicable law and in accordance with FRS 102, the Financial Reporting Standards applicable in the UK and the Republic of Ireland and comply with the Statement of Recommended Practice for Registered Social Housing Providers 2018 (SORP), the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Strategic Focus

The year under review in this document, 2020-2021, was a year of great challenge to C&C. Our primary focus has been on combatting the Covid-19 pandemic and ensuring that all of our residents and colleagues were protected and kept safe and well. Our colleagues rose to an enormous challenge, adapted to new ways of working and kept vital services running throughout. . We quickly developed our Covid-19 Management Plan and implemented Government advice to enable us to keep operating. Our thoughts are with the families of the small but significant number of residents who sadly contracted the virus and passed away.

We have begun the 2021-2022 financial year strongly and look forward to the further easing of measures as the vaccination programme rolls out. We will continue to manage our resources to be able to accommodate any return to lockdown should it be necessary.

Proposed Merger

On 24 June 2021, C&C announced a proposed merger with the Aster Group, a housing association.

This merger is being proposed to facilitate the provision of better services and support to our current and future housing and care residents. It would support our continued investment in our housing properties, care homes and services, and would enable us to better respond to current and future challenges and opportunities.

Through the proposed merger, C&C would become a subsidiary company of the Aster Group. C&C would retain its name, homes, services and local service teams. A decision on the proposal will be made in the Autumn. If successful, the merger would come into effect from January 2022.

2020/21 – Overview

During the year, we had a number of Board and Executive Changes.

At Board level we welcomed Stephen Burns in May 2020 and in February 2021 Mike Basquill resigned having completed the maximum permissible term as a non-executive director.

Our Director of Service retired during the year and we decided to strengthen our management team by splitting the responsibilities of this position to create two new positions: Director of Housing and Director of Care. Initially these positions were appointed on an interim basis, and have now been made permanent. Sharon Bye joined in May 2021 as the Director of Care and at the time of writing we are looking to appoint a permanent Director of Housing.

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Despite the great challenge and financial impact of the Covid-19 pandemic in 2020-2021, we have continued to make progress with our strategic development and improved our ways of working.

The key strategic milestones achieved provide the building blocks for C&Cs Fit Future.

- Construction of our C&C St John's Wood development has continued throughout the pandemic and at the time of writing, practical completion of the building is still on track for an Autumn 2022. The construction is being funded from the sale of part of the land on the site – these funds are currently held in an escrow account for the sole use of the construction of the new building. The development will provide 170 specialist over 55s apartments for affordable and market rent in this prime location in the heart of central London. This building replaces C&C's previous 'Dora House' and residents who moved out to enable redevelopment, have been engaged both in the choice of fit out materials and the name for the new building. They are very much looking forward to returning once the scheme is open in 2022.
- Sales at our over 55s development, Ridgmount Apartments in Wimbledon, progressed albeit slowly with the over 55s market being adversely impacted by Covid-19. Three further sales completed in the year and a number of apartments were let on a short-term basis while the market recovered. Sales activity has been strong since the end of March and three further sales are in-hand which will bring the total number of sales to eight.
- We continued to progress our Fit Future Estates Strategy and are working to bring a number of redevelopment schemes through to planning. We also have reviewed our street property portfolio to understand our future options.
- We invested £2.4m in our properties, making them safer, warmer and more comfortable for residents with a further £21.3m invested in new developments.
- We improved our housing void processes finishing the year with a 2.0% financial loss due to voids during the last month of the year and an average void loss across the year of 2.4% (2019/20: 3.1%).
- We continued to develop our 55 London charitable subsidiary which rents affordable homes at below market rates. 42 further properties were let through 55 London bringing the total number of lets to 64 by the end of the year.
- Due to the pandemic we paused implementation of our 'Out Not In' Care Strategy. Our care teams achieved high levels of infection control success and provided a warm and caring environment whilst families were unable to visit loved ones. Our renewed recruitment drive practically eliminated the use of agency staff.
- We continued to develop our innovative new 'Digital C&C Strategy' and started to implement new technology in our over 55 schemes. Our new Nourish care management software has enabled digital care planning and a greater emphasis on monitoring how we have met our residents needs.
- We held our recently renewed 'Resident Assembly' on-line which was a considerable success and enabled more people to attend.
- All central office staff quickly transitioned to work from home at the start of the pandemic. Over the year, collaboration via Microsoft Teams has proved an effective way of working. As a result our strategic goal for colleagues to 'work where they make the most difference' was significantly accelerated.

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In our response to the Covid-19 Pandemic we quickly put in place a Covid-19 Management Plan to ensure clarity and focus across the organisation. The plan was updated regularly and as at the date of this report the following outcomes were achieved:

- In our care homes, the spread of the virus was initially contained and two of our four homes remained Covid-19 free throughout the first lockdown. The other two homes saw positive cases emerge and sadly one resident died. Despite the stringent infection control measures in place, during the winter lockdown, the new variant spread into one of our homes and 7 residents passed away. All residents have since been vaccinated or been offered the vaccine.
- Great efforts were made to support our residents to maintain contact with their loved ones, on-line and in person. Whilst relatives could not come into the home, new timber visitor pods were constructed at each of our four care homes which enabled loved ones to visit. We also provided opportunities for frequent video or telephone calls.
- Our housing services were maintained throughout. Additional support was put in place – e.g. free tablets for residents to help communication with us and their families, we distributed food parcels to ensure residents had enough food, and provided additional in-person and telephone support to ensure their mental health and wellbeing was supported.
- Compliance with health and safety obligations was maintained throughout.
- The likely financial impact on the business was quantified early on and mitigations put in place. The impact was regularly monitored and this enabled the business to react when the second wave started in the Autumn.

Financial highlights

The Group achieved an operating loss before disposals of housing property of £231k (2019/20: £236k loss) for the year ended 31 March 2021. This loss included a stock impairment of £232k (2019/20 £475k). Also included in this result is the impact of the Covid-19 pandemic £814k (2019/20 £17k) and costs that are now borne directly by the CCHT pension scheme¹ of £87k.

The Group reported a surplus after disposals and interest of £375k (2019/20: £44,564k) for the year ended 31 March 2021.

Investment has continued in our properties during 2020/21 and over £2.4m was spent on maintaining our properties so as to provide safe and warm homes for our residents.

Major capital works were undertaken at a number of schemes with £1.3m spent on the following areas:

- Upgrade to the communal heating system at Homemead
- Upgrade to the communal heating system at Blackham House.
- Phase 3 of the fire alarm upgrade work at the Oldfield Estate where replacement fire sensors have been fitted to all properties.
- Major works at Ada Court where calorifiers have been completely overhauled.

Through the voids process, 57 new/upgraded bathrooms and 38 new/upgraded kitchens were completed at a combined cost £320k.

While the Fire compartmentation remedial works programme was placed on hold for the year

¹ Under FRS102 accounting rules these costs, which are directly funded by the CCHT pension scheme, must be included within CCHT's operating surplus.

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2020/21, critical works were undertaken to Cecil Court, Chesterton Court, George Dooley House and Edna House. We plan to re-commence these works in the 2021/22 financial year working with the London Fire Brigade ensuring priority works are undertaken.

Significant monies are spent each year ensuring that our properties comply with relevant legislation through essential surveys and inspections and regular routine maintenance. Over £1.5million was spent by the Property Compliance Team to ensure that our homes are safe and have achieved high levels of regulatory compliance. As at the 1st April 2021, our compliance position was as follows:

- 100% Fire Risk Assessments completed
- 99.8% Periodic Gas Safety Inspections completed
- 100% Asbestos Re-inspections in date
- 94.4% Periodic Electrical Inspections in date
- 98.2% Legionella Water Risk Assessments in date

We are working hard to complete any outstanding assessments most of which are due to restrictions on access during the Covid 19 pandemic. We aim to be 100% compliant across all areas shortly, subject to gaining access to properties.

C&C remains fully committed to providing value for money in everything that we do and to deliver the highest quality of service across all our operations. The Board believes that strategic, operational and financial progress was made by the organisation in 2020-21 and that C&C is in a strong position to deliver its ambitious plans for the future.

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The Group's five-year income and expenditure accounts are summarised below:

For the year ended 31 March

	2021	Restated 2020	2019	2018	2017
Income & Expenditure Account	£'000	£'000	£'000	£'000	£'000
Total Turnover	22,681	21,739	25,836	26,649	29,430
Operating Surplus/(Deficit) before disposals	(231)	(236)	741	151	2,698
Surplus/(Deficit) for the year transferred to reserves	450	44,312	1,394	(8)	2,662

Balance Sheet

Housing Properties net of Depreciation	102,628	84,843	95,361	92,019	93,023
Social Housing Grants and other grants	(36,221)	(36,931)	(30,226)	(31,478)	(31,887)
Other Fixed Assets	66,407	47,912	65,135	60,541	61,136
	6,483	6,610	6,625	6,446	6,341
Fixed Assets	72,890	54,552	71,760	66,987	67,477
Net Current Assets less Liabilities due over one year *	42,897	61,320	12,879	10,757	5,460
Total Assets	115,787	115,842	84,639	77,744	72,937
Loans (Due over one year)	17,406	17,911	30,814	25,313	20,266
Pension Liability	-	-	-	-	1,049
Reserves - restricted	317	317	317	317	317
Revenue	98,064	97,614	53,508	52,114	51,305
Total	115,787	115,842	84,639	77,744	72,937
Housing Properties owned at year end	No.	No.	No.	No.	No.
Social Housing	1,717	1,760	1,913	1,712	1,734
Non-Social Housing	68	24	71	57	101
Total	1,785	1,784	1,984	1,769	1,835

Key performance Indicators

Operating (Deficit)/Surplus** as a % of turnover	(1.02)%	(1.09)%	2.88%	0.57%	9.17%
Surplus / (Deficit) for year as a % of income from lettings	2.24%	225.1%	6.5%	(0.04)%	12.63%
Rent+ Losses (voids and bad debt as a % of rent and service charges receivable)	9.77%	3.6%	5.83%	3.71%	6.32%
Rent+ Arrears (gross arrears as a % of rent and service charges receivable)	6.1%	6.2%	6.66%	5.79%	8.81%
Liquidity (Current assets excluding stock divided by current liabilities)	5.1	6.0	1.1	1.3	1.1
Gearing (total loans as a % of capital grants plus reserves)	13.4%	13.9%	37.6%	30.28%	25.45%

* Excluding loans and grants

** Indicates Operating surplus / (deficit) before gains on disposal of housing property

+ These metrics encompass all housing and care operations

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Our Business

The Association is a charitable registered provider whose principal activities are the provision of housing for people aged 55 and over and the provision of residential care in London. We also operate a small portfolio of general needs housing.

The Group owns a number of properties in prime London locations and has plans to generate its own subsidy to fund other activities. This means that the business plan objectives will be supported by cross-subsidising activities in the future. The developments that the Group are currently working on are co-designed with residents and colleagues wherever possible to ensure that new homes are built to meet people's changing needs and are adaptable, efficient to manage now and in the future and are affordable to live in.

The Group owns, manages and has an investment in 2,012 units (2019/20: 2,013) in a number of local authorities across London. 170 units are under construction at the old Dora House site in St John's Wood and a further 15² units are held for sale at Ridgmount in Wimbledon. The breakdown of available units as at the end of March 2021 is in the table below:

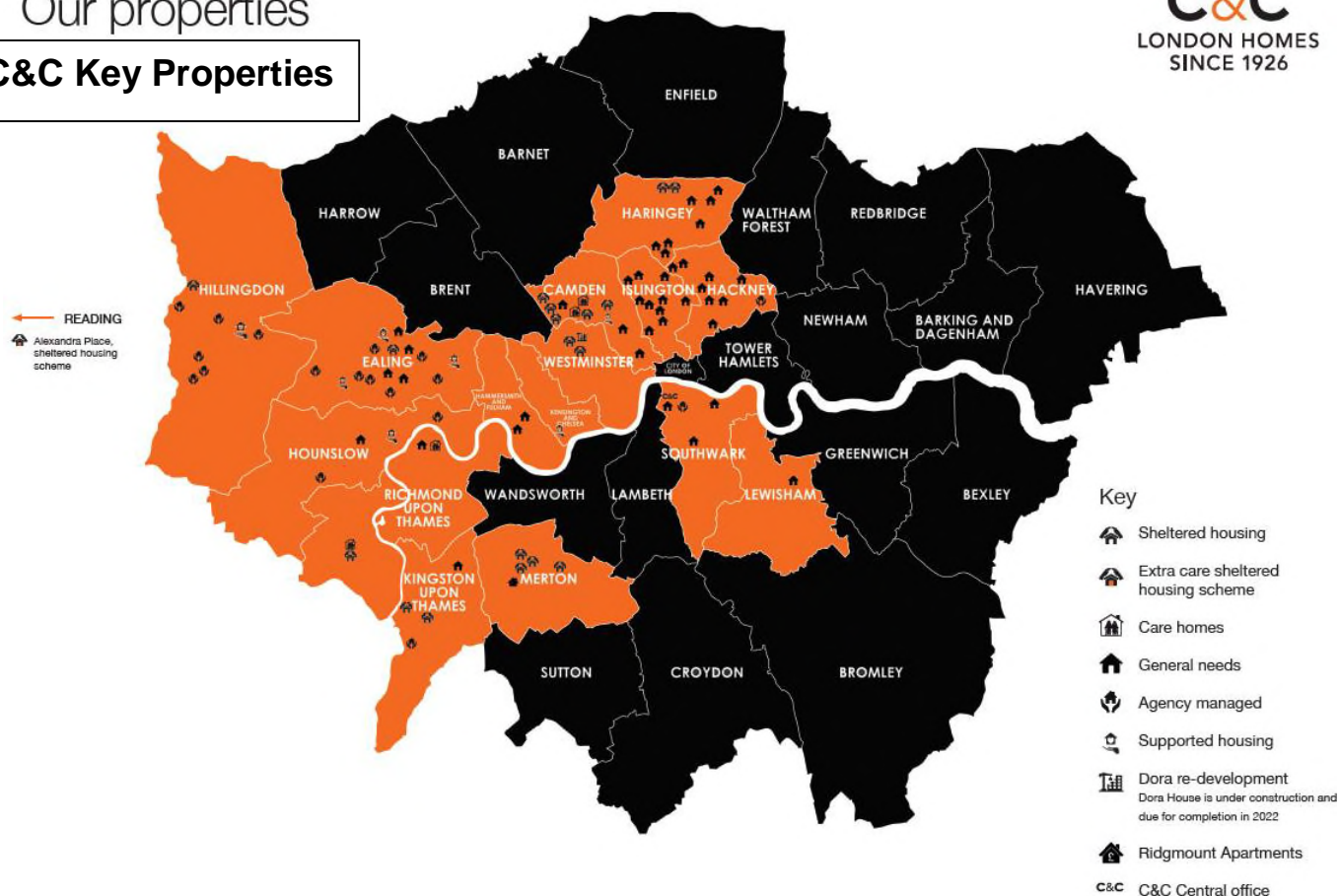
Accommodation	2021	2020
Care Homes: Social Housing	124	124
Sheltered Housing	1,034	1,069
General Needs Housing	290	291
Supported Housing	100	107
Low Cost Home Ownership	5	5
Sub-total	1,553	1,596
Agency Managed	164	164
Total Social Housing Units Managed	1,717	1,760
Sub Market Affordable Rental	64	22
Leasehold	4	2
Total units under management	1,785	1,784
Units Under Construction	170	170
Other	46	46
Units Held For Sale	11	13
Total units	2,012	2,013

² 15 being 11 private & 4 Low Cost Home Ownership.

Our properties

C&C Key Properties

C&C
LONDON HOMES
SINCE 1926



Strategic Progress - Strategy 2017-2027 – A Fit Future

Our Fit Future Strategy continues to drive the direction of the Group and centres around four core areas, each with a 3-year plan, 5-year goal and 10-year vision. A review of the year is set out below by each strand of the strategy.

Services that Inspire

Our services embrace and encourage the significant contributions that our residents make to their communities. Our residents receive services that help and have opportunities to give their time to help other people.

- Our overarching 10-year vision is for C&C to be exclusively for over 55s in London. Despite the pandemic we continued to deliver services and let properties to over 55's in London. Most importantly residents were supported throughout the year either by phone, online or face to face.
- All our sheltered and supported schemes remained open and manned throughout the year. Our front-line teams adapted to the changing environment and Government guidelines and invested a significant amount of time with residents supporting them daily throughout the pandemic.
- We carried out regular Risk Assessments on schemes and maintained PPE on site throughout the year so our front-line teams could continue to deliver services.
- Over 130 online activities took place throughout the pandemic.
- Monthly activity online newsletters were published providing details of all activities and support available.
- A resident inspector programme was established so residents can monitor contractor

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services and feedback directly.

- A Winter Watch campaign took place that included a survey capturing information around Isolation and Loneliness and offering peer to peer advice for residents.
- We let more homes more quickly during the year than we had in previous years and continued to let homes through each lockdown.
- Our charitable subsidiary, 55 London, let 64 apartments by the end of the year.
- We moved our Residents Assembly and Service Scrutiny Panel online and increased the numbers attending the Assembly as the year progressed.
- By consulting with residents we revised our complaints policy and reduced response times from 20 to 10 days resulting in an increase in satisfaction levels for complaint handling
- Appeal hearings took place remotely and were chaired by residents panel members demonstrating the independence of the hearings.
- The service charge policy was revised, and a financial support fund was introduced for residents.
- We supported residents with paying their rent through our referrals to support agencies and our Welfare Benefits Officer. Our Welfare Benefits Officer has helped residents secure £115k of additional funding during the year.
- We carried out virtual rent surgeries to support residents to access benefits and pay their rent.
- Despite the pandemic we improved our void property turnaround with voids reducing from 3.1% to 2.4% in 2020/21.
- Our Service Hub remained open and available to all residents either by phone or online.
- We saw a shift in customer contact over the past year with more residents contacting us by email than phone through the Service Hub. We received over 35,000 contacts through the Hub taking over 11,000 calls.
- We dealt with a multitude of issues from arranging repairs, advising new applicants seeking housing, general housing related issues, safeguarding matters as well as providing referral and advice services throughout the year.
- One of the key aspects throughout the year was to provide reassurance that C&C was open and available providing support to everyone, particularly those who had to shield.
- Next year we will further develop the Service Hub, providing more digital connection and innovation to support our residents in their home and community.

We See & Fix our Resident Repairs Straight Away

- C&C's in-house repairs service, C&C Direct is fully operational with directly employed C&C colleagues providing repair services to residents. The emphasis of the team is to improve the quality and speed of repairs.
- The repairs team continued throughout the Covid 19 pandemic, making sure essential repairs were carried out during each lock down period. New working procedures were introduced with increased use of PPE to protect both residents and operatives from Covid 19.
-
- In 2020/21 C&C Direct completed 73% of all day-to-day repairs carried out at our

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properties (2,514 out of 3,427 day-to-day repairs). This is an increase in the proportion and overall number of repairs compared to last year.

- 90% of the repairs were completed within the target date, against a target of 95%.
- 77% of the repairs were completed as a first-time fix, against a target of 85%.
- 90% of our residents were satisfied with the way that C&C Direct handled their repair.
- A Recharge Policy was implemented in September 2020, meaning that residents are now being charged for repairs that are their responsibility under their tenancy agreement. This has led to a reduction in some type of repairs such as blocked sinks.
- The connectivity between our purchase order and housing management systems was achieved in February 2021 – this will lead to benefits in the control and management of repairs.
- Implementation of a mobile-enabled application and an automated planning functionality for our repairs system was delayed - with implementation now planned for Q2 2021/22. This will allow for better diary management and planning of works orders along with the C&C Direct Team being able to update works orders in real time. Repairs diagnostic software will also be implemented in the Service Hub, which will help improve the first-time fix rate.

We support a healthy active life in our connected supportive community

We moved our Resident Assemblies online, hosting three events with over 30 resident attendees. Residents approved of the online approach and found that it gave them a platform to engage with other residents at different schemes. A blended approach offering both physical and virtual access to meetings is being considered going forward.

- Residents were widely positive about our efforts to support them during the pandemic: with 82% satisfied with the support received. Also 84% were satisfied with the quality of our communications during this crisis and the use of a variety of communications channels.
- Resident satisfaction levels were at 76.2% (2019/20 85.7%). A number of factors have resulted in this decline which include the impact of the pandemic upon general feelings of happiness/satisfaction, increasing financial pressures on our general needs residents.
- Separately, 84.2% of residents would recommend C&C as a place to live (93.5% 19/20)
- Since March 2021, general satisfaction rates are showing signs of improving with 85.6% satisfied with our services in April 2021 which is in line with the easing of restrictions and a closer return to normal service.
- Key initiatives progressed included: a new Resident Handbook, new Welcome letters and development of Resident Service Inspection programme.
- We launched a regular online activity email – sending 17 in total (moved from weekly to monthly). As part of this effort, we more than doubled our emailing list for our resident's activity newsletters since March 2020 for just under 200 to over 450 emails now on record. Content also included wider C&C messages.
- We launched a resident blog (on our new website), with 6 blogs written by housing residents since September 2020.
- Free tablets were provided for over 140 residents to enable them to stay in contact with C&C and friends and family. Check-in calls were carried out to support residents with their tablets.
- The new website includes an interactive activity calendar - requested by residents.

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- Other specific support was quickly put in place to help residents through the Covid-19 crisis included:
 - On-site services maintained;
 - Food parcels and shopping provided / offered for all residents who were self-isolating or shielding;
 - All residents were personally contacted by a team of C&C colleagues on two separate occasions and additional support needs were identified;
 - Personal wellbeing calls continued throughout the crisis for residents identified as vulnerable;
 - A regular programme of online activities and events was conducted;
 - Very regular communication was maintained, including monthly email, letters, posters, digital screens, social media and website updates.
 - Assistance with paying rent and claiming benefits.

Our specialist Residential Dementia Homes are Best in Class

- Despite the pandemic our residential care homes achieved an average occupancy rate of 81% across the year.
- Rathmore and Compton Lodge had CQC infection control inspections in February 2021 and were assured in all areas.
- Work on the “Out Not In” strategy was delayed due to restrictions placed on all care homes nationally, however innovative ways to enable online activities were achieved. When lock down eased residents were encouraged to make use of local community facilities and the gardens.
- Efforts were made to ensure that care home residents could maintain regular contact with loved ones. The visitor pods were well used throughout the year and were valued by all. Residents were actively supported to have video and telephone calls with their friends, relatives and loved ones.
- The Richmond based care homes have engaged with a local charity undertaking a My Life Films initiative for people living with dementia and Compton Lodge engaged with University of Exeter who are undertaking a dementia study regarding wellbeing. All services sought to raise their profile through publicity with notable gains achieved with a Guardian article regarding activities at Compton Lodge.
- Use of our care management software, Nourish was further developed during the year and has proved beneficial for auditing and monitoring infection control and Covid 19 care planning throughout the pandemic.
- The Manager of Cecil Court; Fiona Saadat, was awarded the British Empire Medal for her services to dementia care. This is a hugely deserved honour. The home has been referred to as “a beacon for dementia care” by a leading consultant who specialises in Psychiatry of old age in London.
- Three of the care homes are finalists for the Care Home Awards 2021: Homemead and Compton for Home for Activities and Cecil Court in the category of Best of Specialist Care.
- All care homes fully engaged with the care home testing regimes which ensured that residents received a full PCR test monthly, and staff received three tests per week (one PCR and two LFD tests). Visitors were also tested with the rapid Lateral Flow Tests.
- All care homes have ensured full compliance with the national reporting process in place

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for Public Health England and local boroughs to monitor vacancies, work force and resident testing and vaccination progress.

- The care homes achieved 99% satisfaction from resident satisfaction surveys. All homes achieved a satisfaction rating of between 94-97% from relative feedback on the Care Home UK website.

Our Residents Help Each Other

- The Resident Engagement Strategy was updated to reflect the new Social Housing Whitepaper and other priorities such as improving digital engagement. It was reviewed by Service Scrutiny Panel and will be integrated with the new Housing Strategy which is currently being developed.
 - Our Volunteer Programme was largely paused due to COVID, with the exception of recruiting new resident inspectors at two pilot sites. Residents continued to volunteer in scheme gardens.
 - Over 250 residents shared their experiences and practical advice for other residents to overcome feelings of loneliness and isolation both before and during COVID. Three residents also took part in video interviews.
 - Care home residents and relatives shared their experiences and opinions with local and national media on multiple occasions.
 - Our Service Scrutiny Panel resident members continued to play an active role in key policies, strategy, and other projects. In the year the Service Scrutiny Panel and People Performance and Change Panel were merged to form a single panel, with 6 resident members.

We enhanced the customer experience through a diverse programme of events & activities.

- We staged nearly 400 activities across housing and care, quickly adapting our regular programme and launching online activities. In housing, we delivered 165 online activities and 79 socially distanced outdoor activities as well as several activity packs for residents. Classes included ballet, zumba gold, G fitness, dance and tai chi.
- In care, we delivered 134 online activities and over 100 Covid-safe outdoor activities along with weekly activity packs and quizzes for care staff to deliver.
- We trialed Facebook Live for both care and housing residents, reaching over 700 people across 4 sessions.
- Many of our regular partners were forced to suspend activities throughout COVID, however we managed to secure support on a range of projects from 10 partners such as the Royal Albert Hall, British Museum, The Barbican and Age UK.
- We were able to secure new fitness equipment for 7 schemes (funding raised in 2019 during My Fitness Festival). Official unveiling to follow later in 2021.
- A successful bid to run an intergenerational projects (with residents and local schools) in 2021 with Westminster Council could not proceed due to COVID. However, the window to deliver the project has been extended until January 2022.

Homes for Health & Happiness

Our homes make sense to people, meeting different aspirations and lifestyles and adapting to support a happy healthy life as people age.

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We continue to operate a balanced portfolio of housing that meets the over 55s housing needs

- Through the year we continued to develop our Fit Future Estates Strategy and will be bringing a number of schemes forward to planning in the 2021/22 year.
- The development of Dora House, now known C&C St John's Wood, continues to progress on site. As at the end of March 2021 the construction was nearing 50% complete with the concrete frame completed, cladding being erected and first fix of building services underway. The 170 new apartments, of which 17 will be market rent, are due for completion in October 2022.
- Sales at Ridgmount Apartments, our purpose-built apartments for people aged over 55 in Wimbledon, continue to progress. Sales have been slower than expected, first due to Brexit uncertainty and then by the ongoing Covid-19 situation. Despite this, at the end of March 2021, we had sold 5 apartments, including 1 shared ownership unit, and had agreed the sale of 1 further unit. 7 flats were rented at market rent. Since March we have agreed offers on a further 2 apartments. The sale of a further unit was achieved in June bringing the number of flats sold to 6.

We offer Elegant, Meaningful and Adaptable Homes

- Currently new purpose-built homes in operation / development with a specification for over 55's housing represents 15% of our housing stock.
 - 20 at Hayes Park Lodge – Supported / Agency;
 - 50 at Alexandra Place – Extra Care;
 - 2 at Vivian Court – Sheltered - wheelchair adapted flats with modern space standards;
 - 20 at Ridgmount Apartments – 5 Older Peoples Shared Ownership and 15 for private sale, 7 of which are currently let at market rent in the short term.
 - 170 new flats under construction in St. John's Wood on the site of the old Dora House – 153 for social/affordable rent, 17 for market rent.

We care about our impact on our environment

- In 2020/21 we made substantive progress on developing our Sustainability Strategy with input from colleagues and customers. In 2020/21 we will develop our plans on this in more detail as well as developing our approach to Environmental Social & Governance (ESG) and related reporting.
- Our Ridgmount development has PV panels on the roof that feed into the communal power supply.
- C&C St John's Wood building will benefit from air-source heat pumps to pre-heat water and reduce carbon emissions. It will also have PV panels at roof level to provide some of the communal electricity.
- We actively encourage and promote cycling to work through our partnership with Evans Ride to Work Scheme.

Our Homes are connected so residents have control over their environment

- In 2020/21 work continued to develop our "Digital C&C Strategy" which was approved 2019.
- Previously, 100% Wi-Fi Coverage was achieved in the communal areas of our sheltered

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accommodation and care homes, representing significant value for money for residents. The coverage extended to most but not all residential areas and provided a foundation for enabling add-on smart technologies into people's homes.

- Currently:
- Smart Sensors and Digital networked cameras are being fitted at key test schemes, these will allow us, and our residents, to manage the heating, improve security, and monitor anti-social behaviour, leading to lower costs, and more secure homes.
- C&C have started providing Wi-Fi hotspots directly into Residents homes, to give good internet access to all, allowing the use of smart home devices, such as Alexa or smart lighting. This will be an on-going programme until 2025.
- All C&C properties are being planned for fitment of high-speed fibre. This will allow residents to access high-speed internet services if they so wish.
- We are trialling a new in-home security system, powered by Smart Sensors, which is able to alert residents to any unauthorised access to their home, as well as providing alerts for broken glass, flood warning from a tap or bath over-running, and temperature warnings (if the temperature is too hot, or too cold). This will work via a resident's smart phone or tablet and will give security and reassurance when in or away from their home.
- A trial for Digital GP services will be enabled this year, which if successful could allow residents to attend doctor's or hospital appointments virtually from their own home (including access to common measurements such as Blood pressure, Heart rate, temperature, and ocular and aural monitoring).
- A new Call Warden system is being planned for much of C&C. This will place a tablet on the wall of each home, in place of the door panel, allowing total access to all C&C Digital services and a video door entry system. Over time this could also expand into access for core Local Authority and Council services, GP access, and even allow residents to speak or play games with their friends and family, regardless of location.

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People Doing their Best

We invest in the health and happiness of the people that work for us and treat them well so that they can do their best every day.

Our workforce thinks C&C is a great place to work

- The biggest issue for C&C during the year was managing the COVID-19 crisis. C&C was quick to react, creating a management plan prior in advance of Government guidance which has been regularly updated since.
- One key response was to focus the People Department on recruitment and in particular aiming to fill all vacancies in Care Homes and Housing Schemes to avoid the need to use agency staff as it was felt that agency staff would cause unnecessary risk due to movement between organisations. For most of the year C&C was able to use minimal agency staff and had an almost full complement of permanent staff. It has now built up a strong group of Bank staff and agency use is close to zero.
- The COVID crisis also encouraged leadership to put additional effort into all forms of communication. Colleague communications have been greatly strengthened in the year, with monthly All Colleague Calls forming a centrepiece. These calls have included both internal and external speakers and a number have been themed. Themes included wellbeing, bereavement, and vaccinations.
- As well as site-based risk analyses, we undertook individual risk assessments to understand which colleagues may be at particular risk as a result of COVID and to prepare mitigation strategies.
- Protocols were established for working on each C&C site, updated as circumstances changed. Recently we have been working hard with colleagues to encourage everyone that can to be vaccinated.
- C&C required everyone that could work from home to do so and provided equipment as required. We were already enabled to work remotely with laptops and good communications systems.
- Adjustments were made wherever possible within our Care and Housing departments to reduce the risk to our colleagues. One example was provision of car transport for colleagues working in Care Homes in Swiss Cottage to travel to and from work. This was in part due to the underground station closing and travel becoming very difficult. The cost of this provision was eventually recovered through Government grant funding.
- This year a Colleague Engagement Group (CEG) was set up, replacing the Joint Staff Council. The intention is to re-energise colleague participation and in particular to achieve involvement from every area of the Company. The CEG has held two meetings, established its Terms of Reference and is currently completing its recruitment.
- The People Team has produced a wide range of communication pieces on wellbeing issues during the year. This is linked partially to the COVID pandemic but also reflects a general concern around deteriorating mental health amongst the workforce and society in general. We have greatly increased the number of trained Mental Health First Aiders in the organisation to provide a first response and also regularly reminded colleagues of the availability of support from our Employee Assistance Programme and from charities such as Cruse Bereavement Care.
- Whilst we were unable to give pay rises in April 2020, we did implement a 2% pay rise in April 2021 and aim to give a further 1% increase should finances allow later in the financial

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year. We were also able to give a back-dated one-off payment in respect of the 2020/21 financial year equivalent to the value of the 2% rise we had originally contemplated for the 2020/21 financial year, once our financial situation became clear at the end of the year.

- The Chairman and CEO wrote to all colleagues in June to thank them for their hard work and to recognise the challenge brought by the COVID-19 pandemic. This letter was received well by colleagues across the business. We also provided all colleagues with a voucher during December as a practical thank you.
- Colleague satisfaction surveys continue to be undertaken to provide data that informs the Company how its colleagues feel and where special attention is required. This year there was a specific focus on the effects of the COVID pandemic. Headline satisfaction improved across the board shortly after the initial lockdown, with many positive comments about the C&C's response to lockdown through increased communications and strong leadership and IT support. Headline satisfaction based upon the statement 'I am happy in my role' moved from 72% in September 2019 to 78% in May 2020.
- As the year progressed satisfaction levels fell back, dropping to 72% in September 2020 and 73% in January 2021.

We achieve above expectation

- Due to the COVID crisis, learning and development has been largely confined to virtual delivery. We had very high levels of compliance with our required online learning through the Skillgate system.
- Delivery against our main people related KPIs has been strong, achieving 'green' in all of the KPIs other than Colleague Satisfaction. As above, satisfaction has improved but has been variable according to how the COVID crisis has developed.
- The People team has become more actively involved in managing performance, sickness and disciplinary action. This year has seen stronger partnering between the People team and every other area of C&C, with a determined push to deal with issues as early as possible when they arise.
- C&C is currently accredited to 'Silver' level by Investors in People. Work has begun to prepare for the triennial assessment .
- Recruitment costs per hire fell again significantly during the year and speed of hire increased dramatically. During the latter half of the year C&C had a very small number of open vacancies, each of which was filled rapidly.
- Especially within the Care team, multiple opportunities arose during the year for colleagues to 'act up' and take on additional responsibilities. The acting up proved highly successful, with multiple innovations being introduced. A new Director of Care started in May 2021 and will look to continue to make improvements in this area.

We work where we make the most impact

- Through the Covid-19 pandemic, C&C colleagues have continued to work and provide vital services to residents. Colleagues in care, housing and property related services have all delivered front line support and cover for those who have been sick or needing to self-isolate.
- Those people that did not need to work on-site were immediately instructed to work from home. This happened immediately upon lockdown and proved seamless.

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- The Service Hub was quickly mobilised to operate a normal service from home following the accelerated roll out of the first stage of the IP Telephony Service.
- Two surveys were undertaken by the People Department as the year progressed to assess whether colleagues would like to return to the office when that became possible. The outcome was clear. Whilst some office working was desirable for personal interaction – and also for those people that find it hard to work remotely for practical reasons – the overwhelming desire from colleagues was to continue working remotely for the majority of the time. This will be taken forward when we review our accommodation requirements for central staff.

We recruit & develop inspirational people so we can do more great things

- During the year, C&C built on its already established capability in recruitment to fill its vacancies quickly.
- In 2020/21, a particular focus was on the recruitment of Care Assistants, both permanent and bank staff. As many of the recruits have not previously worked in Care, a great deal of attention was given to new recruits as they were onboarded.
- In addition to Care, much of the focus this year has been on Central Office functions. New recruits in these areas have proved successful and feedback on the recruitment and induction processes has been very positive, despite it having been almost entirely undertaken remotely. C&C has taken advantage of the shift towards working from home by recruiting people based some distance from its offices.
- A Diversity Strategy paper was taken to the Board with actions to further improve diversity in all forms. Recruitment during the year reinforced our diversity commitment, including actively recruiting male Care Assistants to reset the gender balance and positively encouraging candidates from diverse backgrounds for all roles. We participated in a number of activities during the year to celebrate and recognise diversity, including in response to the Black Lives Matter movement.

Money to Invest

We run a strong business so that we have money to invest in new homes. C&C is a not-for-profit provider and all of our surpluses are re-invested for the benefit of our residents.

We drive a healthy income stream & we protect every £ we earn & spend it wisely

- C&C's Value for Money Strategy was reviewed and revised in May 2019 and actions identified in order to achieve a target 15% operating surplus in the medium term.
- Key areas for focus are:
 - Ensuring the right people in the right post at the right time, doing the right things;
 - Occupancy in care and housing;
 - Management of arrears;
 - Procurement and contracts management;
 - Broadening the rental offer to include an affordable rent offer through our new charitable subsidiary, 55 London, which is now operational and has commenced letting;

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- Recovery of service charge costs.
- A new recharge policy was implemented during 2020-21 to enable C&C to carry out resident discretionary repairs for an appropriate fee, increasing services provided to residents and ensuring C&C funds are appropriately spent.
- A service charge review was undertaken to address a significant under-recovery of service charges costs. Service charge increases have been introduced for 2021/22 together with a Hardship fund to assist residents who have difficulties in meeting the change in cost.

Every one of our Assets maximises social and economic value

- The Asset Management, Value for Money and Estates Strategies were updated and reapproved Work continued on the development of these plans and some sites will be brought forward for planning in 2021/22.
- These strategies provide a clear roadmap for renewing and investing in our stock while defining our target levels of performance.
- Currently C&C has availability of undrawn loan facilities of over £28m for further investment.
- The pension scheme is now in surplus following the most recent triennial valuation as at 31 March 2020 and work has commenced to buy-out the liability. The Trustees of the Scheme have agreed that all expenses will now be funded directly by the scheme and C&C is not expected to make any further contributions.
- A Financial Plan that drives growth and increased surpluses has been developed and is subject to regular and robust stress testing.
- Processes are being reviewed to ensure that the performance of all of our assets are subject to ongoing rigorous review.

Our Inspired Brand is our London Location and the value that we create for people who want to live there

- We secured record media coverage in 2020/21 (73 pieces), partly as a result of being proactive during COVID. This included national press, TV and radio interviews e.g. ITV, Sky, LBC and Channel 4.
- We launched a new website in September 2020, which helped see a significant increase in website traffic and associated metrics. We saw over 179,099 ccht.org.uk page views (12% increase on 2019/20) and 72,478 total visits (24% increase on 2019/20).
- Our new-look and digital-only Annual Review had approx. 600 views (228 downloads and 365 reads on Issu platform).
- In November, we launched our first care marketing campaign, which has driven the majority of care page visits and delivered 130 leads (18 conversions by end March 2021) in less than six months.
- Our social media profiles continued to be actively promoted e.g. in scheme posters. We also increased the number of posts/tweets on our core channels (Facebook/Twitter).
- At the year end, we had:
 - 417 Facebook followers (29% increase on 2019/20);
 - 724 Twitter followers (9% increase on 2019/20);

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- 1069 LinkedIn followers (16% increase on 2019/20);
- 188 Instagram followers (20% increase, though we have not been actively using this channel);
- Our first Isolation & Loneliness report led to media coverage, speaking opportunities and new partnership opportunities. And the resident videos received approx 500 views.
- We trialled a number of new social media projects and videos, most notably our Facebook Live activity classes saw over 1,000 views and one Black Lives Matter video received over 2,500 views.

We launched a naming competition for ex-Dora residents, with 12 taking part to name the new St John's Wood development. Several names have been shortlisted. We are proud of our work and the positive impact we have on the communities that we are here to serve. The Board is looking forward to working with all staff and residents at C&C in the year ahead to continue co-producing and delivering our inspiring strategy and to improve the lives of all our residents.

Governance and Regulation

The Group operations are carried out in accordance with all statutory and regulatory requirements.

The Board adopted the NHF Code of Governance 2015 for the Association and its subsidiaries and is fully compliant. The Board adopted the revised NHF Code of Governance 2020 in April 2021.

The governance and regulatory standards set by the Regulator of Social Housing (RSH) is monitored by the Group Board. The Board certifies that the Group is currently compliant with all UK law and regulatory standards and, specifically, the Governance and Financial Viability and Value for Money Standards.

The Board expects all Board members, involved residents and staff, to comply with the NHF Code of Conduct.

Board effectiveness

In May 2020 an internal review was undertaken and we have assurance of the Board's effectiveness and C&C's compliance with the National Housing Federation's Code of Governance and Code of Conduct, the Regulator of Social Housing's Regulatory Standards, the Rules of C&C and its subsidiaries and associated standing orders and financial regulations. This review also looked at how we could adapt our learning from the Covid-19 Pandemic and adopted changes to our Committee and Panel structure to increase our agility. An independent review is due to be undertaken in 2021.

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Central and Cecil Housing Trust

The association is governed by a Board, currently composed of ten Directors, eight of whom are Non-Executive Directors, and two Executive Directors. All Non-Executive Board members receive remuneration for their services.

The Board Members are set out on page 2. The Board Members are drawn from a wide range of backgrounds bringing together professional, commercial and other relevant experience. There was one appointment to and one resignation from the Board up to and after the year end and in the period to the date of signing this report.

The Board meets a minimum of six times a year to conduct its normal business. It also meets at least once a year to discuss and review strategy. The Board is responsible for strategy, governance, risk management, monitoring performance and the framework of internal control.

It delegates day-to-day management to the Executive Management Team, who met formally weekly throughout the year and whose members attended Board meetings.

The Board delegates certain governance responsibilities to committees which have their own approved terms of reference and delegated authorities. These committees report back to the Board after each meeting, and their recommendations are fully considered and approved where appropriate.

Board membership of Central & Cecil Housing Trust and fees earned in the past year, including changes that have taken place during the year, is set out in the following tables.

Name	Committee and Other Roles	Joined	Left	Annual fees (£)
Peter Walters	Board Chair People Performance & Change Panel member (panel now closed) Service Scrutiny Panel member Group Nominations & Remuneration Committee member Board member 55 London	23/07/2019		10,000
Bruce Matthews	Board member Group Investment Committee member Group Risk & Audit Committee member Board member 55 London	31/01/2017		4,000
Phil Insuli	Board member Service Scrutiny Panel Chair Group Risk & Audit Committee member Chair of C&C Construction Ltd Group Nominations & Remuneration Committee member	22/09/2015		5,500

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Name	Committee and Other Roles	Joined	Left	Annual fees (£)
	Board member 55 London			
Mike Basquill	Board Member C&C Innovations Ltd, Chair Group Investment Committee member People Performance & Change Panel Member (panel now closed) Board member 55 London	28/02/2012	28/2/2021	4,000
Jo Teare	Board Member Group Chief Finance Officer Board member (ex officio) Director of C&C Innovations Ltd Director of C&C Construction Ltd Board member 55 London	04/01/2018		N/A
Julia Ashley	Group Chief Executive Board Member (ex officio) Director of C&C Innovations Ltd Director of C&C Construction Ltd Board member 55 London	01/07/2016		N/A
Trevor McClymont	Board member Group Investment Committee, Chair, Group Risk & Audit Committee member Group Nominations & Remuneration Committee member Board member 55 London	31/01/2017		5,500
Paul Shipley	Board member C&C Innovations Ltd, Chair Group Investment Committee member Group Risk & Audit Committee member Board member 55 London	24/10/2017		4,000
Janine Desai	Board member People Performance & Change Panel Chair (panel	06/02/2018		5,500

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Name	Committee and Other Roles	Joined	Left	Annual fees (£)
	now closed) Group Nominations & Remuneration Committee, Chair Service Scrutiny Panel member Director of C&C Construction Ltd Board member 55 London			
Nicky Wilden	Board Member Chair of Group Audit and Risk Committee Board member 55 London Group Nominations & Remuneration Committee	01/01/2020		5,500
Stephen Burns	Board Member Board member 55 London	05/05/2020		4,000

During the year the following committees and panels continued to support the work of the Board.

Group Risk and Audit Committee

The Group Risk & Audit Committee (GRAC) oversees the work of the internal and external audit function as well as the risk management framework and internal control framework for the Group and the Association.

Through the reports it receives, the Group Risk & Audit Committee gains external assurance that the Group and the Association have appropriate systems of internal control and complies with the Regulator for Social Housing's regulations.

The Group Risk & Audit Committee meets four times per year. The Committee is an integral part of the structure of the Group and the Association and its work is critical to the governance and financial wellbeing of the Group and the Association. Its remit includes:

- Monitoring the integrity of the financial statements and reviewing significant financial reporting judgements.
- Reviewing internal control systems and governance registers.
- Monitoring the effectiveness of the Group and the Association's internal audit function and ensuring its recommendations are implemented.
- Monitoring the external auditor's independence, objectivity and effectiveness.
- Making recommendations to the Board covering the terms of engagement, appointment and remuneration of the external auditor.
- Monitoring the effectiveness of the Group and the Association's risk strategy and seeing that it has proper plans in place to ensure risk mitigation.

The Group Risk & Audit Committee reviews the strategic risk register that contains risks that are considered to be material to C&C at each meeting and is responsible for reviewing the

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Risk Appetite. The Board reviews the strategic risk register every six months and the Risk Appetite annually.

Group Investment Committee

The Group Investment Committee (GIC) considers, approves and has oversight of investments, acquisitions, disposals, development projects, sales and commercial activities for C&C and the Group Subsidiaries within the acquisitions, disposals and development plans and the financial plan agreed annually by the Board.

The Group Investment Committee meets as required. The Committee is an integral part of the structure of the Group and the Association and its work is critical to the oversight of investment and commercial activity and the financial wellbeing of the Group and the Association. Its remit includes:

- Approving development and disposals within delegated authorities.
- Advise the Board on major proposals relating to property and land transactions.
- Advise the Board on funding and investment strategies.

Group Nominations and Remuneration Committee

The Group Nominations and Remuneration Committee oversees the appointment and remuneration of Board members, Committee members, members of the Executive Management Team and the terms and conditions of staff generally (including pension arrangements) within the Group as a whole.

In relation to Board members, the Committee advises on selection, appointment and succession planning and to ensure that appropriate arrangements are in place to monitor and review these processes.

In relation to remuneration, the Committee establishes, monitors and reviews an effective framework and policy to determine the manner and levels of remuneration for Board Members and members of the Executive Management Team, as well as general terms and conditions for the wider workforce. The Committee meets twice, with additional meetings scheduled according to need.

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Service Scrutiny Panel

The Service Scrutiny Panel is comprised of Board members and six resident representatives. It advises the C&C Board on matters relating to the development and performance of its services and the delivery of the Services that Inspire section of our 'Fit Future Strategy'.

The Panel is involved in service reviews, scrutinising the activities of the Association and performance of services. The remit of the panel includes Housing Management, Housing Support, Care, Repair Services including C&C Direct, the Service Hub, Resident Engagement, Health & Safety, Safeguarding, Customer Feedback and Complaints and Equality and Diversity. The Panel meets four times per year.

Executive Management Team and Service Contracts

The Executive Management Team (EMT) is set out on page 2. Members of EMT hold no beneficial interest in the Group's shares and act within the authority delegated by the Board through its "Financial Regulations and Delegated Financial Authorities" and the EMT's Terms of Reference.

Internal Control and Risk Management

The Board has overall responsibility for establishing and maintaining the Group and the Association's system of internal controls and for reviewing their effectiveness. This framework includes:

- Clear Terms of Reference for each Board and Committee;
- Board and Committee Standing Orders;
- Financial Regulations and Delegated Authorities;
- Intra-group agreements;
- A clear strategic risk register that is reviewed monthly by EMT and reported to each GRAC as part of a risk management update. Any changes are notified to Board by the Chair of the committee through their regular report. Board also receive an in-depth report on risk management and review the register twice each year;
- Each operational area has its own risk register which is maintained by the Head of Service and Executive Director. Each of these are reviewed by the Executive as part of a deep-dive into each business area at least twice a year;
- A Board approved Treasury Management Policy and regular reporting on this to GRAC through an update at each meeting and through the Management Accounts which are also reported to Board;
- A comprehensive library of policies. These are reviewed by GRAC to give assurance on that these are being maintained effectively;
- Regular reporting to Board on key issues that give a clear overview of any financial and risk impacts;
- A comprehensive programme of internal audits based on the key risks to the business, carried out by an independent audit firm with reports presented to the GRAC.

A framework of internal controls is in place and designed to manage, rather than eliminate, the risk of not achieving business objectives. It provides reasonable, not absolute assurance against material misstatement or loss.

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In meeting its responsibilities, the Board has adopted a risk-based approach to establishing and maintaining internal controls, which are embedded within day-to-day management and governance processes. This approach includes the regular evaluation of the nature and extent of risks to which the Group and the Association is exposed and is consistent with the good practice principles outlined in the regulatory and other guidance.

The Board also has a strategy and policy on fraud covering prevention, detection and reporting of fraud and the recovery of assets. The Board has reviewed the fraud report and has reflected upon the information contained within it in its review. The Association has a code of conduct, (which was reviewed by Board in April 2021) and whistleblowing policy that are reviewed and approved by the Board.

The Board seeks assurance regarding internal controls principally through the GRAC who review all internal and external audit reports, the risk maps and receive deep dives of key risk areas. During the year, the Internal Audit Plan 2020-21 focused on the adequacy and effectiveness of internal control processes.

The Board has considered the Chief Executive's annual report on internal controls and believes it has received reasonable assurance as to the effectiveness of the internal controls in place during the period under review.

Principal Risks and Uncertainties

C&C has a published risk management framework which sets out how corporate risk is considered, assessed and mitigated through the organisation's hierarchy, from project level, to senior management, EMT and the Board.

The Strategic Risk Register is reviewed monthly by the Executive Management Team and quarterly by the GRAC along with an overview of potential issues that may cause C&C a risk in the future. This is reported to the Board every six months for review. Risks in 2020-21 have been managed in line with the risks presented by the Covid-19 pandemic which increased the score (both in terms of likelihood and impact) of many of our strategic risks. In the opinion of the Board the following four risks are the most significant faced by C&C:

Risk	Mitigations include
Funding – reduced financial performance / falling property values lead to a breach of loan covenants	<ul style="list-style-type: none">• There is a clear financial business plan which has been stress tested using a variety of single and multi-variables;• There is a monthly review of forecast loan compliance and forecast cash flow;• Management accounts are reviewed every two months by the Board;• We have regular communication with banks;• Service charges and care home fees to Local Authorities have been revised in 2020/21 to maximise income
Ridgmount sales values impacted / delayed by Covid-19	<ul style="list-style-type: none">• We have updated valuations on these homes;• We have sold five homes (including one Older Person Shared Ownership) and accepted offers on a further three (including one OPSO);• There is a clear marketing plan to continue sales during the Covid-19 pandemic;• We maintain regular review of market value and projected values have been incorporated into a revised financial business plan;

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Risk	Mitigations include
	<ul style="list-style-type: none"> • A number of these homes have been let through the pandemic to maximise income until the over 55 market picks up.
H&S - Business Continuity – major incident / disruption	<ul style="list-style-type: none"> • We have Business Continuity Plans across services and departments, reviewed by a Business Continuity Team; • We have clear Health and Safety plans; • We have clear FLAGE compliance processes in place; • Our IT Disaster Recovery Plan is regularly tested; • We hold a lessons learnt exercise from each BCP ‘event’.
Lack of financial resilience to meet long-term investment of our homes through Future Estates & Asset Management Strategies	<ul style="list-style-type: none"> • We have a clear Fit Future Estate Strategy that is regularly reviewed by the Board • We have a Group Investment Committee that scrutinise investments and disposals • Our Financial Business Plan includes projected investment to meet the ambitions of our Fit Future Estate Strategy • We have clear development assumptions that are reviewed by Board annually • We have development and asset management strategies that complement the Fit Future Strategy • Our largest project (Dora House in St Johns Wood) is fully funded

Information and reporting systems

Financial reporting procedures include the preparation of detailed budgets for the year ahead with regular monitoring by the Board of how these compare against actual results. The Board also receives reports on key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

Monitoring arrangements

Management reporting on control issues provides assurance to successive levels of management and to the Board. This is supplemented by regular reviews by internal audit, which provides independent assurance to the Board via the GRAC. It includes a procedure, monitored by the GRAC, for ensuring that corrective action is taken in relation to any significant control issues.

At the scheduled meetings of the GRAC, senior operational staff responsible for key functions present reports of “deep dives” into specific business areas to give greater understanding of the operational risk associated with those areas and to allow Committee members to directly interrogate those accountable on a day-to-day level.

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Board members' responsibilities

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 2018 for Registered Social Housing Providers have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and association will continue in business.

The Board members are responsible for keeping adequate accounting records that are sufficient to show and explain the group and association's transactions and disclose with reasonable accuracy at any time the financial position of the group and association and enable them to ensure that the financial statements comply with:

- the Co-operative and Community Benefit Societies Act 2014.
- the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969.
- the Housing and Regeneration Act 2008.
- the Accounting Direction for Private Registered Providers of Social Housing 2019.

They are also responsible for safeguarding the assets of the group and association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the report of the Board is prepared in accordance with the Statement of Recommended Practice 2018 for Registered Social Housing Providers.

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

Resident Engagement

The Association actively encourages residents' involvement in decision making:

- The Service Scrutiny Panel evaluates C&C's services and makes recommendations to the Board.
- The Resident Assembly leads on the co-production of service improvements where staff and residents work on the development of services.

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- Local Resident groups and associations ensure that C&C manages local services in line with residents' priorities.

Donations and fundraising

Donations were received from a variety of Trusts, Companies as well as from a number of individual supporters, totaling around £29,000. These included £17,000 from Richmond Parish Land Charity (for our Richmond care homes) and almost £10,000 from individuals. In addition, our week-long Fit Festival in July 2019 proved immensely successful with £17k being raised from 12 organisations. Money raised has been used to lay on additional fitness activities in 2020/21 and the majority is currently being invested in purchasing fitness equipment. In particular, C&C would like to thank its sponsors Regal London (Gold), Arc (Silver) and Montagu Evans (Bronze) for their generosity in supporting these initiatives.

Payment of creditors

In line with Government guidance, the Group's policy is to pay purchase invoices within 30 days of receipt, or earlier if agreed with the supplier.

Treasury and Funding

The Group and Association had total loans as at 31 March 2021 of £18,043k (2020: £18,681k) made up of fixed and variable rate loans. The Association has total secured facilities of £46,929k (2020: £47,431k) available to finance the development programme.

The management of borrowings is the responsibility of the Group Chief Finance Officer. The treasury strategy is set annually and approved by the Board.

Reserves

After transfer of the surplus for the year of £450k (2020: £44,312k), Group reserves at the year-end amounted to £98,381k (2020: £97,931k). The detailed movement in reserves is shown on pages 44-45 of the financial statements.

Employee Involvement

Over the past year there has been a continued focus on colleague wellbeing, including health and happiness, in the work-place with many working practices, staff facilities and training sessions changing to reflect this.

Communication with colleagues continues to be strong and the Inspirational Leadership Group (to which all senior colleagues are invited) has been relaunched. Regular on-line All Colleague Calls have been well received. In the year a Colleague Engagement Group was set up, which replaced the Joint Staff Council, in order to re-energise colleague participation and in particular achieve involvement from every part of C&C.

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Statement of Compliance with UK Law

There have been no material breaches of law as would require notification to the Regulator of Social Housing (RSH) in accordance with the Governance and Regulatory Standard and/or which would have a material impact on the Association, its residents and service users. The Association has taken reasonable measures to ensure that no such breaches of law occur.

The Modern Slavery Act 2015

The Association complies with the Modern Slavery Act 2015 and steps are taken to ensure that slavery is not occurring in the Association, Group or the supply chains. In line with government guidelines the Association has a supplier selection process to ensure all suppliers comply. It will also ensure staff and management are aware of the issues and are trained in how to identify possible issues that may need further investigation.

Going Concern

After making enquiries, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after the date on which the report and the financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

The Group's budget and business plan, which consider the current uncertain economic climate and expected trading conditions, show that the Group will be able to operate within its current facilities and comply with its banking covenants for the foreseeable future.

Auditor

A resolution to appoint BDO LLP will be proposed at the forthcoming Annual General Meeting. This Report was approved by order of the Board on 22nd July 2021.

Julia Ashley

Julia Ashley (Aug 3, 2021 12:25 GMT+1)

Julia Ashley

Chief Executive

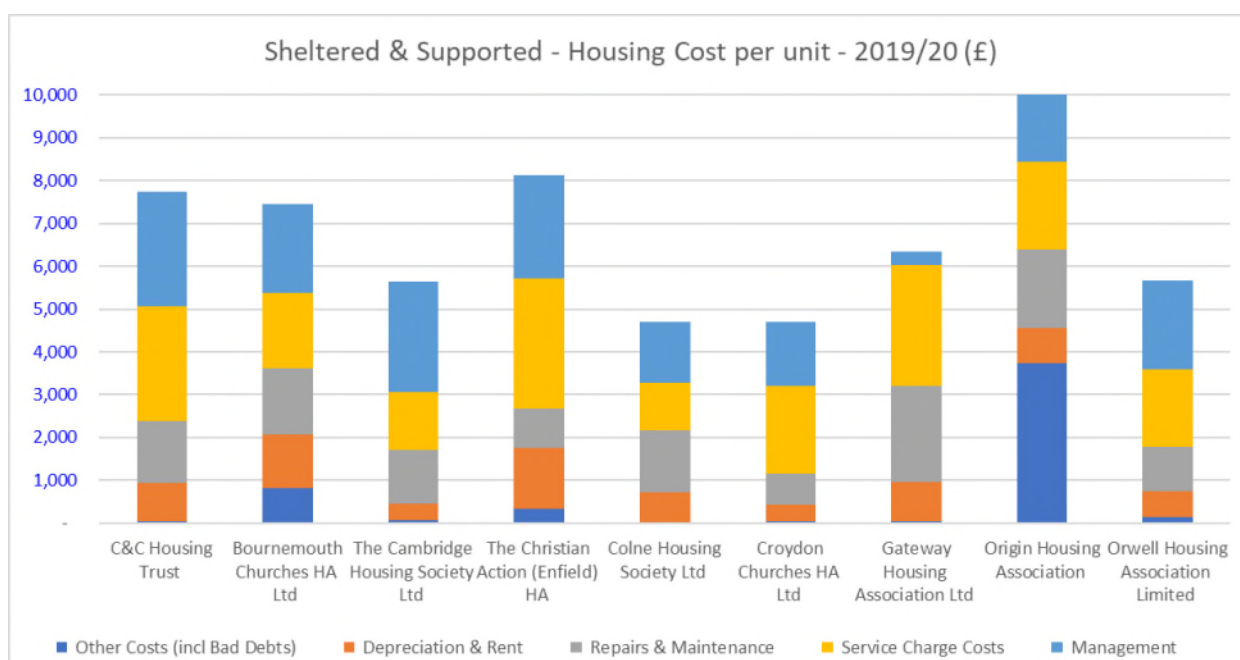
C&C Annual Financial Statements 2020-21

Value for Money Statement

The Regulator for Social Housing (RSH) issued an updated Value for Money Standard and Guidance in April 2018. Value for Money (VfM) is intrinsically embedded in our existing [Fit Future Strategy 2017-27](#) (Fit Future Strategy) which can be found on our website.

1. Introduction

We have analysed our financial position and have benchmarked ourselves against comparable organisations. We are a specialist provider and it is recognised that specialist providers have lower than average margins when compared to “housing only” based housing associations. To make the analysis below comparable, we have focused on sheltered and supported housing excluding residential care and general needs. In relation to specialist Housing, our analysis shows that our costs are in line with our peer group. We further note that differences in property type, service provision and location will also result in cost profile differences.



Source: 2019-20 Annual Financial Statements (Peer Group)

C&C's Board has set a target operating margin of 15% - this target has been formulated from the analysis of our peer group in specialist housing and of care home benchmark data together with the projections of C&C's 30-year Financial Plan. Our strategy is to increase our margin to that 15% margin level.

To improve our surplus, we have developed a series of actions which indicate that our operating margin will improve to be comparable with that of our peer group.

The Fit Future Strategy explains what we set out to do over 3, 5 and 10 years to achieve this, under the headings Services that Inspire, Homes for Health & Happiness, People Doing their Best and Money to Invest. In broad terms by 2027, our strategy sets out that we will be providing homes exclusively for people over the age of 55 in London, with a range of services to serve our residents.

C&C Annual Financial Statements 2020-21

2. Our approach to Value for Money

VfM is at the centre of our plans and objectives. It is an integral part of our corporate ethos and values and forms the foundation of our Fit Future Strategy.

What we do

Our objectives are to ensure the right costs (economy), deliver services in the right way (efficiency), and in a way that makes the most impact (effectiveness). These are:

- | | |
|--|----------------------------|
| • We aim to spend every pound effectively. | Do it the right way. |
| • Evaluate each decision. | Drive the right decision. |
| • Grow our surplus to allow reinvestment. | Generate the right result. |
| • Optimise our organisational structure. | Be the right shape. |
| • Optimise each asset. | Do the right business. |

To do this

- We are continuing to develop our organisation with the right people, values and culture.
- We ensure that every key decision is scrutinised and that the effectiveness of any associated spend is considered in a structured way.
- We are working through initiatives to generate income and achieve efficiencies
 - Ensuring that care fees paid by local authorities meet the cost of providing the services;
 - Ensuring that service charges are fully recovered;
 - Focusing on occupancy in care and voids in housing;
 - Driving down arrears;
 - Driving down the use of agency staff in care;
 - Setting up a new procurement framework to add value to C&C's procurement and offer other smaller associations the opportunity to procure smaller contracts.
- Our structure increases the focus on service for our residents, including the introduction of C&C Direct and Service Hub.
- We have continued to grow the number of properties let through our charitable subsidiary, 55 London, allowing us to reach a wider people aged over 55 and ensure that we have a broad rental offering.
- We undertake weekly reviews of key income and expenditure items to ensure we remain focused on VfM.
- Contract management procedures have been enhanced to ensure that they give best value and that the terms of the contract are strictly adhered to.

All these factors come together in the financial plan that combines all projections (costs and income), asset investment and growth, organisational changes and available financing. The financial plan is subject to rigorous stress testing and agreement by the Board to ensure that all the risks are understood and that we can manage risk and deliver strategic objectives in a disciplined and controlled way.

3. Cost / Income benchmarking

C&C Annual Financial Statements 2020-21

C&C is a specialist provider of social housing and residential care. The Regulator of Social Housing recognises that specialist providers that also provide care tend to have lower than average margins.

Housing

We have reviewed our financial position using HQN benchmarking information and have benchmarked ourselves against 8 comparable organisations. The 8 selected organisations have a substantial element of Sheltered & Supported housing.

Care Homes

The homes are benchmarked against each other, and performance is reviewed monthly.

4. How we measure ourselves

We believe that regular reporting and measurement is essential if we are to understand and improve our performance. To do this we:

Evaluate: C&C is a member of the Housemark benchmarking programme and this allows us to evaluate our performance in comparison to other Housing Associations that provide the same or similar services. By knowing our position, we can set measurable targets and plan on how we can improve.

Set targets: In the Financial Plan and annual budget a series of financial and operational targets are established. These include profitability and cost per unit. They also encompass resident satisfaction, the amount of capital invested in our homes; together with the progress of our development plans and the availability of medium and long-term finance to grow the organisation.

We measure this via:

- Monthly metrics that are presented to our staff and are reported to the Heads of Service, Executive, Board, Committees and Board Advisory Panels.
- Monthly management accounts which are scrutinised by our management team, including the Heads of Service, and the Board.
- Annual Strategic Metrics in which we check our progress against our stated strategic goals.

Report:

We participate in the annual Housemark benchmarking return and produce and explain our performance through our annual Sector Scorecard.

Understand our performance:

We analyse our organisation and compare our unit and overhead costs against housing and care providers to:

- Confirm that we are delivering services in an efficient way.
- Establish with our residents that our discretionary activities are valued and wanted.
- Engage our whole management team to form a plan to deliver efficiency savings.

By looking at all aspects of our operations we look to identify ways to improve our services and ensure that they are being delivered in the most efficient way.

C&C Annual Financial Statements 2020-21

5. Sector Scorecard

The association completes the Sector Scorecard and reviews benchmark information to understand our current performance. C&C is a specialist provider of over 55 services and there are no directly comparable organisations in terms of scope, size and London location.

We have therefore compared our performance using the Sector Scorecard against a peer group which has a substantial proportion of sheltered and supported housing.

The table below focuses on the seven metrics as defined by the Regulator, the Board manage the business using these as well as other metrics, which have been reported and commented on elsewhere in the Strategic Report.

Metric	2019/20			2020/21
	Actual	Peer	Sector	Actual
1 Reinvestment %	15.12%	7.25%	7.58%	22.00%
2A New supply of social housing delivered %	0.29%	2.81%	1.77%	0.00%
2B New supply of non-social housing delivered %	0.96%	0.46%	0.31%	0.00%
3 Gearing %	15.06%	43.47%	47.70%	10.64%
4 EBITDA MRI - Interest cover %	329.44%	135.76%	137.80%	117.29%
*5 Headline social housing cost per unit (£)	£11,032	£5,948	£4,249	£11,043
6A Operating margin on social housing lettings %	2.29%	26.28%	27.85%	(0.90%)
6B Operating margin overall %	(0.74%)	22.36%	22.15%	(1.02%)
7 Return on capital employed (ROCE)	27.30%	2.46%	3.22%	0.31%

Sector values are obtained from the HQN Housing Finance Network group and the Global Accounts as published by the Regulator for Social Housing

Explanatory Scorecard notes:

- 1&2 Re-investment exceeded the level of our peer group. This reflects the St John's Wood redevelopment – where 170 units are under construction and due to complete in 2022.
Our Fit Future Estates Strategy sets out C&C's plans for future investment in existing stock and new supply.
- 3&4 C&C has gearing and operating capacity to borrow and to fund development.
- 5 C&C's headline social housing cost per unit is distorted as it includes the costs of residential care units – excluding the residential care units from the calculation reduces the average cost per unit for C&C in 2020/21 to £7,304 (2019/20: £7,426)
- 6 C&C has lower than average margins which reflects the higher mix of Sheltered and Supported units in C&C's portfolio (which at 75% is much higher than that of its peer group - 20%).
C&C's target margin of 15% reflects the margins on General Needs and Sheltered and Supported Housing in its Peer Group but C&C's target margin is lower than the average due to the amount of Sheltered Housing and the inclusion of Residential Care Homes in its mix of operations.
- 7 ROCE was lower in the year compared to 2019/20 which included profit on the sale of land at St John's Wood

C&C's 30-year Financial Plan sets out ambitious plans for improving and growing our housing stock, which will drive improved performance from the amounts invested and new units delivered in future years. The Financial Plan is rigorously tested to ensure that C&C stays within its financial covenants as set by its lenders.

6. Value for Money objectives and achievements

C&C Annual Financial Statements 2020-21

In 2019 the Board approved C&C's Fit Future Strategy, which detailed the organisation's plans and commitments for the following 3, 5 and 10 years. In broad terms, by 2027 C&C will be providing homes exclusively for over 55s in London, with a range of services to serve our residents.

Value for Money (VfM) is at the centre of our plans and objectives. It is an integral part of our corporate ethos and values and forms the foundation of our Fit Future Strategy.

Value for Money benefits generated in the year include:

- We improved our void processes, despite the impact of the Covid-19 pandemic and finished the year with void losses at just 2% in our housing properties, and an average void loss across the year of 2.4% (2019/20: 3.1%).
- 42 additional properties were rented in 55 London
- The recharge policy was implemented resulting in additional recovery of repair costs
- C&C partnered with Procure Public to establish its own procurement framework. Over time this should bring in fee income as the framework will be used by other organisations.
- In 2020/21 the overall level of housing arrears fell to 5.2% from 6.2% at the end of 2019/20 - in a Covid 19 environment where arrears were increasing significantly across the sector.
- Improvements in purchase order management, with a link to housing and repair systems, allowing closer control of costs.
- We completed a review of our service charges and have reset service charges for 2021/22 that are projected to increase cost recovery in the year by over £400k.

We will continue to review our costs and overheads and will plan to add scale to the organisation to spread our establishment costs over greater volumes of units.

Financial targets

Our VfM performance in 2020/21 and our targets for 2021/22 are:

	2020/21 target	2020/21 performance	2021/2022 target
1	Care Occupancy 95%	We achieved average occupancy of 81% - reflecting the impact of Covid 19	90% over 21/22
2	2.5% Voids in Housing – stretch target 2%	Housing voids were 2.4% on average in the year, an improvement from the 3.1% achieved in 2019/20	1.75% over 21/22
3	55 London - 25 additional units let by the end of 2020/21	An additional 42 units were let during the year, this compares to 22 units let during 2019/20	37 additional units let by the end of 2021/22
4	Procurement savings - £100k	£138k procurement savings were achieved	Savings of £100k

C&C Annual Financial Statements 2020-21

VfM is not just about bottom-line costs and savings, it is about being an efficient landlord and providing useful and effective services to our residents. C&C is committed to delivering effective and efficient services and have also set the following targets:

Service area objective	Performance
1 All our homes are safe	<u>Target 100% FLAGE compliance.</u> In 2020-21, achieving 100% compliance with all surveys was challenging due to Covid-19 however we have achieved high levels of compliance and expect to be 100% compliant across all areas shortly. We continue our commitment to provide a safe home for residents through demonstrating our compliance standards.
2 Care Home CQC rating 100% "Good"	<u>Target 100% Good.</u> All of our Residential Care Homes are rated "Good" and our Cecil Court Care Home has one "Outstanding" rating in the area of "Well Led".
3 Employee satisfaction	<u>Target 80%.</u> Headline satisfaction improved across the board shortly after the initial lockdown, with many positive comments about the C&C's response to lockdown through increased communications and strong leadership and IT support. Colleague Satisfaction Survey completed in May 2021 showed overall colleague satisfaction at 72% (19/20 73%). 76% (19/20 78%) were happy in their role and 88% (19/20 84%) felt that C&C and the leadership team communicated well. There was a specific focus on the effects of the COVID pandemic.
4 Housing resident satisfaction	<u>Target 90%.</u> Satisfaction for the end of the year was 76.2% (19/20 85.7%), and 84.2% (19/20 93.5%) of residents would recommend C&C as a place to live. The drop from the previous year mainly relates to heating work as well as the impact of neighbour issues during lockdown. Despite this, residents still highly recommend C&C homes as a place to live. Recent surveys show figures returning to previous levels of performance.
5 Care Home Resident satisfaction	<u>Target 90%.</u> Satisfaction in April 21 was 100% (19/20 86%) with the standard of care provided. Response rates to satisfaction surveys have significantly increased due to the method of collection.

C&C Annual Financial Statements 2020-21

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF CENTRAL & CECIL HOUSING TRUST

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2021 and of the Group's and 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 Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

We have audited the financial statements of Central & Cecil Housing Trust ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2021 which comprise the [consolidated and Association statement of comprehensive income, the consolidated and Association statement of financial position, the consolidated and Association statement of changes in equity, the consolidated cash flow statement 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 Group and 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 Group's and of 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.

C&C Annual Financial Statements 2020-21

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF CENTRAL & CECIL HOUSING TRUST

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative or Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the parent Association; or
- a satisfactory system of control has not been maintained over transactions; or
- the parent 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 board members responsibilities statement set out on page 26, 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 Group and 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 Group or the Association or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF CENTRAL & CECIL HOUSING TRUST

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.

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 Group and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to their registration with the Regulator of Social Housing, and we considered the extent to which non-compliance might have a material effect on the Group Financial Statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the Accounting Direction for Private Registered Providers of Social Housing and tax legislation.

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, reviewing correspondence with HMRC and the other regulators;
- Reviewing items included in the fraud and theft database;
- In addressing the risk of fraud through management override of controls; testing the appropriateness of journal entries and other adjustments, in particular any journals posted by senior management, privileged users or with unusual account combinations;
- Challenging assumptions made by management in their significant accounting estimates and judgements in particular in relation to the following:
 - Net realisable value of properties held for sale
 - Capitalisation of development costs
 - Assumptions used in pension valuations
- We also performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

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.

C&C Annual Financial Statements 2020-21

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF CENTRAL & CECIL HOUSING TRUST

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

Use of our report

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

DocuSigned by:

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Philip Cliftlands (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick

17 August 2021

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

C&C Annual Financial Statements 2020-21

Consolidated and Association Statement of Comprehensive Income

Consolidated and Association Statement of Comprehensive Income for the year ended 31 March 2021.

		Group		Association	
		2021	Restated 2020	2021	Restated 2020
	Note	£'000	£'000	£'000	£'000
Turnover	4	22,681	21,739	20,410	20,092
Operating costs	4	(22,680)	(21,500)	(20,350)	(19,604)
Impairment provision		(232)	(475)	(737)	(678)
Surplus on disposal of housing property	12	696	42,024	696	42,024
Operating surplus / (deficit)	4,8	465	41,788	19	41,834
Other interest receivable and similar income	13	-	2,789	449	3,064
Interest and financing costs	14	(40)	(13)	(40)	(154)
Revaluation of investment property	18	(50)	-	(50)	-
Surplus before taxation		375	44,564	378	44,744
Taxation on surplus	15	(12)	(2)	-	-
Surplus for the financial year		363	44,562	378	44,744
Actuarial (losses)/gains on defined benefit pension scheme	27	87	(250)	87	(250)
Total comprehensive income for the year		450	44,312	465	44,494

The notes on pages 47 to 85 form part of these financial statements. All activities relate to continuing operations.

C&C Annual Financial Statements 2020-21

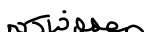
Consolidated and Association Statement of Financial Position

Consolidated and Association Statement of Financial Position as at 31 March 2021

		Group		Association	
	Note	2021	Restated 2020	2021	Restated 2020
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets – housing properties	16	102,628	84,843	103,190	85,009
Tangible fixed assets – other	17	5,633	5,710	5,633	5,710
Investment properties	18	850	900	850	900
		109,111	91,453	109,673	91,619
Current assets					
Stocks	20	8,895	11,146	-	-
Debtors – receivable within one year	21	24,146	23,147	34,111	34,517
– receivable in more than one year	21	8,963	26,290	8,963	26,290
Cash and cash equivalents		7,111	5,859	5,624	5,392
		49,115	66,442	48,698	66,199
Creditors: amounts falling due within one year	22	(6,128)	(4,814)	(5,695)	(4,174)
Net current assets		42,987	61,628	43,003	62,025
Total assets less current liabilities		152,098	153,081	152,676	153,644
Creditors: amounts falling due after more than one year	23	(53,717)	(55,150)	(53,717)	(55,150)
Net assets excluding pension liability		98,381	97,931	98,959	98,494
Pension liability	27	-	-	-	-
Net assets		98,381	97,931	98,959	98,494
Capital and reserves					
Called up share capital	28	-	-	-	-
Income and expenditure reserve		98,064	97,614	98,642	98,177
Restricted reserve		317	317	317	317
		98,381	97,931	98,959	98,494

The notes on pages 47 to 85 form part of these financial statements. All activities relate to continuing operations.

The financial statements were approved by the Board of Directors and authorised for issue on 22 July 2021.


N J Wilden (Aug 2, 2021 10:55 GMT+1)

Nicky Wilden
Board Member


Peter Walters (Aug 3, 2021 10:46 GMT+1)

Peter Walters
Board Chair



Liam Dawson
Company Secretary

C&C Annual Financial Statements 2020-21

Consolidated Statement of Changes in Reserves

Consolidated statement of changes in reserves for the year ended 31 March 2021

	Income and expenditure Reserve	Restricted reserve	Total
	£'000	£'000	£'000
Balance at 1 April 2020	97,896	317	98,213
Effect of prior year adjustments – Note 34	(282)		(282)
Balance at 1 April 2020 (restated)	97,614	317	97,931
Surplus for the year	363	-	363
Actuarial gains on defined benefit pension scheme	87	-	87
Balance at 31 March 2021	98,064	317	98,381

Consolidated statement of changes in reserves for the year ended 31 March 2020

	Income and expenditure Reserve	Restricted reserve	Total
	£'000	£'000	£'000
Balance at 1 April 2019	53,508	317	53,825
Effect of prior year adjustments – Note 34	(206)		(206)
Balance at 1 April 2019 (restated)	53,302	317	53,619
Surplus for the year (restated)	44,562	-	44,562
Actuarial losses on defined benefit pension scheme	(250)	-	(250)
Balance at 31 March 2020	97,614	317	97,931

The notes on pages 47 to 85 form part of these financial statements.

C&C Annual Financial Statements 2020-21

Association Statement of Changes in Reserves

Association statement of changes in reserves for the year ended 31 March 2021

	Income and expenditure reserve £'000	Restricted reserve £'000	Total £'000
Balance at 1 April 2020	98,459	317	98,776
Effect of prior year adjustments – Note 34	(282)		(282)
Balance at 1 April 2020 (restated)	98,177	317	98,494
Surplus for the year	378	-	378
Actuarial gain on defined benefit pension scheme	87	-	87
Balance at 31 March 2021	98,642	317	98,959

Association statement of changes in reserves for the year ended 31 March 2020

	Income and expenditure Reserve £'000	Restricted reserve £'000	Total £'000
Balance at 1 April 2019	53,889	317	54,206
Effect of prior year adjustments – Note 34	(206)		(206)
Balance at 1 April 2019 (restated)	53,683	317	54,000
Surplus for the year (restated)	44,744	-	44,744
Actuarial losses on defined benefit pension scheme	(250)	-	(250)
Balance at 31 March 2020	98,177	317	98,494

The notes on pages 47 to 85 form part of these financial statements.

C&C Annual Financial Statements 2020-21

Consolidated Statement of Cashflows

Consolidated statement of cash flows for the year ended 31 March 2021

	Note	2021 £'000	Restated 2020 £'000
Cash flows from operating activities			
Operating Surplus for the financial year		465	41,788
Adjustments for:			
Depreciation of fixed assets - housing properties	16	2,147	1,925
Depreciation of fixed assets - other	17	972	938
Amortised grant	24	(325)	(285)
Impairment of property held as stock		(232)	(475)
Difference between net pension expense & cash contribution		-	(250)
(Surplus) on the sale of fixed assets	12	(696)	(42,024)
(Increase) / decrease in trade and other debtors		(1,327)	2,880
Decrease / (increase) in stocks		2,483	2,363
Increase / (decrease) in creditors		848	2,796
Cash from operations		4,335	9,656
Taxation paid		-	-
<i>Net cash generated from operating activities</i>		4,335	9,656
Cash flows from investing activities			
Proceeds from sale of fixed assets – housing properties	12	3,125	11,625
Purchase of fixed assets – housing properties		(3,576)	(9,165)
Purchases of fixed assets - other	17	(902)	(1,189)
Receipt of grant	24	-	6,670
Interest received		-	1
<i>Net cash from investing activities</i>		(1,353)	7,942
Cash flows from financing activities			
Interest paid	14	(960)	(1,053)
New loans - bank		-	2,000
Debt issue costs		-	-
Repayment of loans - bank		(770)	(15,012)
<i>Net cash used in financing activities</i>		(1,730)	(14,065)
Net increase / (decrease) in cash and cash equivalents		1,252	3,533
Cash and cash equivalents at beginning of year		5,859	2,326
Cash and cash equivalents at end of year		7,111	5,859

The cash balance as at 31 March 2021 includes £32k (2020: £119k) that the Association holds on behalf of other parties and does not form part of the Group's capital.

The notes on pages 47 to 85 form part of these financial statements.

C&C Annual Financial Statements 2020-21

Notes to the financial statements for the year ended 31 March 2021

1. Legal Status

The Association is registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a social housing provider.

2. Accounting Policies

Basis of Preparation

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Central and Cecil Housing Trust includes the Co-operative and Community Benefit Societies Act 2014 (and related group accounts regulations), the Housing and Regeneration Act 2008, FRS 102 “the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018, “Accounting by registered social housing providers” 2018, the Accounting Direction for Private Registered Providers of Social Housing 2019.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical;
- No cash flow statement has been presented for the parent company;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

C&C Annual Financial Statements 2020-21

Notes to the financial statements for the year ended 31 March 2021

2. Accounting Policies (continued)

Going Concern

After reviewing the group's forecasts and projections, the directors have a reasonable expectation that the group has adequate resources to continue operating for a period of not less than 12 months from the date of these consolidated financial statements. In coming to this expectation, the directors have considered the impact of the principle risks to which the group is exposed (e.g. a third Covid wave, operational performance, falling sales prices and liquidity risk). They have then considered the mitigations that could be actioned in reaching their conclusion. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements present the results of Central and Cecil Housing Trust – registered provider of social housing and its subsidiaries (“the Group”) as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Income

Income is measured at the fair value of the consideration received or receivable. The group generates the following material income streams:

- Rental income receivable (after deducting lost rent from void properties available for letting); and
- Service charges receivable

Rental income is recognised from the point when properties under development reach practical completion.

Supported Housing Schemes

The Group receives Supporting People grants from a number of London Boroughs. The grants received in the period as well as costs incurred by the Group in the provision of support services have been included in the Income and Expenditure Account. Any excess of cost over the grant received is borne by the Group where it is not recoverable from tenants.

C&C Annual Financial Statements 2020-21

Notes to the financial statements for the year ended 31 March 2021

2. Accounting Policies (continued)

Service charges

The Group operates both fixed and variable regimes in calculating and charging service charges to its tenants and leaseholders. Service charges are set each year at the beginning of the year based on the costs that the Group expects to incur in relation to service chargeable items. Income is therefore recorded based on these calculated amounts chargeable.

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.

Schemes managed by agents

Where the Association carries the financial risk, income and expenditure is included in the income and expenditure account. Social Housing Grant (SHG) and other revenue grants may be claimed by the Group as owner of the property and included in the Statement of Comprehensive Income and the Statement of Financial Position. The treatment of other income and expenditure depends on whether the Association carries the financial risk.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

C&C Annual Financial Statements 2020-21

Notes to the financial statements for the year ended 31 March 2021

2. Accounting Policies (continued)

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Value Added Tax

The Group charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is borne by the Group and not recoverable from HM Revenue and Customs. Recoverable VAT arises from partially exempt activities and is credited to the Statement of Comprehensive Income. The balance of VAT payable or recoverable at the year end is included as a creditor or current asset as appropriate.

Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Finance costs are capitalised in housing properties under construction using a weighted average cost of borrowing.

Pension costs

Contributions to the group's defined contribution pension scheme are charged to profit or loss in the year in which they become payable.

The group also operates a defined benefit pension scheme which is closed to new members. The pension scheme liability shown in the financial statements relates to the group's own defined benefit scheme. The difference between the fair value of the assets held in the group's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the group's balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

C&C Annual Financial Statements 2020-21

Notes to the financial statements for the year ended 31 March 2021

2. Accounting Policies (continued)

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Tangible fixed assets – Housing properties

Housing properties constructed or acquired (including land) on the open market since the date of transition to FRS 102 are stated at cost less depreciation and impairment (where applicable).

The cost of housing land and property represents their purchase price and any directly attributable costs of acquisition which may include an appropriate amount for staff costs and other costs of managing development.

Expenditure on major refurbishment to properties is capitalised where the works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. The salaries costs that can be directly attributed to major projects are also capitalised. All other repair and replacement expenditure is charged to the Statement of Comprehensive Income.

Housing properties in the course of construction, are included in Tangible fixed assets – housing properties and held at cost less any impairment, and are transferred to completed properties when ready for letting.

When housing properties are developed for sale, the cost is dealt with in current assets under housing properties and stock for sale.

Completed housing properties acquired from subsidiaries are valued at existing use value for social housing at the date of acquisition.

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.

Land is not depreciated on account of its indefinite useful economic life.

Assets in the course of construction are not depreciated until they are completed and ready for use to ensure that they are depreciated only in periods in which economic benefits are expected to be consumed.

C&C Annual Financial Statements 2020-21

Notes to the financial statements for the year ended 31 March 2021

2. Accounting Policies (continued)

The cost of all other housing property (net of accumulated depreciation to date and impairment, where applicable) and components is depreciated over the useful economic lives of the assets on the following basis:

Freehold land is not depreciated.

Housing properties are split between the structure and the major components which require periodic replacement. The costs of replacement or restoration of these components are capitalised and depreciated over the determined average useful economic life as follows:

Description	Economic useful life (years)
Structure (freehold property)	100
Structure (leasehold property)	Life of the lease
Offices (freehold)	33-50
Kitchen	20
Bathroom	25
Roof	45
Boiler	15
Electrics	20
External windows	35
Mechanical systems	20

Communal	20
Lifts	20
Flooring	12 ½
Aerial	10

Leasehold properties are depreciated over the length of the lease except where the expected useful economic life of properties is shorter than the lease; then the lease and building elements are depreciated separately over their expected useful economic lives.

Tangible fixed assets – Other

Other tangible fixed assets, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management – this historical cost includes external costs and an appropriate allocation for staff costs of creating the asset.

C&C Annual Financial Statements 2020-21

Notes to the financial statements for the year ended 31 March 2021

2. Accounting Policies (continued)

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation of other tangible fixed assets

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Description	Economic useful life (years)
Freehold building – offices	33-50
Leasehold building – offices	Lease term
Motor vehicles	4
Fixtures, fittings, furniture & equipment	5-10
Computer software	3-7
Computer equipment	3-10

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'operating surplus' in the statement of comprehensive income.

Government grants

Grant received in relation to existing housing properties is accounted for using the accrual model set out in FRS 102 and the Housing SORP 2018. Grant is carried as deferred income in the balance sheet and released to the income and expenditure account on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with Housing SORP 2018 the useful economic life of the housing property structure has been selected and is consistent with that used for depreciating housing properties as shown above.

Where social housing grant (SHG) funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If 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.

C&C Annual Financial Statements 2020-21

Notes to the financial statements for the year ended 31 March 2021

2. Accounting Policies (continued)

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once performance related conditions have been met.

Grants due from government organisations or received in advance are included as current assets or liabilities.

Recycled Capital Grant Fund

On the occurrence of certain relevant events, primarily the sale of dwellings, the GLA can direct the Association to recycle capital grants or to make repayments of the recoverable amount. The Group 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 GLA 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".

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Impairment of fixed assets and goodwill

The housing property portfolio for the Group is assessed for indicators of impairment at each balance sheet date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts.

The Group defines cash generating units as schemes except where its schemes are not sufficiently large enough in size or where it is geographically sensible to group schemes into larger cash generating units. Where the recoverable amount of an asset or cash generating unit is lower than its carrying value an impairment is recorded through a charge to income and expenditure.

Stock

Stock represents work in progress and completed properties, being those housing properties developed for transfer to other registered providers and properties developed for outright sale.

Stock is stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales proceeds after allowing for all further costs to completion and selling costs.

C&C Annual Financial Statements 2020-21

Notes to the financial statements for the year ended 31 March 2021

2. Accounting Policies (continued)

Debtors and creditors

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 operating expenses.

Recoverable amount of rental and other trade receivables

The Group estimates the recoverable value of rental and other receivables and impairs the debtor by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt, historical collection rates and the class of debt.

Rent and service charge agreements

The Group has made arrangements with individuals and households for arrears payments of rent and service charges. These arrangements are effectively loans granted at nil interest rate.

Loans, investments and short-term deposits

All loans, investments and short-term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost), FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Group has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Cash and cash equivalents

Cash and cash equivalents in the Group's Consolidated Statement of Financial Position consists of cash at bank, in hand, deposits and short-term investments with an original maturity of three months or less. They include some money market deposits, held for more than 24 hours, which can only be withdrawn without penalty on maturity or by giving notice of more than one working day.

Leased assets: Lessee

The group has leases which are treated as operating leases and as such their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

C&C Annual Financial Statements 2020-21

Notes to the financial statements for the year ended 31 March 2021

2. Accounting Policies (continued)

Reserves

Income received, and expenditure incurred, for restricted purposes is separately accounted for within restricted funds. Realised and unrealised gains and losses on assets held by these funds are also allocated to the fund.

3. 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 group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. The 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. The members have also considered impairment based on their assumptions to define cash or asset generating units.
- the anticipated costs on a development scheme based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, they then determine the recoverability of the cost of properties developed for outright sale and/or land held for sale. This judgement is also based on the member's best estimate of sales value based on economic conditions within the area of development.
- the critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation such as standard rates of inflation, mortality, discount rate and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense.
- whether leases entered into by the group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- the categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset
- what constitutes a cash generating unit when indicators of impairment require there to be an impairment review.
- Other key sources of estimation uncertainty.

C&C Annual Financial Statements 2020-21

Notes to the financial statements for the year ended 31 March 2021

2. Accounting Policies (continued)

Tangible fixed assets (see note 16, 17 and 18)

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as expected wear and tear, expected usage and its ability to generate income and obsolescence are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

Investment properties are professionally valued periodically but there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself. Key inputs into the valuations are the location and nature of the property, the current tenancy which is subject to a short lease with a break clause and the rental value.

Rental and other trade receivables (debtors) (see note 21)

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.

Stock (Note 20)

Stock is carried at the lower of cost and net realisable value. To quantify the net realisable value, an independent valuation has been made. There is uncertainty in any such valuation as the influence on sales value by economic or other market influences can cause such a valuation to vary. The valuation performed was made with all known influences as were relevant at that date.

Pensions (see note 27)

The discount rate used in the calculation of the pension scheme liability has been derived from AAA rated corporate bonds over 15 years whereas prior to 1 April 2016 a AA rated corporate bond over 15 years was used. Whilst the use of an AAA rated bond is unusual the accounting guidance in FRS 102 Section 28 states that pension obligations should be discounted by reference to market yields of a high quality corporate bond but is not prescriptive as to the rating of those bonds. The application of the discount rate derived from the AAA rated corporate bond is within the accounting guidance and is a matter of management judgement. Management have used their judgement in this matter as a buy-out of the pension scheme is under consideration and a valuation based on AAA corporate bonds gives a more realistic view of the pension scheme liability with the scheme exit in mind. This was discussed and agreed with the pension scheme actuaries prior to the valuation taking place

C&C Annual Financial Statements 2020-21

Notes to the financial statements for the year ended 31 March 2021 SOCI Related Notes

4. Particulars of Turnover, Cost of Sales, Operating Costs and Operating Surplus

Group

	Turnover	Operating costs	Operating surplus/ (deficit)
	2021 £'000	2021 £'000	2021 £'000
Social housing lettings (note 5)	19,426	(19,601)	(175)
Other Social Housing Activities			
Supporting people	184	(186)	(2)
Other	-	-	-
	19,610	(19,787)	(177)
Activities other than Social Housing Activities			
Leaseholder property sales	2,145	(2,193)	(48)
Other lettings	805	(588)	217
Other	121	(112)	9
	3,071	(2,893)	178
Surplus/(deficit) on disposal of property			696
Impairment provision			(232)
	22,681	(22,680)	465

Group

	Turnover	Operating Costs	Operating surplus/ (deficit)
	2020 £'000	Restated 2020 £'000	Restated 2020 £'000
Social housing lettings (note 5)	19,720	(19,336)	384
Other Social Housing Activities			
Supporting people	118	(119)	(1)
Other	(22)	(108)	(130)
	19,816	(19,563)	253
Activities other than Social Housing Activities			
Leaseholder property sales	1,713	(1,833)	(120)
Nursing	18	(24)	(6)
Other	192	(80)	112
	1,923	(1,937)	(14)
Surplus/(deficit) on disposal of property			42,024
Impairment provision			(475)
	21,739	(21,500)	41,788

C&C Annual Financial Statements 2020-21

Notes to the financial statements for the year ended 31 March 2021 SOCI Related Notes

4. Particulars of Turnover, Cost of Sales, Operating Costs and Operating Surplus

Association

	Turnover	Operating costs	Operating surplus/ (deficit)
	2021 £'000	2021 £'000	2021 £'000
Social housing lettings (note 5)	19,426	(19,601)	(175)
Other Social Housing Activities			
Supporting people	184	(186)	(2)
Other	-	-	-
Activities other than Social Housing Activities	19,610	(19,787)	(177)
Other lettings	679	(451)	228
Other	121	(112)	9
	800	(563)	237
Surplus on disposal of property			696
Impairment provision			(737)
	20,410	(20,350)	19

Association

	Turnover	Operating costs	Operating surplus/ (deficit)
	2020 £'000	Restated 2020 £'000	Restated 2020 £'000
Social housing lettings (note 5)	19,720	(19,336)	384
Other Social Housing Activities			
Supporting people	118	(119)	(1)
Other	44	(45)	(1)
Activities other than Social Housing Activities	19,882	(19,500)	382
Nursing	18	(24)	(6)
Other	192	(80)	112
	210	(104)	106
Surplus on disposal of property			42,024
			(678)
	20,092	(19,604)	41,834

C&C Annual Financial Statements 2020-21

Notes to the financial statements for the year ended 31 March 2021

5. Income and Expenditure from Social Housing Lettings

Group and Association

	General Needs £'000	Supported housing £'000	Sheltered housing £'000	Care Homes £'000	Agency Managed £'000	Total 2021 £'000	Restated Total 2020 £'000
Income							
Rents net of identifiable service charges	1,638	281	5,745	6,512	74	14,250	14,678
Service charge income	309	100	2,882	-	69	3,360	3,562
Amortised government grants	146	11	118	33	62	370	376
Other income	-	190	(3)	381	865	1,433	1069
Other grants	-	-	-	13	-	13	35
Turnover from social housing lettings	2,093	582	8,742	6,939	1,070	19,426	19,720
Expenditure							
Management	(557)	(215)	(3,301)	(2,275)	(331)	(6,679)	(6,212)
Service charge costs	(743)	(167)	(3,208)	(4,891)	(256)	(9,265)	(8,586)
Routine maintenance	(277)	(62)	(733)	(139)	(144)	(1,355)	(1,446)
Planned maintenance	(13)	-	(13)	(1)	-	(27)	(414)
Major repairs expenditure	(6)	(6)	(15)	(19)	(41)	(87)	(865)
Bad debts	(6)	(15)	(71)	(30)	(17)	(139)	200
Recycled Grant	-	-	-	-	-	-	(88)
Depreciation of housing properties:							
- annual charge	(489)	(62)	(1,024)	(174)	(160)	(1,909)	(1,859)
- accelerated on disposal of components	(59)	(3)	(78)	-	-	(140)	(66)
Operating expenditure on social housing lettings	(2,150)	(530)	(8,443)	(7,529)	(949)	(19,601)	(19,336)
Operating (deficit) / surplus on social housing lettings	(57)	52	299	(590)	121	(175)	384
<i>Including Void losses</i>	<i>(54)</i>	<i>(4)</i>	<i>(200)</i>	<i>(1,299)</i>	<i>(25)</i>	<i>(1,582)</i>	<i>(868)</i>

C&C Annual Financial Statements 2020-21

Notes to the financial statements for the year ended 31 March 2021

6. Particulars of Turnover from Non-Social Housing Lettings

	Group & Association	
	2020	2020
	£'000	£'000
Other	121	192

Other income includes rental income from the investment property, fundraising and other minor income items.

7. Units of Housing Stock

	Group 2020	Additions/ completions	Disposals	Change of Tenure	Group 2021
Care Homes – Social Housing	124	-	-	-	124
Supported Housing	107	-	-	(7)	100
General Needs	291	-	(1)	-	290
Sheltered Housing	1,069	-	-	(35)	1,034
Low Cost Home Ownership	5	-	-	-	5
Total Social Housing Units	1,596	-	(1)	(42)	1,553
Accommodation managed by other Agents	164	-	-	-	164
Total Social Housing Units Managed	1,760	-	(1)	(42)	1,717
Care Homes – Non Social Housing	-	-	-	-	-
Sub Market Rental	22	-	-	42	64
Leaseholder accommodation	2	2	-	-	4
Total Owned & Managed	1,784	2	(1)	-	1,785
Units held for sale	13	-	(2)	-	11
Units - other	46	-	-	-	46
Units under construction	170	-	-	-	170
Total	2,013	2	(3)	-	2,012

C&C Annual Financial Statements 2020-21

Notes to the financial statements for the year ended 31 March 2021

8. Operating Surplus / (Deficit)

	Note	Group & Association	
		2021	2020
		£'000	£'000
<hr/>			
This is arrived at after charging/(crediting):			
Depreciation of housing properties:			
- annual charge	16	2,005	1,859
- accelerated depreciation on replaced components	16	142	66
Depreciation of other tangible fixed assets	17	972	938
Operating lease charges – other		108	107
Auditors' remuneration (excluding VAT):			
- fees payable to the group's auditor for the audit group's annual accounts		54	45
- fees for tax advice		-	-
- fees for other non-audit services		13	2
Defined contribution pension cost	9	290	261
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C&C Annual Financial Statements 2020-21

Notes to the financial statements for the year ended 31 March 2021

9. Employees

	Group & Association	
	2021	2020
	£'000	£'000
<hr/>		
Staff costs (including Executive)		
Wages and salaries	7,957	7,507
Social security costs	718	672
Cost of defined contribution scheme	290	261
	<hr/>	
	8,965	8,440
	<hr/>	

Included within the figures above is an amount of £512k (2020: £590k) which has been capitalised as development costs and included within additions in note 16.

An additional £136k (2020: £144k) has been capitalised in relation to major works on properties and is included within additions in note 16.

Included within the figures above is £212k (2020: £318k) for staff costs relating to major IT related projects and is included within additions in note 17.

The average number of employees (including the Executive Management Team) expressed as full-time equivalents (calculated based on a standard working week of 37 hours) during the year was as follows:

	Group & Association	
	2021	2020
	No.	No.
<hr/>		
Administration	63	58
Development	5	5
Housing, Support and Care	170	162
	<hr/>	
	238	225
	<hr/>	

C&C Annual Financial Statements 2020-21

Notes to the financial statements for the year ended 31 March 2021

10. Directors Remuneration

The directors are defined as the members of the Board of Management, the Chief Executive and the Executive Management Team disclosed on page 2.

	Group & Association	
	2021	2020
	£'000	£'000
Executive directors' emoluments	537	503
Amounts paid to non-executive directors	60	55
Compensation for loss of office	-	12
Contributions to money purchase pension schemes	48	43
	645	613

The total amount payable to the Chief Executive, who was also the highest paid director in respect of emoluments was £123k (2020: £121k). Pension contributions of £13k (2020: £13k) were made to a money purchase scheme on their behalf.

As a member of the defined benefit pension scheme, the pension entitlement of the Chief Executive is identical to those of other Executive Management members.

The remuneration paid to staff (including Executive Management Team) earning £60,000 and upwards is:

Salary Bandings	Group & Association	
	2021	2020
	No	No
£120,000 - £129,999	1	1
£110,000 - £119,999	-	-
£100,000 - £109,999	1	1
£90,000 - £99,999	4	2
£80,000 - £89,999	2	1
£70,000 - £79,999	5	2
£60,000 - £69,999	7	8

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Notes to the financial statements for the year ended 31 March 2021

11. Board Members

Board and committee membership of Central & Cecil Housing Trust is set out on pages 22-24.

12. Surplus on Disposal of Fixed Assets

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Disposal proceeds	3,125	64,370	3,125	64,370
Cost of disposal	(2,429)	(22,346)	(2,429)	(22,346)
Surplus on disposal of housing properties and other tangible assets	696	42,024	696	42,024

In 2021, C&C disposed of two properties generating funds for re-investment.

In 2019, C&C completed contracts to sell part of the St John's Wood, Westminster site for £54m and in 2020 the transfer of land was effected. Under the contracts the purchaser, Regal Homes, is contractually obliged to build C&C's new building. In 2020 the land was transferred and the balance outstanding was transferred into Escrow

After contractual adjustments, total consideration was £56.25m of which £3.51m was recognised as interest income prior to the transfer of land. The remaining consideration was recognised in 2019/20 generating a £38.6m profit on sale.

Also in the prior financial year, C&C completed the sale of the 3 nursing homes in Merton for £11.6m. A surplus on the sale of these nursing homes was recognised of £3.4m.

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Notes to the financial statements for the year ended 31 March 2021

13. Interest Receivable and Income from Investments

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Interest receivable on sales income				
debt receivable	-	2,789	-	2,788
Interest and similar income from group				
undertakings	-	-	449	276
	-	2,789	449	3,064

14. Interest Payable and Similar Charges

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	960	1,053	960	1,053
Net interest on defined benefit pension liability	-	-	-	-
Interest capitalised on construction of housing properties and properties developed for sale	(920)	(1,040)	(920)	(899)
	40	13	40	154

The group has capitalised interest relating to development projects of £920k (2020: £1,040k) during the year.

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Notes to the financial statements for the year ended 31 March 2021

15. Taxation On Surplus On Ordinary Activities

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
<i>UK corporation tax</i>				
Current tax on surplus for the year	12	2	-	-
Taxation on surplus on ordinary activities	12	2	-	-

The tax assessed for the year differs to the standard rate of corporation tax in the UK applied to surplus before tax. The differences are explained below:

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Surplus on ordinary activities before tax	375	44,564	378	44,744
Surplus on ordinary activities at the standard rate of corporation tax in the UK of 19%	71	8,467	72	8,501
Effects of:				
Surplus subject to charitable exemption	(59)	(8,465)	(72)	(8,501)
Total tax charge for period	12	2	-	-

No provision has been made for deferred tax on gains recognised on revaluing property to its market value as in the case of the investment property. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total un-provided amount is £67k (2020: £77k).

C&C Annual Financial Statements 2020-21

Notes to the financial statements for the year ended 31 March 2021

Balance Sheet Related Notes

16. Tangible Fixed Assets – Housing Properties

Group

	Housing properties Completed £'000	Housing properties Under Construction £'000	Total £'000
<i>Cost at 1 April 2020</i>	94,857	16,712	111,569
Effect of prior year adjustments – Note 34	(282)	-	(282)
<i>Cost at 1 April 2020 (restated)</i>	94,575	16,712	111,287
Additions:			
- Construction cost	-	21,331	21,331
- Replaced components	1,250	-	1,250
Reclassification ¹	(263)	(813)	(1,076)
Completed schemes	179	(179)	-
Disposals:			
- Disposal for sale	(2,371)	-	(2,371)
- Replaced component	(550)	-	(550)
At 31 March 2021	92,821	37,050	129,871
<i>Depreciation at 1 April 2020</i>	25,690	754	26,444
Charge for the year	2,005	-	2,005
Reclassification ¹	(22)	(754)	(776)
Eliminated on disposals:			
- Disposal for sale	(22)	-	(22)
- Replaced components	(408)	-	(408)
At 31 March 2021	27,243	-	27,243
Net book value at 31 March 2021	65,578	37,050	102,628
Net book value at 31 March 2020 (restated)	68,805	15,958	84,843

¹ A number of reclassifications have been made in the accounts for year ending 31/3/21. The two most significant reclassifications relate to (1) the re-development of St John's Wood, Westminster where the remaining book value for the site under development has been re-classified resulting in a £776k adjustment to cost and depreciation and (2) the transfer of £263k of digital system equipment to Fixtures & Fittings within Note 17. In addition to these reclassifications, a total of £36k was transferred to debtors.

C&C Annual Financial Statements 2020-21

Notes to the financial statements for the year ended 31 March 2021

16. Tangible Fixed Assets – Housing Properties (continued)

Association

	Housing properties Completed £'000	Housing properties Under Construction £'000	Total £'000
<i>Cost at 1 April 2020</i>	94,960	16,775	111,735
Effect of prior year adjustments – Note 34	(282)	-	(282)
<i>Cost at 1 April 2020 (restated)</i>	94,678	16,775	111,453
Additions:			
- Construction cost	-	21,727	21,727
- Replaced components	1,250	-	1,250
Reclassification ¹	(263)	(813)	(1,076)
Completed schemes	179	(179)	-
Disposals:			
- Disposal for sale	(2,371)	-	(2,371)
- Replaced component	(550)	-	(550)
At 31 March 2021	92,924	37,509	130,433
<i>Depreciation at 1 April 2020</i>	25,690	754	26,444
Charge for the year	2,005	-	2,005
Reclassification ¹	(22)	(754)	(776)
Eliminated on disposals:			
- Disposal for sale	(22)	-	(22)
- Replaced components	(408)	-	(408)
At 31 March 2021	27,243	-	27,243
Net book value at 31 March 2021	65,681	37,509	103,190
Net book value at 31 March 2020 restated	68,988	16,021	85,009

¹ A number of reclassifications have been made in the accounts for year ending 31/3/21. The two most significant reclassifications relate to (1) the re-development of St John's Wood, Westminster where the remaining book value for the site under development has been re-classified resulting in a £776k adjustment to cost and depreciation and (2) the transfer of £263k of digital system equipment to Fixtures & Fittings within Note 17. In addition to these reclassifications, a total of £36k was transferred to debtors.

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Notes to the financial statements for the year ended 31 March 2021

16. Tangible Fixed Assets – Housing Properties (continued)

	Group 2021 £'000	Group 2020 £'000
The net book value of housing properties may be further analysed as:		
Freehold	90,246	72,566
Long leasehold	4,025	4,025
Short leasehold (less than 50 years unexpired)	8,357	8,252
	102,628	84,843
Interest capitalisation	£'000	£'000
Interest capitalised in the year	920	899
Cumulative interest capitalised	2,371	1,473
	3,291	2,372
Rate used for capitalisation	5.1%	5.1%
Works to properties		
Improvements to existing properties capitalised	1,250	1,581
Major repairs expenditure to income and expenditure	115	865
	1,365	2,446
Total Social Housing Grant received or receivable to date is as follows:		
Capital grant – Housing Properties	43,421	44,741
Recycled Capital Grant	468	686
Revenue grant – I&E	325	(285)
Revenue grant – reserves	(7,525)	(7,525)
	36,689	37,617

Historic records are not available to determine the cumulative amount of capitalised interest in fixed asset housing properties prior to 31 March 2014.

Impairment

The group considers its differing business streams as laid out in note 5 to represent separate cash generating units (CGU's) when assessing for impairment in accordance with the requirements of FRS102 and SORP 2018.

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Notes to the financial statements for the year ended 31 March 2021

16. Tangible Fixed Assets – Housing Properties (continued)

During the current year, the group and association have not identified a need to recognise an impairment loss (2020: £Nil).

Properties held for security

Central and Cecil Housing Trust – Registered social housing provider had property with a net book value of £16,185k pledged as security at 31 March 2021 (2020: £15,318k).

17. Other Tangible Fixed Assets

Group and Association

	Office buildings £'000	Fixtures, fittings tools and equipment £'000	Total £'000
<i>Cost or valuation</i>			
At 1 April 2020	3,747	10,850	14,597
Additions	-	639	639
Disposals	-	(402)	(402)
Reclassification ¹	-	402	402
At 31 March 2021	3,747	11,489	15,236
<i>Depreciation</i>			
At 1 April 2020	1,297	7,590	8,887
Charge for year	78	894	972
Disposal	-	(395)	(395)
Reclassification	-	138	138
At 31 March 2021	1,375	8,228	9,603
<i>Net book value</i>			
At 31 March 2021	2,372	3,261	5,633
At 31 March 2020	2,451	3,259	5,710

¹ As a result of a review of spending on the Digital Strategy for living within over 55s schemes, £263k of digital system equipment was reclassified as Fixtures & Fittings from Note 16.

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Notes to the financial statements for the year ended 31 March 2021

17. Other Tangible Fixed Assets (continued)

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

	Group & Association	
	2021	2020
	£'000	£'000
Freehold	2,372	2,451
	2,372	2,451

18. Investment Properties

Group & Association	2020 £'000	Revaluation £'000	2021 £'000
At 31 March	900	(50)	850

The group's investment property was valued on 28th April 2021 at fair value effective 31st March 2021 as determined by an independent, professionally qualified valuer. The valuations was undertaken in accordance with the Royal Institution of Chartered Surveyors' Valuation - Professional Standards (2014) ["The Red Book"] published by the Royal Institution of Chartered Surveyors adapted for limitations to building inspection during Covid-19 restrictions. Details of the assumptions made and the key sources of estimation uncertainty are given below. In valuing the investment properties, the methodology was adopted with the following key assumptions:

Being held as a standing investment, the Property has been valued using the investment method of valuation, assessing the rental level by comparison to other transactions, and capitalising the income and the appropriate yield, making allowances for the future performance of the Property. The valuer has had regard to all of the above considerations, including the nature and location of the Property, occupational tenancies and covenant strength, rental value, let ability/marketability, the security of the income receivable, prevailing occupational and investment market conditions and comparable evidence where available.

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Notes to the financial statements for the year ended 31 March 2021

18. Investment Properties (continued)

If investment property had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	Group & Association	
	2021 £'000	2020 £'000
Historic cost	498	498
Accumulated depreciation	(355)	(339)
	143	159

19. Fixed Asset Investments

Details of subsidiary undertakings

The principal undertakings in which the Association has an interest in are as follows:

Name	Country of Incorporation or Registration	Proportion of voting rights/ ordinary share capital held	Nature of business	Nature of entity	Investment cost
Central and Cecil Innovations Ltd	England & Wales	100%	To undertake private sale and other non-core charitable activities	Incorporated company	£1
Central and Cecil Construction Services Ltd	England & Wales	100%	To undertake the construction of residential properties	Incorporated Company	£1
55 London	England & Wales	100%	To provide affordable housing	Non-registered charitable Housing Provider	£1

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Notes to the financial statements for the year ended 31 March 2021

20. Stock

	Outright market sales 2021 £'000	Total 2021 £'000	Total 2020 £'000
Stock - Property for Resale	8,895	8,895	11,146
	8,895	8,895	11,146

Properties developed for sale includes capitalised interest of £734k (2020:£906k). An impairment review of the carrying value of the stock held at 31st March 2021 was conducted, this concluded that it was appropriate to make a further provision for impairment of £232k (2020: £475k).

21. Debtors

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Due within one year				
Rent and service charge arrears	1,764	1,830	1,752	1,818
Less: Provision for doubtful debts	(629)	(706)	(629)	(706)
	1,135	1,124	1,123	1,112
Amounts owed by group undertakings*	-	-	10,043	11,651
Other debtors	22,404	21,184	22,338	21,056
Prepayments and accrued income	607	839	607	698
	23,011	22,023	32,988	33,405
	24,146	23,147	34,111	34,517

* Units held for re-sale were valued as at 31 March 2021. The projected proceeds from these sales have been compared to the intercompany loan facility balance and a provision for £1,415k (2020: £678k) recognised.

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Due in more than one year				
Other debtors*	8,963	26,290	8,963	26,290
	8,963	26,290	8,963	26,290

* Includes £9.0m (2020: £26.2m) held in Escrow in relation to the sale at St John's Wood Road, Westminster.

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Notes to the financial statements for the year ended 31 March 2021

22. Creditors: Amounts falling within one year

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Loans and borrowings (note 25)	637	770	637	770
Trade creditors	1042	447	316	243
Deferred capital grant (note 24)	378	378	378	378
Recycled capital grant (note 24)	574	-	574	-
Rent and service charges received in advance	684	674	682	674
Taxation and social security	215	186	202	186
Amounts owed to group undertakings	-	-	442	-
Other creditors	115	102	115	103
Accruals and deferred income	2,483	2,257	2,349	1,820
	6,128	4,814	5,695	4,174

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

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Loans and borrowings (note 25)	17,406	17,911	17,406	17,911
Deferred capital grant (note 24)	35,843	36,553	35,843	36,553
Recycled capital grant fund	468	686	468	686
	53,717	55,150	53,717	55,150

24. Deferred Capital Grant

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
At 1 April 2020	36,931	30,226	36,931	30,226
Grant received in year	-	6,670	-	6,670
Grants released to income during the year	(370)	(375)	(370)	(375)
Grants released on property disposal	-	(275)	-	(275)
Grants transferred to RCGF on disposal	-	(1,222)	-	(1,222)
Previously amortised grant reinstated	44	90	44	90
Grants transferred from RCGF	(384)	1,817	(384)	1,817
At 31 March 2021	36,221	36,931	36,221	36,931

As at 31 March 2021 deferred capital grant included £8.5m (2020: £8.5m) of SHG for schemes under development.

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Notes to the financial statements for the year ended 31 March 2021

25. Loans and Borrowing

Maturity of debt:

Bank Loans	Group & Association	
	2021 £'000	2020 £'000
In one year or less, or on demand	637	770
In more than one year but not more than two years	9,678	770
In more than two years but not more than five years	2,300	10,953
In more than five years	5,428	6,188
Total	18,043	18,681

Bank loan facilities comprise of fixed and variable loans plus revolving loan facilities with Santander and RBS Banks.

The group has a £17,715k revolving loan facility with Santander which is due to expire in March 2023, together with a £20m revolving loan facility with RBS which is due to expire in October 2023. As at 31 March 2021 the group had drawn £8,965k (2020: £8,965k) of the Santander facility and £Nil (2020: £Nil) on the RBS facility. The group had undrawn loan facilities of £28,750k (2020: £28,750k).

As at 31st March 2021, the group had both fixed rate and variable rate loans owed to RBS with a principal balance of £956k and £638k (2020: £1,130k and £754k) respectively. Both of the loans are repayable by August 2026.

As at 31st March 2021, the group had a fixed rate loan owed to Santander with a principal balance of £7,620k (2020: £8,100k). The loan is repayable by June 2036.

The fixed rate loan arrangements with RBS and Santander charge interest at 6.2% and 6.15% respectively. The variable rate loan accrue interest at variable rates calculated at a margin above the London Inter Bank Offer Rate. Loans are secured by specific charges on the housing properties of the group.

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Notes to the financial statements for the year ended 31 March 2021

26. Financial Instruments

The Group and Association financial instruments may be analysed as follows:

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Financial assets				
Financial assets measured at historical cost				
- Rent and service charge arrears (note 21)	1,135	1,124	1,123	1,112
- Other debtors (note 21)	31,974	48,313	41,951	59,695
- Cash and cash equivalents	7,111	5,859	5,624	5,392
Total financial assets	40,220	55,296	48,698	66,199
Financial liabilities				
Financial liabilities measured at amortised cost				
- Loans payable (note 25)	18,043	18,681	18,043	18,681
Financial liabilities measured at historical cost				
- Trade creditors (note 22)	1,042	447	316	243
- Other creditors (note 22)	2,598	2,359	2,451	1,923
Total financial liabilities	21,683	21,487	20,810	20,847

Financial assets measured at fair value through profit or loss comprise fixed asset investments in unlisted company shares and current asset investments in a trading portfolio of listed company shares.

Financial assets measured at amortised cost comprise trade debtors, other debtors and amounts owed by associated undertakings.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors and other creditors (comprising other creditors and accruals).

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Notes to the financial statements for the year ended 31 March 2021

27. Pensions

Several pension schemes are operated by the group.

Defined benefit pension scheme

Central and Cecil Housing Trust operates a defined benefit pension scheme ('CCHT Pension Fund'). The CCHT Pension Fund is a registered defined benefit (final salary) scheme. We are not aware of any practice of granting discretionary benefits under the pension scheme. The Fund provides pensions in retirement and death benefits to members. Pension benefits are linked to a member's final salary at retirement or leaving service and their length of service. The Fund closed to new entrants and all future accrual from 31 May 2014. Pension benefits depend upon age, length of service and salary level.

The Fund was established under trust and is governed by the Fund's definitive trust deed and rules dated 30 January 2004.

The scheme funding valuation as at 31 March 2020 revealed a funding surplus of £188,000. In accordance with the Schedule of Contributions dated 29 March 2021 the Association is expected to pay no contributions over the next accounting period. With the effect from 1 September 2020, except to the extent agreed otherwise in writing, the Association is not expected to meet any expense payments in relation to administering the Fund. These will instead be met out of the Fund's surplus assets.

The liabilities of the Fund are based on the current value of expected benefit payment cashflows to members approximately over the next 60 years. The average duration of the liabilities is approximately 18 years.

A full actuarial valuation of the Fund was carried out as at 31 March 2020 and has been updated to 31 March 2021 by a qualified independent actuary.

None of the assets of the Fund are invested in the Association's own financial instruments and none of the assets are properties or other assets used by the Association.

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Notes to the financial statements for the year ended 31 March 2021

27. Pensions (continued)

The major assumptions used by the actuary were (in nominal terms) as follows:

	As at 31/3/21 %	As at 31/3/20 %
Discount rates	1.60	1.80
Inflation assumption (RPI)	3.50	3.00
Inflation assumption (CPI)	3.00	2.50
Salary growth	3.50	4.00
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	3.00	2.50
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.50	3.00
Allowances for commutation of pension for cash at retirement	No allowance	No allowance

Assumed life expectancies on retirement at age 65 are:	Years	Years
Retiring today - males	21.7	23.1
Retiring today - females	23.8	24.9
Retiring in 20 years time - males	23.7	25.3
Retiring in 20 years time - females	25.5	26.8

The assets in the Fund were:

	As at 31/3/21 £000's	As at 31/3/20 £000's
Equity	-	4,093
Index Linked	1,724	637
Fixed Interest	6,182	9,260
Property	-	1,508
Insured annuities	239	279
Cash & other	8,351	1,274
Fair value of Fund assets	16,496	17,051
The actual return on the assets over the period was:	(247)	1,745

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Notes to the financial statements for the year ended 31 March 2021

27. Pensions (continued)

	31/3/21 £000's	31/3/20 £000's
Present value of funded obligations	13,052	13,296
Fair value of Fund assets	16,496	17,051
Surplus/(deficit) in funded scheme	3,444	3,755
Present value of unfunded obligations	-	-
Unrecognised actuarial gains (losses)	-	-
(Irrecoverable surplus)	(3,444)	(3,755)
Net liability in balance sheet	-	-

Reconciliation of opening and closing balances of the present value of the defined benefit obligation

	31/3/21 £000's	31/3/20 £000's
Benefit obligation at beginning of year	13,296	12,893
Current service cost	-	-
Interest cost	236	281
Contributions by Fund participants	-	-
Actuarial (gains)/losses	(259)	348
Benefits paid	(221)	(226)
Benefit obligation at end of year	13,052	13,296

Reconciliation of opening and closing balances of the fair value of Fund assets

	31/3/21 £000's	31/3/20 £000's
Fair value of Fund assets at beginning of year	17,051	15,282
Interest income on Fund assets	304	334
Return on assets, excluding interest income	(551)	1,411
Contributions by employers	-	250
Contributions by Fund participants	-	-
Scheme administration costs	(87)	-
Benefits paid	(221)	(226)
Fair value of Fund assets at end of year	16,496	17,051

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Notes to the financial statements for the year ended 31 March 2021

27. Pensions (continued)

The amounts recognised in profit or loss:

	31/3/21 £000's	31/3/20 £000's
Service cost - inc. current & past service costs, settlements	-	-
Service cost - administrative cost	87	-
Net interest on the net defined benefit liability	-	-
Total expense	87	-

Remeasurements of the net defined benefit liability (asset) to be shown in OCI :

	31/3/21 £000's	31/3/20 £000's
Return on assets, excluding interest income	551	(1,411)
Interest income as a result of unrecognised surplus	(68)	(53)
Experience gains and losses arising on the Fund liabilities	(117)	(208)
Changes in assumptions underlying the present value of the Fund	(142)	556
Change in the amount of surplus that is not recoverable (excluding interest income)	(311)	1,366
Total remeasurement of the net defined benefit liability (asset) to be shown in OCI	(87)	250

Sensitivity analysis

	Impact on Fund Liabilities	
	31/03/21 £000's	31/03/20 £000's
Discount rate – increase by 0.25%	(587)	(659)
Inflation linked assumptions – increase by 0.25%	241	259
Assumed life expectancy at age 65 – increase by 1 year	778	802

Defined Contribution Scheme

A defined contribution pension scheme is also operated by the group. The assets of the scheme are held separately from those of the association in an independently administered fund. The pension charge represents contributions payable by the group to the fund and amounted to £290k (2020: £261k). Contributions totaling £52k (2020: £41k) were payable to the fund at the year end and are included in creditors.

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Notes to the financial statements for the year ended 31 March 2021

28. Share Capital

	2021 £	2020 £
At 1 April	26	28
Shares issued in the year	1	2
Shares cancelled in the year	(1)	(4)
At 31 March	26	26

The share capital of the association consists of 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. When a shareholders ceases to be a member, that share is cancelled and the amount paid thereon becomes the property of the association. Therefore, all shareholdings relate to non-equity interest.

29. Contingent Liabilities

After year end the association became aware of a potential care line claim. Management's assessment, based on its understanding of the arrangement, is that the basis for the claim has little merit and it is not probable that an outflow will be required to settle the claim.

30. Operating Leases

The group and the association had minimum lease payments under non-cancellable operating leases as set out below:

Amounts payable as Lessee	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Not later than 1 year	98	83	98	83
Later than 1 year and not later than 5 years	33	79	33	79
Later than 5 years	-	-	-	-
Total	131	162	131	162

31. Capital Commitments

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Commitments contracted but not provided for Construction	35,078	52,935	34,953	52,811
Commitments approved by the Board but not contracted for:				
Maintenance	3,195	4,163	3,195	4,163
Construction	3,701	2,388	3,701	2,388
	41,974	59,486	41,849	59,362

Capital commitments for the Group and Association will be funded as follows:

	Group		Association	
	2020	2020	2021	2020
	£'000	£'000	£'000	£'000
New loans	-	-	-	-
Sales of properties	30,641	46,808	30,641	46,808
Social housing grant	2,224	2,224	2,225	2,224
Existing reserves	9,109	10,454	8,983	10,330
	41,974	59,486	41,849	59,362

Capital commitments contracted but not provided for represents the amount committed to develop sites for which the Group has proceeds from sales of property in an escrow account and undrawn loan facilities to meet contractual obligations.

32. Related Party Disclosures

The ultimate controlling party of the group is Central and Cecil Housing Trust – Registered social housing provider. There is no ultimate controlling party of Central and Cecil Housing Trust – Registered social housing provider.

The Group has taken advantage of the exemption conferred by FRS 102 paragraph 33.1A not to disclose transactions with its wholly owned subsidiary undertakings.

The key management personnel of the association, include a number of board members the senior management team and a number of senior managers across the association who together have authority and responsibility for planning, directing and controlling the activities of the association. The total employment benefits paid to key management personnel of the association were £644k (2020: £613k).

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32. Related Party Disclosures (continued)

Transactions with non-regulated entities

The association provides management services, other services and loans to its subsidiaries. The association also receives charges from its subsidiaries. The quantum and basis of those charges is set out below.

	Management Charges		Other Charges		Interest Charges	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
<i>Central & Cecil Construction Services Limited</i>	32	32	-	-	22	17
<i>Central & Cecil Innovations Limited</i>	59	32	65	-	241	259
<i>55 London</i>	67	9	543	72	-	-
<i>Total</i>	158	73	608	72	263	276

Intra-group management fees

Intra-group management fees are receivable by the association from subsidiaries to cover the running costs the association incurs on behalf of managing its subsidiaries. The management fees are calculated based on time spent by the Finance Department.

Other intra-group charges

Other intra-group charges payable to the association from subsidiaries are related to staff recharges, gift aid payments and rental & service charge income for managing units rented to tenants by 55 London.

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32. Related Party Disclosures (continued)

Intra-group interest charges

Intra-group interest is charged by the association to its subsidiaries at the currently ruling LIBOR+1.65% rate.

Entity granting loan	Entity receiving loan	Opening balance	Movement	Closing balance
		£'000	£'000	£'000
Central & Cecil Housing Trust	Central & Cecil Construction Services Ltd	360	(55)	305
Central & Cecil Housing Trust	Central & Cecil Innovations Ltd	11,338	(348)	10,990

Both intra-group loans are repayable on demand.

32. Capital and Reserves

Restricted reserves comprise a legacy of £317k (2020: £317k) that was received in 2012 from a deceased resident at Cecil Court. These funds have been left for the specific benefit of the Cecil Court care home.

33. Post Balance Sheet Events

On 24th June 2021 Central & Cecil Group announced its intention to merge with Aster Group, subject to final business case approval being granted later in 2021 by the two Boards. The merger would create a combined group, offering 34,500 homes, for the benefit of approximately 100,000 residents. The proposed partnership would deliver hundreds of additional affordable housing solutions for the over-55s across London adding to C&C's existing portfolio of homes and would accelerate C&C's investment programme in its properties.

34. Prior year adjustments

During 2020/21 a review of the fixed asset accounting process identified accounting errors where the capitalisation policy had been incorrectly applied. The total value of asset classified as fixed assets in error was £282k (£76k in 2020/21 and £206k in earlier periods). The prior year periods have been restated accordingly, reducing the value of fixed assets and accumulated reserves.