C&C
where inspiration lives

Central & Cecil Housing Trust
CCHT Group Annual Financial Statements

Year ended 31 March 2019

C&C Annual Financial Statements 2018-19

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C&C Annual Financial Statements 2018-19

Executives and Advisors

President
Harriet Bowes-Lyon

Vice Presidents
Ian Henderson CBE
Nicholas Moore
Michael Muller

Board of Management

Alison Carver
Peter Walters (appointed June 2019)
Abhishek Agrawal
Mike Basquill
Janine Desai
Philip Insuli
Bruce Matthews
Trevor McClymont
John Richardson (resigned June 2019)
Paul Shipley
Kay Vowles – co-optee member (resigned September 2018)

Executive Management Team

Chief Executive	Julia Ashley*+
Group Chief Finance Officer	Jo Teare*
Director of Assets & Development	David O'Neill (resigned July 2019)
Director of Service	Yvonne Atkinson
Director of Workplace Culture	Amelia Mosquera Pardo (May 2018 – July 2019)

*Board Member
+ Acting Company Secretary October 2018 – May 2019

Company Secretary
Laurence Fowler-Stevens (appointed May 2019)
Laura Cruickshank (resigned October 2018)

Registrations

Registered Social Housing Provider
Co-operative and Community Benefit Society FCA number: 27693R
Regulator for Social Housing number: H1528

Executives and Advisors (continued)

Advisors

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

Bankers
Lloyds
39 Piccadilly, London,
W1V 0AA

Solicitors
Trowers & Hamlins
2 Bunhill Road
London, EC1Y 8YZ

Devonshires
30 Finsbury Circus
London, EC2M 7DJ

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

C&C Annual Financial Statements 2018-19

Strategic Report

Overview

The Board of Management presents the Report for the year ended 31st March 2019 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 2014 (SORP), the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Strategic Focus

The year under review in this document – 2018-2019 was a year of significant progress, implementing C&C's fit Future Strategy throughout the organisation. Substantial progress was also made in relation to financing, development schemes and reshaping our trading activities.

It was a period for building on firm foundations and harnessing the energy of the new. Substantial changes at senior level made in the previous year began to repay the investment made in the restructured organisation.

It was also the year in which the Group was awarded a G1 rating for governance by the Regulator of Social Housing.

During the year a significant number of key initiatives were completed including the following.

- The development and adoption of our Value for Money Strategy
- The adoption of a revised Asset Management Strategy
- The adoption of an ambitious and achievable Development Strategy
- The implementation of a revised and revitalised Risk Management system
- The establishment of C&C Direct, our in-house repairs and maintenance service
- The establishment of The Service Hub, our single point contact centre for residents
- The completion of a new senior leadership team of Heads of Service.
- The further refinement of the Governance Framework put in place in 2017–18 with a new impetus placed on policy development and risk management.

Significant achievements were made in other key strategic areas including the following:

Loan Finance

C&C's existing facilities with Santander were extended in March 2018 and a new facility of £20m was agreed with RBS in October. This demonstrated our banks' confidence in C&C to meet commitments to maintaining its homes and, crucially, continuing to develop new and much needed high-quality homes in London. Following the sale of the Merton Care Homes in early April 2019, C&C had available facilities of over £30m to invest in new projects.

Development programme

The contract for our major development at St. John's Wood was exchanged in October and completed in January. A revised planning application is due to receive consent in the summer of 2019 with a start on site in the autumn.

Our Ridgmount development in Wimbledon completed in June 2019 and the first sale has been exchanged. The scheme is being actively marketed with Savills.

Care strategy

The strategic decision to exit Nursing Care was completed with the sale of our nursing homes in the London Borough of Merton for £11.6m in April 2019.

Extending housing tenure

The strategic objective of extending our range of social housing tenures was achieved with the creation of 55 London, a charitable subsidiary of the Group, which is able to offer affordable, sub-market rent housing to people over the age of 55 who cannot afford rent levels in the private rented sector.

The first lettings by 55 London were made in June 2019.

Financial highlights

The Group achieved an operating profit of £741K (2017/18: £151k) for the year ended 31 March 2019. This included one-off income of a receipt of £250K (2017/18: £150k) in relation to right-of-light settlements. Excluding these amounts the result shows a significant increase to the previous year.

Furthermore, during the year there were one-off items of expenditure in relation to restructuring of £105k and the additional cost from the high use of temporary staff during transition period was in the region of £250K. During this period of restructuring and system implementation, rent arrears also rose resulting in higher provisions – recently a new team has been recruited and arrears are reducing.

The Group reported a surplus after disposal gains of £1,644k (2017/18: deficit of £8k) for the year ended 31 March 2019.

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 the strategic, operational and financial progress made by the organisation in 2018-19 puts C&C is a strong position to deliver its ambitious plans for the future.

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

For the year ended 31 March	2019	2018	2017	2016	2015
Income & Expenditure Account	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Total Turnover	25,836	26,649	29,430	25,297	26,103
Operating Surplus/(Deficit)	741	151	2,698	(235)	807
Surplus/(Deficit) for the year transferred to reserves	1,644	(8)	2,662	6,695	1,630
Balance Sheet					
Housing Properties net of Depreciation	95,361	92,019	93,023	88,591	83,659
Social Housing Grants and other grants	(30,226)	(31,478)	(31,887)	(32,257)	(32,947)
	65,135	60,541	61,136	56,334	50,712
Other Fixed Assets	6,625	6,446	6,341	5,645	5,675
Fixed Assets	71,760	66,987	67,477	61,979	56,387
Net Current Assets	12,879	10,757	5,460	8,483	6,249
Total Assets less Current Liabilities	**84,639**	**77,744**	**72,937**	**70,462**	**62,636**
Loans (Due over one year)	30,814	25,313	20,266	17,168	16,086
Pension Liability	-	-	1,049	598	1,588
Reserves - restricted	317	317	317	350	350
Revenue	53,508	52,114	51,305	52,346	44,612
Total	**84,639**	**77,744**	**72,937**	**70,462**	**62,636**
Housing Properties owned at year end	**No.**	**No.**	**No.**	**No.**	**No.**
Social Housing	1,694	1,712	1,734	1,975	2,027
Non-Social Housing	71	57	101	101	95
Total*	**1,765**	**1,769**	**1,835**	**2,076**	**2,122**
<u>Key performance Indicators</u>					
Operating Surplus as a % of turnover	2.90%	0.57%	9.17%	-0.93%	3.09%
(Deficit) / Surplus for year as a % of income from lettings	6.3%	(0.04)%	12.63%	33.32%	7.40%
Rent Losses (voids and bad debt as a % of rent and service charges receiveable)	5.83%	3.71%	6.32%	8.43%	6.90%
Rent Arrears (gross arrears as a % of rent and service charges receivable)	6.66%	5.79%	8.81%	8.80%	6.07%
Liquidity (Current assets excluding stock divided by current liabilities)	1.1	1.3	1.1	1.8	1.6
Gearing (total loans as a % of capital grants plus reserves)	37.6%	30.28%	25.45%	21.38%	20.65%

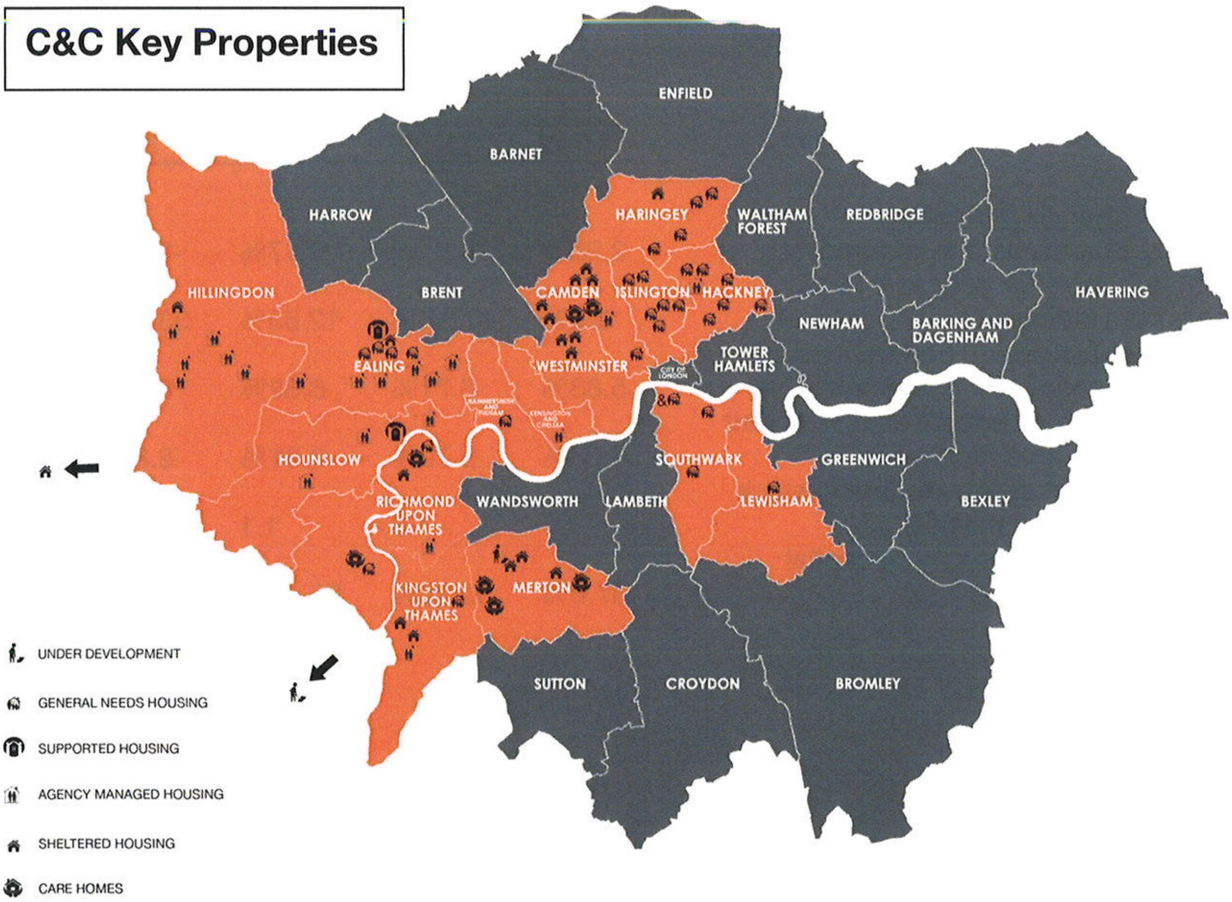
Our Business

C&C 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. It also operates general needs housing and supported housing.

C&C 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 C&C is currently working on are co-designed with residents and staff 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.

C&C owns, manages and has an investment in 1,765 units (2017/18: 1,769) in local authorities across London. The breakdown of available units is detailed in the table below;

Accommodation	2019	2018
Care Homes: Social Housing	214	214
Care Homes: Non-Social Housing	71	71
Sheltered Housing	1,103	1,104
General Needs Housing	304	304
Supported Housing	73	76
Total units	**1,765**	**1,769**



Strategic Progress - Strategy 2017-2027 – A Fit Future

This 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 set out by each strand in the strategy is set out below.

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 Responsive London Concierge is available to all Residents

- Our Service Hub has been established and is working successfully. It is a key point of contact for all our existing and potential residents.
- At the end of the year, 68% of residents were using the Service Hub, a significant level given that the service was new, and is significantly ahead of our targets.
- Over 360 residents had online accounts with us at the year end and our policy is to encourage as many as possible to do the same.

We See & Fix our Resident Repairs Straight Away

- C&C's in-house repairs service, C&C Direct is up and running with directly employed C&C staff providing repair services to residents. The emphasis of the team is to improve the quality and speed of repairs.
- C&C Direct has replaced external contractors who have previously performed poorly or where the use of such contractors does not represent value for money.
- 85% of our residents were satisfied with our repairs service in the year under review. This represents a significant increase following C&C Direct being put in place.

We support a healthy active life in our connected supportive community

- Roadshows continue to be held in all sheltered schemes to define service needs and aspirations and delivery planning is on-going.
- A new resident led initiative, the Resident Assembly, is underway and has defined three priority areas of work. Sub-groups of the Assembly are co-producing service improvements with residents and C&C staff.
- Plans to encourage further participation in healthy, active living and fitness are being implemented in 2019.
- This initiative reflects our commitment to independent living.

Our specialist Residential Dementia Homes are Best in Class

- Cecil Court has received an outstanding rating for "Well Led", with an overall rating of Good.
- Rathmore and Homemead are both rated overall Good.

- Compton Lodge is rated as Requires Improvement – actions have been taken to ensure a good rating and the next inspection is awaited.
- At the end of the year, our residential care homes were sustaining 96.7% occupancy with two homes at 100% and with waiting lists.
- All of our Nursing Homes were rated Good at the end of 2018/19 prior to sale.
- In May 2019, the Board approved "Out Not In", our new and ambitious Care Strategy which has a strong focus on dementia care. This represents the outcome of work undertaken in 2018 -19 to make sure our care offer remains fit for purpose and meets the changing needs of our client group.
- Tovertafel Tables[1] have been installed in all our care homes.

Our Residents Help Each Other

- A new Resident Engagement Strategy was developed during the year and was agreed by the Board in May 2019. This will ensure that the Group supports residents to be fully engaged with C&C activities and to help each other through volunteering.
- The C&Cycle event resulted in 126 hours of volunteering and events across our portfolio were well attended by many of our residents. Feedback from residents was highly positive with a desire for more "fitness" based activity. A week long "Fit Festival" has taken place in July of this year.
- A part time Volunteer Coordinator was appointed in November 2018 to develop a Volunteer Programme. The programme manages resident, staff and external volunteers with volunteers filling specific roles to benefit the organisation and resident community.

We enhance the customer experience through a diverse programmed of events & activities

- We have further developed our resident panels and forums ensuring residents are meaningfully engaged and having a genuine say in how our homes and services are managed, developed and governed.
- All Board-Resident panels are fully recruited to and resident members fully inducted into their role. Resident Panel Members play an active role on Board Strategy days and contribute to strategy formation.
- All schemes and homes have regular meetings between residents and relevant C&C staff. To discuss local concerns as well as aspirations and development plans across the organization.

[1] The Tovertafel is an interactive and immersive light show experience, specifically designed to engage people who are living with dementia in a calming but stimulating game. The high-quality projector includes infrared sensors, speakers, and a processor that work together to project games onto the table. Because the colourful objects respond to hand and arm movements, residents get to play with the light itself. More information is available at https://tovertafel.co.uk/care-innovation-dementia/

- Senior C&C staff tour the large housing schemes twice a year to hear feedback from across all of C&Cs services, and to agree actions for improvement which are delivered and reviewed at the next meeting.
- Resident satisfaction levels in our housing schemes stood at 85% at the year end and 93% would recommend C&C as a place to live.
- In our care homes, satisfaction levels at the year-end were 81% with 100% satisfaction with the care provided. Over 80% would recommend our homes to others.
- Over 320 housing scheme residents participated in events organized by the Group last year.
- C&C has ongoing partnerships with over 15 London based arts and health organisations including galleries, colleges and sports venues. These relationships give our residents access to complimentary tickets, participation in community projects and free college courses. Our current partners include The Royal Albert Hall, City of Westminster College, Flourishing Lives and Camden People's Theatre.

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.

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

- Our development at 235 Waterloo Road is complete and the units sold.
- 55 London, our affordable sub-market rent charitable subsidiary, was established and the first lettings were made in June 2019.

<u>We offer Elegant, Meaningful and Adaptable Homes</u>

- Currently new, purpose-built homes with a specification for over 55's housing represents 4% of stock.
    - 20 - Hayes Park Lodge – Supported / Agency.
    - 50 - Alexandra Place – Extra Care.
    - 2 - Vivian Court – Sheltered - wheelchair adapted flats with modern space standards.
    - 5 - Ridgmount Apartments – Older Peoples Low Cost Home Ownership.
- The development pipeline – contains a further 8% at St. John's Wood.

<u>We care about our impact on our environment</u>

- Development and Asset Management Strategies approved by the Board in May 2018 continue to be implemented.
- A new Sustainability Strategy will be developed later in 2019-20

Our Homes are connected so residents have control over their environment

- 100% Wi-Fi Coverage has been achieved in our sheltered accommodation and care homes, representing a huge value for money benefit for residents. This also provides the foundation for enabling add-on smart technologies into people's homes.
- A new "Digital C&C Strategy" has been developed which was approved by the Board in May 2019.
- Phase 1 of our housing management system has been implemented with phase 2 to be complete by the end of the year.

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 think C&C is a great place to work

- Quarterly staff satisfaction polls continued to be undertaken to make sure our strategic changes are being embedded in practice. Staff have been invited to form working groups and suggest actions for improvement following feedback themes from each poll. The suggestions have been implemented to improve the employee experience and at the year end, satisfaction levels of 76% were being recorded. This was a significant increase from the previous year as changes were embedded.
- Key issues raised to date include communications, benefits and ensuring staff feel valued. The C&C Board has stated their commitment and support for these staff initiatives and invited working groups to present directly to them for approval.
- The monthly staff e-zine, *Ampersand*, continues to keep staff updated with corporate and employee wellbeing initiatives. Staff are actively encouraged to make contributions to *Ampersand*.
- Weekly Yoga sessions and a renewed Staff Choir continued regularly in central office through the year and wellbeing initiatives have been rolled out to schemes and homes during 2019-20.

We achieve above expectation

- Heads of Service coaching developed in 2018-19 is being implemented in 2019.
- Planning continues to build coaching skills / qualifications into the business so that all staff have opportunities for coaching.
- 90 managers from across the organisation undertook the Management Development Programme in 2018-19.
- Fifty staff members received WOW Awards during the year and 10 were selected by ballot to attend the WOW awards dinner in December. WOW awards recognised outstanding performance in line with C&Cs Values.
- A staff working group has restructured C&C's employee benefits scheme and presented their findings directly to Board for approval.

We work where we make the most impact

- Our Investors in People (IIP) Silver Award was retained under the new, more challenging, IIP Assessment Framework.Plans are in place to achieve the Gold Award.
- Staff are given secure IT equipment enabling them to work from any location and more staff are now able to work flexibly from any location, including home working.

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

- We have undertaken a review of two of our critical processes, recruitment and performance management. The 'as is' processes were reviewed in collaboration with stakeholders, and improved. 'To be' processes were mapped and documented.
- A Diversity Working Group has been established to help develop a Diversity Strategy following the adoption of an Equality & Diversity strategy by the group Board.

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

- An analysis of unit costs in care and housing was undertaken in 2018 and a new Value for Money Strategy has identified areas to achieve a target surplus in the medium term. This Strategy was revisited in May 2019 and the Board has confirmed its VfM objectives.
- Key areas for focus are:
    - Following the restructure ensuring the right people in the right post at the right time, doing the right things.
    - Occupancy in care and housing.
    - Procurement and contracts management.
    - Broadening the rental offer to include a 'flexi-rent' offer through our new charitable subsidiary company, 55 London, which is now operational and has commenced letting.

Every one of our Assets maximises social and economic value

- The Asset Management & Value for Money Strategies agreed in 2018 have been revisited and reapproved – together with the development strategy they provide a clear roadmap for renewing and investing in our stock while defining our target levels of performance.
- New funding was agreed during 2018/19 and following the sale of the Merton Care Homes, C&C has available facilties of over £30m for investment.

- The pension deficit is under control and a clear strategy is being followed to manage exposure over the medium term.
- 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

.

- Our social media profile is being promoted and a new website introduced
- At the year end, we had
  - 272 Facebook Followers,
  - 609 Twitter Followers,
  - 712 LinkedIn Followers
  - 100 Instagram Followers
  - Over150,000 ccht.org.uk page views

At C&C we are proud of our work and the positive impact that it is having 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 has adopted the NHF Code of Governance 2015 for the Association and its subsidiaries and is fully compliant.

Compliance with the governance and regulatory standards set by the Regulator of Social Housing's (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 2018 an independent review was undertaken 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. In 2019 an internal review provided continued assurance.

The review concluded that C&C continues to be compliant with all regulatory requirements and has made significant improvements in key areas. A key element of this was an assessment of the quality of debate and decision-making (including a check on the *vires* of decisions made by the Board and Committees over the previous 12 months). These were shown to be appropriate and gave assurance of Board and Committee effectiveness.

Central and Cecil Housing Trust

The Group is governed by a Board, currently composed of eleven Directors, nine 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 has been one resignation from and one appointment to the Board after the year end and in the period up to the date of signing this report. The Board Chair will be stepping down at the September AGM, having completed her maximum 6 year term. A new Chair was successfully appointed and will be formally assuming their post after the AGM in September.

The Board meets a minimum of four 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 meet formally twice a month and whose members attend 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 (£)
Alison Carver	Board, Chair People Performance & Change Panel member. Service Scrutiny Panel member Group Nominations & Remuneration Committee member Group Risk & Audit Committee attendee	22/01/2013	-	10,000
Peter Walters	Board member Chairman elect	01/06/2019	-	-

Name	Committee and Other Roles	Joined	Left	Annual Fees (£)
Bruce Matthews	Board member Group Investment Committee member Group Risk & Audit Committee member	31/01/2017	-	4,000
John Richardson	Board member Group Risk & Audit Committee, Chair Director of C&C Innovations Ltd Group Nominations & Remuneration Committee member meetings	26/01/2016	30/06/2019	5,500
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
Mike Basquill	C&C Innovations Ltd, Chair Group Investment Committee member People Performance & Change Panel Member	28/02/2012	-	4,000
Jo Teare	Group Chief Finance Officer Board member (ex officio) Director of C&C Innovations Ltd Director of C&C Construction Ltd	04/01/2018	-	N/A
Kay Vowles	Co-optee Board member Group Investment Committee member Group Risk & Audit Committee member	06/10/2017	30/09/2018	2,000
Trevor McClymont	Board member Group Investment Committee, Chair, Group Risk & Audit Committee member Group Nominations & Remuneration Committee member	31/01/2017	-	5,500
Paul Shipley	Board member Group Investment Committee member Group Risk & Audit Committee member	24/10/2017	-	4,000
Abhishek Agrawal	Board member Service Scrutiny Panel member	24/10/2017	-	4,000
Janine Desai	People Performance & Change Panel Chair Group Nominations & Remuneration Committee, Chair Service Scrutiny Panel member	06/02/2018	-	5,500

During the year the following committees and panels continued to support the work of the Board. Membership of the committees comprised Board and co-opted-Board Members while C&C residents also are members of the two panels.

Group Risk and Audit Committee

The Group Risk & Audit Committee 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 setting the Risk Appetite. The Board reviews the strategic risk register every six months.

Group Investment Committee

The Group Investment Committee 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 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 oversight of investment and commercial activity and the financial wellbeing of the Group and the Association. Its remit includes:

- Monitoring the performance of all investments, major works programmes, development schemes, disposals and commercial activities and monitoring and advising on risks.
- 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 once a year, with additional meetings scheduled according to need.

Service Scrutiny Panel

The Service Scrutiny Panel is comprised of Board members and four 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 reviewing 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.

People Performance and Change Panel

The People, Performance and Change Panel oversees the delivery of the "People Doing Their Best" strand of the "Fit Future Strategy", advising the C&C Board on matters relating to culture change and the performance of the C&C workforce. The panel meets four times per year and is comprised of Board members and two resident representatives.

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 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.

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

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 framework 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 and whistleblowing policy that are reviewed and approved by the Board.

The Board seeks assurance regarding internal controls principally through the Group Risk & Audit Committee which reviews all internal and external audit reports, the risk maps and the corporate registers. During the year, the Internal Audit Plan 2018-19 was completed detailing adequacy and effectiveness of audit areas.

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 and operational level, to senior management, EMT and the Board

During the year C&C implemented the results of a review of its risk management framework by an external provider so that risk management is embedded throughout the organisation.

The Strategic Risk Register is reviewed monthly by the Executive Management Team and quarterly by the Group Risk and Audit Committee. In the opinion of the Board the following four risks are the most significant faced by C&C:

Risk	**Mitigations include**
Funding – lack of liquidity and breach of loan covenants	• The financial plan is reviewed and updated regularly and subject to a series of individual and combination stress tests. • There is a monthly review of forecast loan covenant compliance and forecast cashflow. • Liquidity risk is currently very low given the extension of existing facilities, the agreement of new facilities and the sale of the Merton Nursing Homes in 2018-19.
Major breach of health and safety or property compliance standards	• Health and Safety Steering Group oversees all areas. • AssessNet - a Health and Safety System is used across the business. • FLAGE (property safety) compliance has been strengthened and internal capability has been improved.

Risk	Mitigations include
Failure of St John's Wood, Westminster redevelopment	• Contracts have completed with Regal Homes for the sale of land and development of C&C's new building • The contract requires the purchaser to construct the new building for a fixed price – eliminating cost inflation risk. • Legal advice has been taken on contracts to ensure C&C's position is protected by appropriate security arrangements over the land. • The market value of land has been demonstrated by completion of the current contract – indicating that other deals would be possible if the current contract fails. • Financial monitoring checks are undertaken monthly to monitor the financial strength and stability of the Regal Group.
Brexit leading to severe financial consequences	• Detailed stress tests have been undertaken that demonstrate that C&C is financially capable of withstanding a significant financial shock from a no-deal Brexit. • Arrangements have been put in place to monitor the key risks to C&C's operations and financial position in the event of a no-deal Brexit.

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 Group Risk and Audit Committee. It includes a procedure, monitored by the Group Risk and Audit Committee, for ensuring that corrective action is taken in relation to any significant control issues.

At each meeting of the Group Risk and Audit Committee, 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 basis.

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: Accounting by registered social housing providers 2014 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 and the Accounting Direction for Private Registered Providers of Social Housing 2015. 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: Accounting by registered social housing providers 2014.

Financial statements are published on the group and Association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the 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.
- A series of Roadshow events take place through the year with C&C's housing residents to establish the key service priorities that have been built into service design.
- Resident service reviews and engagement with service development have been changed through the year and a new Resident Assembly is leading on the co-production of service improvements where staff and residents work as equals on the development of services.

Fundraising

The Group and the Association received a total of £36k (2018: £12k) in charitable donations.

Donations were received from 14 Trusts, Foundations and Companies as well as from a large number of individual supporters. Our C&Cycle day in June 2018 proved immensely successful with £24k being raised to fund the purchase of 4 Tovertafel tables for our Residential Care Homes. In particular, C&C would like to thank its Gold Sponsors Regal London and Montagu Evans for their generosity in supporting this initiative.

The charitable support received this year has contributed to activities, events and outings which make a real difference to the lives of the residents living in our care homes and housing schemes. These have included singing, drama, art sessions, dance, digital projects, gardening, upcycling of furniture, exercise and cultural visits to museums and other places of interest. C&C aims to hold two Talk Shows a year to provide a platform for discussion and debate around issues which affect our resident communities.

The Association has a Resident Engagement Team which coordinates involvement opportunities and Creative Arts Coordinators who ensure that diverse and stimulating activities are delivered in response to residents' wants and needs. All activity is recorded so that the value achieved is understood, monitored and maximised.

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 2019 of £31,574k (2018: £26,083k) made up of fixed and variable rate loans. The Association has total secured facilities of £48,074k to help 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 £1,644k (2017/18: Deficit £8k), Group reserves at the year-end amounted to £53,825k (2018: £52,431k). The detailed movement in reserves is shown on pages 36-37 of the financial statements.

Employee Involvement

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

Communication with staff continues to strengthen with the development of the Inspirational Leadership Group (all managers from across the business) which is consistently well attended. Happy Meals have continued to be a great success, where staff are invited to have lunch with a particular team host, and the Joint Staff Council continues to be an integral part of the communications, staff voice and social elements of C&C.

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 2 August 2019.

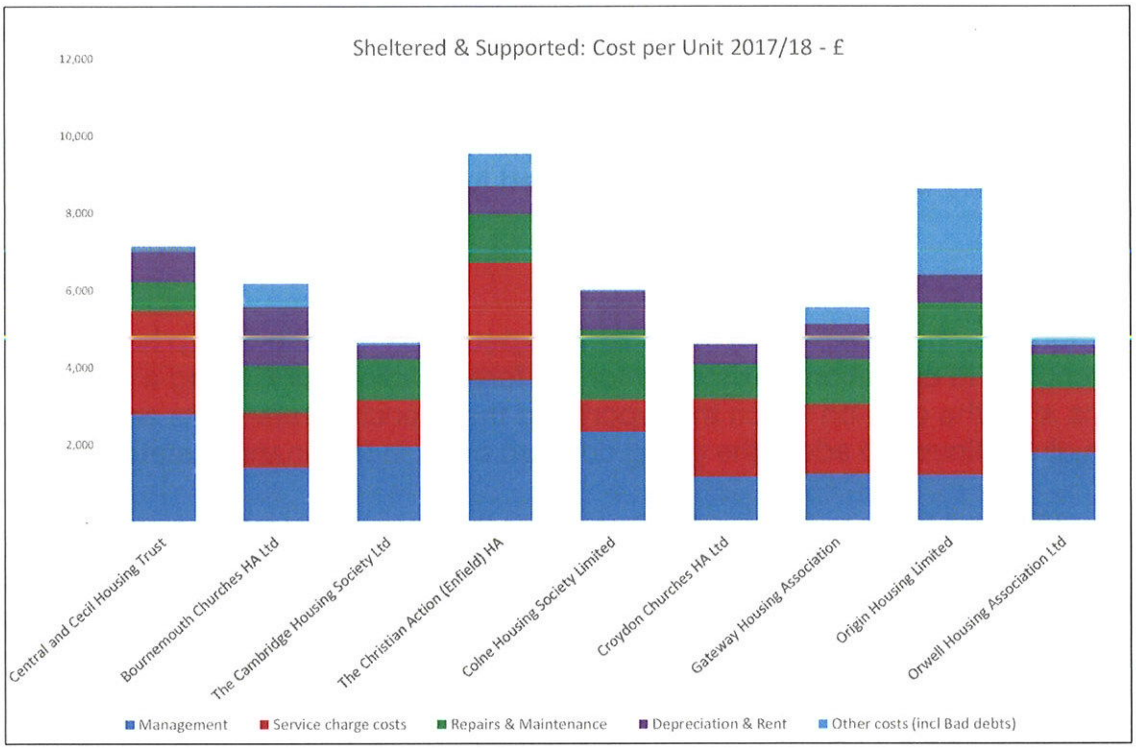
Julia Ashley
Chief Executive

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 "A Fit Future Strategy 2017-2027" (Fit Future Strategy) which can be found on our website at https://www.ccht.org.uk/a-fit-future-strategy.

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. This is due to the different cost basis and generally lower margins achievable in care home operations. In relation to specialist Housing our analysis shows that our costs are in line with our peer group.



Source: 2017-18 Annual Financial Statements

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.

This will be achieved by meeting our operating targets for improved performance over the next two to three years, completing the St John's Wood redevelopment; and redeploying capital raised from the sale of Merton Nursing Care Homes into a new turnkey scheme.

Our previously lower operation margins were largely a result of the performance of our Nursing Care Homes. As a consequence, we have exited our nursing homes – concluding the sale of the Merton Nursing Care Homes in April 2019 – immediately after the financial year end.

To improve our surplus, we have developed a series of actions which indicate that our operating margin will improve to 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, we will be providing homes exclusively for over 55's in London, with a range of services to serve our residents.

1. 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

- Through the year, C&C has been consolidating its organisational structure.
- We are building an organisation with the right people and values.
- 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 efficiencies; our procurement team is focused on driving costs out of our operations and we are looking to optimise our income stream by using our assets effectively.
- Our structure increases the focus on service for our residents, including the introduction of two new services, C&C Direct and Service Hub.
- We have looked hard at our operations and have exited nursing home provision.
- We launched our charitable subsidiary, 55 London, to allow us to reach a wider over 55s market and ensure that we have a broad rental offering.
- We undertake weekly "Focus Friday" reviews of key income and expenditure items to ensure we remain focused on VfM. These include income (arrears control), voids, and the use of agency staff and external consultants.
- Contract management procedures are being sharpened to ensure that they give best value and that the terms of the contract are strictly adhered to.
- Monthly reviews of departmental expenditure ensure not only that budget spend does not exceed that which is expected, but also to make sure that any potential underspends are identified at the earliest possible stage.

All these factors come together in the financial plan which combines all projections (costs and income), alternative use of assets, organisational changes and available financing to form a long term financial plan. The financial plan is subject to rigorous testing and agreement by the Board to ensure that all the risks are understood and that we can manage risk and deliver its strategic objectives is a disciplined and controlled way.

2. Cost benchmarking

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

Housing costs

We have analysed our financial position using Housemark benchmarking information and have benchmarked ourselves against comparable organisations. Historically, C&C compared its performance against a peer group that included 17 other organisations. We revisited this peer group and have reduced it to 8. The 8 selected are the organisations with a substantial element of Sheltered & Supported housing. The other 9 organisations, that were previously also in our peer group, all specialised in General Needs housing. As set out above this analysis shows that C&C costs are in-line with sector norms.

Care Home costs

We have obtained benchmarking figures from Laing Buisson Healthcare Intelligence to benchmark costs within our Residential Care Homes. The costs of Cecil House which is of a typical operational size, are within the average benchmark costs. The costs for the other Residential Care Homes are higher, but this reflects the smaller sizes of these homes.

3. 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 landlords 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 costs 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 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.

Understanding 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 e.g. creative arts 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 ensure that our services are being delivered in the most efficient way.

4. Sector Scorecard

C&C participated in the Sector Scorecard pilot in advance of the new VfM requirements which were introduced for the 2017-18 year end, and we have reviewed 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 and size.

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

	Metric	**2017/18 Peer Group**	**2017/18 C&C**	**2018/19 C&C**
1	Reinvestment	4.6%	7.2%	11.70%
2A	New supply delivered – social	1.0%	0.00%	0.00%
2B	New supply delivered - non-social	0.2%	0.00%	0.00%
3	Gearing	37.9%	23.8%	30.83%
4	EBITDA MRI - Interest cover	193.5%	226%	216%
*5	Headline social housing cost per unit (£)	5,293	9,981	10,739
6A	Operating margin overall – social housing lettings	28.3%	2.51%	5.44%
6B	Operating margin overall	25.6%	0.0%	3.70%
7	Return on capital employed (ROCE)	4.3%	0.0%	0.61%

***5 – Headline Social Housing Cost Per Unit – C&C's costs per unit includes C&C's 4 Residential Care homes that are classified as social housing, but that have a very different cost and income base – see '3' above Care Home Costs'.**

The Scorecard indicates that C&C over the last 2 years has:

Metric	Analysis
1&2	Invested significantly more than its peer group albeit delivering fewer new units. Our Development and Asset Management strategies will deliver more investment going forward and there are some 180 units progressing through the development pipeline – 20 of which were handed over in June 2019.
3&4	C&C has sufficient gearing and operating capacity to borrow 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 in 2018-19 to £4,977 (2017-18: £5,507) – in line with our peer group.
6&7	C&C has lower than average margins and ROCE which reflect the preponderance of Sheltered and Supported units in C&C's housing mix, which at 79% is much higher than that of its peer group (23%). The General Needs operating margin in the peer group is 33% - in contrast the Sheltered and Supported operating margin in the peer group is 22% C&C's margins are also impacted by losses in Merton Nursing Care homes that have now been sold. 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.

C&C's 30-year Financial Plan sets out ambitious plans for improving and growing our housing stock, which will drive improved performance in 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 banking providers.

5. Value for Money objectives and achievements

In 2017 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 55's 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. In 2017/18 we took the initial steps in implementing our strategy, and in 2018-19 have concluded the restructuring of the organisation, exited from Nursing Care, invested in our property services to improve our FLAGE compliance and developed and implemented three new services: Service Hub, C&C Direct and 55 London.

Value for Money benefits generated in the year include:

- Completing contracts for the St John's Wood development. The sale of part of the land at the existing site and the reinvestment of the proceeds into innovative, specialist over 55 accommodation, that has been co-designed with residents, represents a significant step forward for the provision of quality social accommodation for our demographic in Central London.
- The sale of the Merton Care Homes was progressed in 2017-18 and was completed in early April 2019 after the end of the 2018-19 financial year. Capital raised form this sale will be reinvested in new sheltered schemes.
- Launching the three major new services: C&C Direct, Service Hub and 55 London.
- Investing in our FLAGE compliance to ensure our homes are safe.
- Replacing five commercial boilers and 50 domestic boilers across our portfolio to ensure that our residents are kept warm.
- Embedding the use of two new IT systems so that they operate efficiently
- Improving the financial performance of our businesses.

The review of benchmark and peer group information has indicated that C&C's housing and care costs are in line with sector peers. 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.

Our VfM performance in 201/8/19 and our targets for 2019/20 are:

Financial targets

	2018/19 target	**2018/19 performance**	**2019/2020 target**
1	Care Occupancy 87%	The target was based on 90% occupancy in Residential care and 85% occupancy in Nursing Care. We achieved occupancy of 91% in Residential Care and achieved higher yields by careful management which have underpinned the improved financial performance of C&C in 2018/19. Nursing Care achieved occupancy levels of 83%. Our performance improved over the year and averaged 89% over the last 3 months – overall, we averaged in excess of 85% for the year	93% occupancy In Residential care
2	Housing voids 2%	Our performance was hit by poor contractor performance; additional contractors were introduced during the year which improved performance. Voids averaged 4.0% over the year and were improving at the end of the year - further contractors are being brought in to improve performance.	2.5%

	2018/19 target	2018/19 performance	2019/2020 target
3	Diversified Rent initiative	Much work was undertaken during the year to prepare for this new business stream. Our 55London subsidiary organization was set up and the first lettings were made in June 2019. This venture represents a key step in C&C widening its rental base and allows us to rent our properties to "Key Retirees" who do not qualify as eligible for housing at social rents.	40 units let by the end of 2019/2020
4	Procurement savings - £100k	In 2017/18 C&C approved new procurement and contract management policies and procedures. While savings were identified, realisation was slow and only small gains were made in the year.	Savings of £100k

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	Target 100% FLAGE compliance. In 2018/19 we resurveyed 100% of our properties for Fire, Legionella, Asbestos and Gas. We gained access to 96% of properties for Electrical testing, due to access issues that we continue to address. We completed significant works as a result of the above surveys and have a programme of additional works for 2019/20. All works requiring immediate action were completed. We are liaising closely with London Fire Brigade who are pleased with the works to date and the programme moving forwards with no issue raised. We continue to promote the requirement for safe homes with our residents to enable us to deliver the required compliance standards.
2	Care Home CQC rating 100% "Good"	Target 7. At year end 6 out of 7 Care Homes were rated "Good", although all 7 were rated "Good" for a period of several months in 2018-19. The Nursing Care Homes have been sold and 3 of our Residential Care Homes are rated "Good". Our Compton Home is rated "Requires Improvement" and measures are being taken to improve to a "Good" standard – an inspection is awaited. One of our homes, Cecil Court, is rated "Outstanding" in the area of "Well Led".

	Service Area Objective	Performance
3	Employee satisfaction	Target 88%. Satisfaction is currently 76% up from 68% a year ago. Satisfaction has improved strongly in the last quarter of the year now that the new teams have bedded in and the new ways of working have been established.
4	Housing resident satisfaction	Target 90%. Satisfaction is currently 85% and the housing team performance is improving. Satisfaction is measured monthly so that action can be taken to rectify issues as they arise.
5	Care Home Resident satisfaction	Target 95%. Satisfaction with the care provided is currently 82%. However, 100% of residents are happy with the standard or care that they receive. A new Care team is in place and is driving improvements.

Independent Auditors Report

Opinion

We have audited the financial statements of Central and Cecil Housing Trust ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2019 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 Reserves, the Consolidated Statement of Cashflows 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).

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 2019 and of the Group's surplus 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 2015.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the board members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the board members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent Auditors Report

Other information

The board are responsible for the other information. 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.

In connection with our audit of the financial statements, 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 pages 19-20, 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 Auditors Report

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

BDO LLP.

BDO LLP
Statutory Auditor
Gatwick, United Kingdom

Date: 9 August 2019
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated and Association Statement of Comprehensive Income

Consolidated and Association Statement of Comprehensive Income for the year ended 31 March 2019.

		Group		Association	
	Note	2019 £'000	2018 £'000	2019 £'000	2018 £’000
Turnover	4	25,836	26,649	25,896	26,649
Operating costs	4	(25,095)	(26,498)	(25,096)	(26,444)
Operating surplus	4,8	741	151	800	205
Surplus/(Deficit) on disposal of fixed assets	12	205	(141)	176	(141)
Other interest receivable and similar income	13	721	-	952	342
Interest and financing costs instruments	14	(73)	-	(521)	(397)
Revaluation of investment property	18	50	-	50	-
Other finance costs	14	-	(18)	-	(18)
Surplus/(deficit) before taxation		1,644	(8)	1,457	(9)
Taxation on surplus/(deficit)	15	-	-	-	-
Surplus/(deficit) for the financial year		1,644	(8)	1,457	(9)
Actuarial (losses)/gains on defined benefit pension scheme	27	(250)	817	(250)	817
Total comprehensive income for the year		**1,394**	**809**	**1,207**	**808**

The notes on pages 39 to 76 form part of these financial statements. All activities relate to continuing operations.

Consolidated and Association Statement of Financial Position

Consolidated and Association Statement of Financial Position as at 31 March 2019

	Note	Group 2019 £'000	Group 2018 £'000	Association 2019 £'000	Association 2018 £'000
Fixed assets					
Tangible fixed assets – housing properties	16	95,361	92,019	95,464	92,019
Tangible fixed assets - other	17	5,725	5,596	5,725	5,596
Investment properties	18	900	850	900	850
		101,986	98,465	102,089	98,465
Current assets					
Stocks	20	13,040	9,123	-	-
Debtors – receivable within one year	21	12,821	2,730	26,045	12,752
– receivable in more than one year	21	39,747	-	39,747	-
Cash and cash equivalents		2,326	4,182	2,143	3,525
		67,934	16,035	67,935	16,277
Creditors: amounts falling due within one year	22	14,433	5,278	14,156	4,952
Net current assets		53,501	10,757	53,779	11,325
Total assets less current liabilities		155,487	109,222	155,868	109,790
Creditors: amounts falling due after more than one year	23	101,662	56,791	101,662	56,791
Net assets excluding pension liability		53,825	52,431	54,206	52,999
Pension liability	27	-	-	-	-
Net assets		**53,825**	**52,431**	**54,206**	**52,999**
Capital and reserves					
Called up share capital	28	-	-	-	-
Income and expenditure reserve		53,508	52,114	53,889	52,682
Restricted reserve		317	317	317	317
		53,825	**52,431**	**54,206**	**52,999**

The notes on pages 39 to 76 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 2 August 2019.

Bruce Matthews
Board Member

Julia Ashley
Chief Executive

Jo Teare
Group Chief Finance Officer

Consolidated Statement of Changes in Reserves

Consolidated statement of changes in reserves for the year ended 31 March 2019

	Income and expenditure reserve	Restricted reserve	Total
	£'000	£'000	£'000
Balance at 1 April 2018	52,114	317	52,431
Surplus for the year	1,644	-	1,644
Actuarial losses on defined benefit pension scheme	(250)	-	(250)
Balance at 31 March 2019	**53,508**	**317**	**53,825**

Consolidated statement of changes in reserves for the year ended 31 March 2018

	Income and expenditure reserve	Restricte d	Total
	£'000	£'000	£'000
Balance at 1 April 2017	51,305	317	51,622
Deficit for the year	(8)	-	(8)
Actuarial gains on defined benefit pension scheme	817	-	817
Balance at 31 March 2018	**52,114**	**317**	**52,431**

The notes on pages 39 to 76 form part of these financial statements.

Association Statement of Changes in Reserves

Association statement of changes in reserves for the year ended 31 March 2019

	Income and expenditure reserve £'000	Restricted reserve £'000	Total £'000
Balance at 1 April 2018	52,682	317	52,999
Surplus for the year	1,457	-	1,457
Actuarial losses on defined benefit pension scheme	(250)	-	(250)
Balance at 31 March 2019	**53,889**	**317**	**54,206**

Association statement of changes in reserves for the year ended 31 March 2018

	Income and expenditure reserve £'000	Restricted reserve £'000	Total £'000
Balance at 1 April 2017	51,874	317	52,191
Deficit for the year	(9)	-	(9)
Actuarial gains on defined benefit pension scheme	817	-	817
Balance at 31 March 2018	**52,682**	**317**	**52,999**

The notes on pages 39 to 76 form part of these financial statements.

Consolidated Statement of Cashflows

Consolidated statement of cash flows for the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Cash flows from operating activities			
Surplus/(deficit) for the financial year		1,644	(8)
Adjustments for:			
Depreciation of fixed assets - housing properties	16	1,992	2,002
Depreciation of fixed assets - other	17	1,062	837
Amortised grant	5	(380)	(379)
Interest receivable	13	(721)	-
Interest payable and finance costs	14	73	18
Revaluation of investment property	18	(50)	-
Difference between net pension expense and cash contribution	14,17	(250)	(232)
(Surplus)/deficit on the sale of fixed assets	12	(205)	141
Decrease / (increase) in trade and other debtors		(1,377)	1,223
Decrease / (increase) in stocks		(3,566)	(4,027)
Increase / (decrease) in creditors		828	477
Cash from operations		(950)	52
Taxation paid		-	-
Net cash generated from operating activities		(950)	52
Cash flows from investing activities			
Proceeds from sale of fixed assets – housing properties	12	2,021	1,100
Purchase of fixed assets – housing properties	16	(6,490)	(2,100)
Purchases of fixed assets - other	17	(1,191)	(979)
Receipt of grant		-	-
Interest received	13	1	-
Net cash from investing activities		(5,659)	(1,979)
Cash flows from financing activities			
Interest paid	14	(1,024)	(853)
New loans - bank	25	6,600	5,817
Debt issue costs		(53)	-
Repayment of loans - bank	25	(770)	(905)
Net cash used in financing activities		4,753	4,059
Net decrease in cash and cash equivalents		(1,856)	2,132
Cash and cash equivalents at beginning of year		4,182	2,050
Cash and cash equivalents at end of year		2,326	4,182

The cash balance as at 31 March 2019 includes £116k (2018: £112k) that the Association holds on behalf of other parties and does not form part of the Group's capital.

The notes on pages 39 to 76 form part of these financial statements.

Notes to the financial statements for the year ended 31 March 2019

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 2014, “Accounting by registered social housing providers” 2014, the Accounting Direction for Private Registered Providers of Social Housing 2015.

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.

Notes to the financial statements for the year ended 31 March 2019

2. Accounting Policies (continued)

Going Concern

The financial statements have been prepared on a going concern basis, details of which can be found in the Strategic Report on pages 4 to 22.

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.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 January 2012.

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 and County Councils. 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.

Notes to the financial statements for the year ended 31 March 2019

2. Accounting Policies (continued)

Service charges

The Group adopts a fixed method for calculating and charging service charges to its tenants and leaseholders. Service charges are set each year at the beginning on 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. SHG and other revenue grants may be claimed by the Group as owner of the property and included in the income and expenditure account and balance sheet. The treatment of other income and expenditure depends on whether the Association caries 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 change 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 thing 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.

Notes to the financial statements for the year ended 31 March 2019

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 suffered 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.

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 PPE and held at cost less any impairment, and are transferred to completed properties when ready for letting.

When housing properties are developed for sale to another social landlord, 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.

Notes to the financial statements for the year ended 31 March 2019

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
Ariel	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; when 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.

Notes to the financial statements for the year ended 31 March 2019

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 'other operating income' 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 2014. 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 2014 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.

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 HCA 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 HCA 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, including 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.

Notes to the financial statements for the year ended 31 March 2019

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 income statement 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 arrangement 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.

Notes to the financial statements for the year ended 31 March 2019

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.

The revaluation reserve is created from surpluses on asset revaluation.

Notes to the financial statements for the year ended 31 March 2019

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 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 to complete 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 lease 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.

Recognition of the sale and build contract of the St John's Wood, Westminster site (see notes 12, 21, 22 & 23)

During 2018-19, C&C completed contracts to sell part of the St John's Wood, Westminster site for £54m. Under the contracts the purchaser, Regal Homes, is contractually obliged to build C&C's new building for £54m on the retained part of the site. C&C wil effectively receive consideration as Regal Homes constructs this building.

Notes to the financial statements for the year ended 31 March 2019

Due to the deferred nature of the consideration, C&C will only recognise sales income and profit as the building is constructed.

The consideration has therefore been discounted by an appropriate rate of interest which has been estimated by reference to the average cost of debt that a private developer would pay at 6.1%. Of the total consideration of £54m - £6.74m is estimated to be interest income and £35.16 as profit on sale which are forecast to be recognised over the period 2019-2022. This split between interest and profit on sale is determined by the estimated interest cost.

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 which is subject to D1 usage, 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.

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

Notes to the financial statements for the year ended 31 March 2019

SOCI Related Notes

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

Group

	Turnover 2019 £'000	Operating costs 2019 £'000	Operating surplus/ (deficit) 2019 £'000
Social housing lettings (note 5)	21,602	(20,442)	1,160
Other Social Housing Activities			
Supporting people	202	(205)	(3)
Other	25	(85)	(60)
	227	(290)	(63)
Activities other than Social Housing Activities			
Nursing	3,280	(3,323)	(43)
Other	727	(1,040)	(313)
	4,007	(4,363)	(356)
	25,836	**(25,095)**	**741**

Group

	Turnover 2018 £'000	Operating costs 2018 £'000	Operating surplus/ (deficit) 2018 £'000
Social housing lettings (note 5)	21,436	(20,899)	537
Other Social Housing Activities			
Supporting people	204	(207)	(3)
Other	95	(154)	(59)
	299	(361)	(62)
Activities other than Social Housing Activities			
Nursing	4,349	(4,959)	(610)
Other	565	(279)	285
	4,914	(5,238)	(324)
	26,649	**(26,498)**	**151**

Notes to the financial statements for the year ended 31 March 2019

SOCI Related Notes

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

Association

	Turnover	Operating costs	Operating surplus/ (deficit)
	2019 £'000	2019 £'000	2019 £'000
Social housing lettings (note 5)	21,602	(20,442)	1,160
Other Social Housing Activities			
Supporting people	202	(205)	(3)
Other	85	(86)	(1)
	287	(291)	(4)
Activities other than Social Housing Activities			
Nursing	3,280	(3,323)	(43)
Other	727	(1,040)	(313)
	4,007	(4,363)	(356)
	25,896	**(25,096)**	**800**

Association

	Turnover	Operating costs	Operating surplus/ (deficit)
	2018 £'000	2018 £'000	2018 £'000
Social housing lettings (note 5)	21,436	(20,899)	537
Other Social Housing Activities			
Supporting people	204	(207)	(3)
Other	96	(108)	(12)
	300	(315)	(15)
Activities other than Social Housing Activities			
Nursing	4,349	(4,959)	(610)
Other	564	(271)	293
	4,913	(5,230)	(317)
	26,649	**(26,444)**	**205**

Notes to the financial statements for the year ended 31 March 2019

5. Income and Expenditure from Social Housing Lettings

	General needs £'000	Supported housing £'000	Sheltered housing £'000	Care £'000	Agency Managed £'000	Total 2019 £'000	Total 2018 £'000
Income							
Rents net of identifiable service charges	1,572	205	5,705	9,301		16,783	16,776
Service charge income	328	165	2,826			3,319	3,128
Amortised government grants	146	15	121	35	62	378	379
Other income		185			900	1,085	1,147
Other grants			28	9		36	6
Turnover from social housing lettings	**2,046**	**569**	**8,680**	**9,344**	**962**	**21,602**	**21,436**
Expenditure							
Management	(677)	(259)	(3,216)	(1,979)	(249)	(6,380)	(6,525)
Service charge costs	(471)	-	(2,964)	(7,061)	(125)	(10,621)	(10,264)
Routine maintenance	(47)	(13)	(235)	(368)	(29)	(692)	(866)
Planned maintenance	-	-	-	-	-	-	(11)
Major repairs expenditure	(5)	-	(239)	(68)	(76)	(388)	(763)
Bad debts	(114)	(8)	(36)	(64)	(33)	(255)	(483)
Depreciation of housing properties:							
- annual charge	(479)	(60)	(896)	(345)	(140)	(1,920)	(1,851)
- accelerated on disposal of components	(13)	(2)	(166)	(3)	(2)	(186)	(136)
Operating expenditure on social housing lettings	**(1,807)**	**(342)**	**(7,752)**	**(9,888)**	**(654)**	**(20,442)**	**(20,899)**
Operating surplus/(deficit) on social housing lettings	**239**	**227**	**928**	**(543)**	**309**	**1,160**	**537**
Void losses	(69)	(59)	(324)	(2,092)	-	(2,544)	(2,337)

Notes to the financial statements for the year ended 31 March 2019

6. Particulars of Turnover from Non-Social Housing Lettings

	Group & Association	
	2019	2018
	£'000	£'000
Other	727	565

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

7. Units of Housing Stock

	Group & Association	
	2019	2018
Care Homes		
- Social Housing	214	214
- Non Social Housing	71	71
Supported housing	73	73
General needs - Social Rent	304	307
Sheltered Housing	1,103	1,104
Total social housing units	**1,765**	**1,769**
Accommodation managed by Agents	231	229
Total managed accommodation	231	229
Total owned and managed accommodation	**1,996**	**1,998**
Units under construction	180	219

Notes to the financial statements for the year ended 31 March 2019

8. Operating Surplus / (Deficit)

	Not	Group & Association 2019 £'000	2018 £'000
This is arrived at after charging/(crediting):			
Depreciation of housing properties:			
- annual charge	16	1,920	1,850
- accelerated depreciation on replaced components	16	72	152
Depreciation of other tangible fixed assets	17	1,062	837
Operating lease charges – other		157	164
Auditors' remuneration (excluding VAT):			
- fees payable to the group's auditor for the audit group's annual accounts		42	43
- fees for tax advice		7	26
- fees for other non-audit services		2	8
Defined contribution pension cost	9	343	368
Defined benefit pension cost	9	-	-

Notes to the financial statements for the year ended 31 March 2019

9. Employees

	Group & Association 2019 £'000	Group & Association 2018 £'000
Staff costs (including Executive)		
Wages and salaries	10,056	11,127
Social security costs	869	956
Cost of defined contribution scheme	343	379
	11,268	**12,462**

Included within the figures above is an amount of £413k (2018: £374k) which has been capitalised as development costs and included within additions in note 16.

An additional £228k (2018: £142k) has been capitalised in relation to major works on properties and is included within additions in note 16.

Include within the figures above is £129k (2018: £203k) 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 2019 No.	Group & Association 2018 No.
Administration	54	50
Development	3	4
Housing, Support and Care	292	351
	349	**405**

Notes to the financial statements for the year ended 31 March 2019

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	
	2019	2018
	£'000	£'000
Executive directors' emoluments	469	423
Amounts paid to non-executive directors	60	51
Compensation for loss of office	-	61
Contributions to money purchase pension schemes	36	32
	565	**567**

The total amount payable to the Chief Executive, who was also the highest paid director in respect of emoluments was £119k (2018: £109k). Pension contributions of £12k (2018: £12k) 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 members.

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

Salary Bandings	**Group & Association**	
	2019 No	**2018 No**
£110,000 - £119,999	1	0
£100,000 - £109,999	1	1
£90,000 - £99,999	1	1
£80,000 - £89,999	3	0
£70,000 - £79,999	2	3
£60,000 - £69,999	9	3

Notes to the financial statements for the year ended 31 March 2019

11. Board Members

Board and committee membership of Central & Cecil Housing Trust is set out on pages 14-15.

12. Surplus/(deficit) on Disposal of Fixed Asset

	Group		Association	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Disposal proceeds	2,138	1,100	2,138	1,100
Cost of disposal	(1,933)	(1,241)	(1,962)	(1,241)
Surplus/(deficit) on disposal of housing properties and other tangible assets	**205**	**(141)**	**176**	**(141)**

During the year, C&C completed contracts to sell part of the St John's Wood, Westminster site for £54m. Under the contracts the purchaser, Regal Homes, is contractually obliged to build C&C's new building for £54m on the retained part of the site. C&C will effectively receive consideration as Regal Homes constructs this building.

Due to the deferred nature of the consideration, C&C will only recognise sales income and profit as the building is constructed. The consideration has therefore been discounted by an appropriate rate of interest, 6.1%, which has been estimated by reference to a private developer's average cost of debt.

Of the total consideration of £54m - £6.74m is estimated to be interest income and £35.16 as profit on sale which are forecast to be recognized over the period 2019-2022. As at 31st March 2019, C&C has recognized a debtor from Regal Homes of £48.23m and a deferred receipt of £48.09m.

Notes to the financial statements for the year ended 31 March 2019

13. Interest Receivable and Income from Investments

	Group		Association	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Interest receivable on sales income debt receivable	721	-	721	-
Interest and similar income from group undertakings	-	-	231	342
	721	**-**	**952**	**342**

14. Interest Payable and Similar Charges

	Group		Association	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	1,079	835	1,079	835
Net interest on defined benefit pension liability	-	18	-	18
	1,079	853	1,079	853
Interest capitalised on construction of housing properties and properties developed for sale	(1,006)	(835)	(558)	(438)
	73	**18**	**521**	**415**

The group has capitalised interest relating to development projects of £1,006k (2018: £835k) during the year.

Notes to the financial statements for the year ended 31 March 2019

15. Taxation On Surplus / (Deficit) On Ordinary Activities

	Group		Association	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
UK corporation tax				
Current tax on surplus for the year	-	-	-	-
Taxation on surplus on ordinary activities	**-**	**-**	**-**	**-**

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	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Surplus / (deficit) on ordinary activities before tax	1,644	(8)	1,457	(93)
(Deficit) / Surplus on ordinary activities at the standard rate of corporation tax in the UK of 19%	307	(2)	267	19
Effects of:				
Surplus subject to charitable exemption	(307)	2	(267)	(19)
Total tax charge for period	**-**	**-**	**-**	**-**

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 £77k (2018: £67k). At present, it is not envisaged that any tax will become payable in the foreseeable future.

Notes to the financial statements for the year ended 31 March 2019

Balance Sheet Related Notes

16. Tangible Fixed Assets – Housing Properties

Group

	Housing properties completed £'000	Housing properties Under Construction £'000	Total £'000
Cost at 1 April 2018	102,101	16,344	118,445
Additions:			
- Construction cost		5,090	5,090
- Replaced components	2,207		2,207
Disposals:			
- Disposal for sale	(1,070)	(1,050)	(2,120)
- Replaced component	(166)		(166)
At 31 March 2019	**103,072**	**20,384**	**123,456**
Depreciation At 1 April 2018	25,029	1,397	26,426
Charge for the year	1,920		1,920
Eliminated on disposals:			
- Disposal for sale	(157)		(157)
- Replaced components	(94)		(94)
At 31 March 2019	**26,698**	**1,397**	**28,095**
Net book value at 31 March 2019	**76,374**	**18,987**	**95,361**
Net book value at 31 March 2018	**77,072**	**14,947**	**92,019**

Notes to the financial statements for the year ended 31 March 2019

16. Tangible Fixed Assets – Housing Properties (continued)

Association

	Housing properties completed £'000	Housing properties Under Construction £'000	Total £'000
Cost at 1 April 2018	102,101	16,344	118,445
Additions:			
- Construction cost		5,090	5,090
- Replaced components	2,310		2,310
Disposals:			
- Disposal for sale	(1,070)	(1,050)	(2,120)
- Replaced component	(166)		(166)
At 31 March 2019	**103,175**	**20,384**	**123,559**
Depreciation At 1 April 2018	25,029	1,397	26,426
Charge for the year	1,920		1,920
Eliminated on disposals:			
- Disposal for sale	(157)		(157)
- Replaced components	(94)		(94)
At 31 March 2019	**26,698**	**1,397**	**28,095**
Net book value at 31 March 2019	**76,477**	**18,987**	**95,464**
Net book value at 31 March 2018	**77,072**	**14,947**	**92,019**

Notes to the financial statements for the year ended 31 March 2019

16. Tangible Fixed Assets – Housing Properties (continued)

	Group 2019 £'000	Group 2018 £'000
The net book value of housing properties may be further analysed as:		
Freehold	76,200	72,445
Long leasehold	17,345	17,599
Short leasehold	1,816	1,975
	95,361	**92,019**
Interest capitalisation		
Interest capitalised in the year	558	438
Cumulative interest capitalised	915	477
	1,473	**915**
Rate used for capitalisation	4.2%	4.5%
Works to properties		
Improvements to existing properties capitalised	2,310	543
Major repairs expenditure to income and expenditure account	388	763
	2,698	**1,306**
Total Social Housing Grant received or receivable to date is as follows;		
Capital grant – Housing Properties	37,751	38,636
Recycled Capital Grant	1,282	396
Revenue grant – I&E	(380)	(379)
Revenue grant - reserves	(7,145)	(6,766)
	31,508	**31,887**

The analysis above includes 71 (2018: 71) nursing/non-social housing bed spaces within care homes. The asset value of these bed spaces has not been separately analysed as, in the view of the Board, to do so would incorrectly imply that a separate nursing property exists.

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 2014.

Notes to the financial statements for the year ended 31 March 2019

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 (2018: £Nil). On 8 July 2015, the Summer Budget included the announcement that the Government will reduce rents in social housing in England by 1% a year for four years from April 2016. The Government indicated at the time that this would result in a 12% reduction in average rents by 2020/21.

Properties held for security

Central and Cecil Housing Trust – Registered social housing provider had property with a net book value of £15,783k pledged as security at 31 March 2019 (2018: £15,098k).

17. Other Tangible Fixed Assets

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

Group and Association

	Office buildings £'000	Fixtures, fittings tools and equipment £'000	Total £'000
Cost or valuation			
At 1 April 2018	3,747	9,027	12,774
Additions		1,191	1,191
Disposals			
At 31 March 2019	**3,747**	**10,218**	**13,965**
Depreciation			
At 1 April 2018	1,140	6,038	7,178
Charge for year	78	984	1,062
Disposals			
At 31 March 2019	**1,218**	**7,022**	**8,240**
Net book value			
At 31 March 2019	**2,529**	**3,196**	**5,725**
At 31 March 2018	**2,607**	**2,989**	**5,596**

Notes to the financial statements for the year ended 31 March 2019

17. Other Tangible Fixed Assets (continued)

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

	Group & Association	
	2019	2018
	£'000	£'000
Freehold	2,607	2,607
	2,607	**2,607**

18. Investment Properties

Group & Association	2018 £'000	Revaluation £'000	2019 £'000
At 31 March	850	50	900

The group's investment properties were valued on 31 May 2019 at fair value, determined by an independent, professionally qualified valuer. The valuations were 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. Details on 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:

The market valuation reflects the current occupation and a Special Assumption of the existing D1 (medical) use.

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.

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

	Group & Association	
	2019	2018
	£'000	£'000
Historic cost	498	498
Accumulated depreciation	(323)	(307)
	175	**191**

Notes to the financial statements for the year ended 31 March 2019

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 for sale	Incorporated Company	£1
55 London	England & Wales	100%	To provide near market rent social housing	Non-registered Social Housing Provider	£1

20. Properties for Sale

	Outright market sales 2019 £'000	Total 2019 £'000	Total 2018 £'000
Work in progress	13,040	13,040	9,123
	13,040	**13,040**	**9,123**

Properties developed for sale include capitalised interest of £746k (2018:£396k).

Notes to the financial statements for the year ended 31 March 2019

21. Debtors

	Group		Association	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Due within one year				
Rent and service charge arrears	3,061	2,395	3,061	2,142
Less: Provision for doubtful debts	(1,162)	(1,146)	(1,162)	(893)
	1,899	1,249	1,899	1,249
Amounts owed by group undertakings	-	-	13,417	10,262
Other debtors*	9,585	1,080	9,392	840
Prepayments and accrued income	1,337	401	1,337	401
	10,922	1,481	24,146	11,503
	12,821	**2,730**	**26,045**	**12,752**

*Includes £8.48m receivable in relation to the sale of St John's Wood Road, Westminster

	Group		Association	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Due in more than one year				
Other debtors*	39,747	-	39,747	-
	39,747	**-**	**39,747**	**-**

* Includes £39.74m receivable in relation to the sale of St John's Wood Road, Westminster

22. Creditors: Amounts falling within one year

	Group		Association	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Loans and borrowings (note 25)	760	770	760	770
Trade creditors	973	775	398	775
Deferred capital grant (note 24)	379	379	379	379
Rent and service charges received in advance	570	357	570	357
Taxation and social security	284	248	284	248
Amounts owed to group undertakings	-	-	300	-
Other creditors	102	587	102	153
Accruals and deferred income*	11,365	2,162	11,363	2,270
	14,433	**5,278**	**14,156**	**4,952**

*Includes £8.34m in relation to the deferred receipt from the sale of St John's Wood Road, Westminster

Notes to the financial statements for the year ended 31 March 2019

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

	Group		Association	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Loans and borrowings (note 25)	30,814	25,313	30,814	25,313
Deferred capital grant (note 24)	29,847	31,112	29,847	31,112
Recycled capital grant fund	1,281	396	1,281	396
Accruals and deferred income*	39,720	(30)	39,720	(30)
	101,662	**56,791**	**101,662**	**56,791**

*Includes £39.75m in relation to the deferred receipt from the sale of St John's Wood Road, Westminster

24. Deferred Capital Grant

	Group		Association	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
At 1 April 2018	31,491	32,266	31,491	32,266
Grants released to income during the year	(380)	(379)	(380)	(379)
Grants transferred to RCGF on disposal	(885)	(396)	(885)	(396)
At 31 March 2019	**30,226**	**31,491**	**30,226**	**31,491**

25. Loans and Borrowing

Maturity of debt:

	Group & Association	
Bank Loans	2019	2018
	£'000	£'000
In one year or less, or on demand	760	770
In more than one year but not more than two	770	760
In more than two years but not more than five	23,086	16,826
In more than five years	6,958	7,727
	31,574	**26,083**

As at 31st March 2019, the group had both fixed rate and variable rate loans owed to RBS with a principal balance of £1,304k and £870k (2018: £1,478k and £986k) respectively. Both of the loans are repayable in August 2026.

As at 31st March 2019, the group had both fixed rate and variable rate loans owed to Santander with a principal balance of £8,570 (2018: £9,050k). The loans are repayable in June 2036.

Notes to the financial statements for the year ended 31 March 2019

25. Loans and Borrowing (continued)

The fixed rate loan arrangements with RBS and Santander charge interest at 6.2% and 6.15% respectively. The variable rate loans 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.

The group has a £17,715k loan facility with Santander which is due to expire in March 2024, together with a £70m loan facility with RBS which is due to expire in October 2024. As at 31 March 2019 the group had undrawn loan balance of £16,500k (2018: £3,100k).

26. Financial Instruments

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

	Group		Association	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Financial assets				
Financial assets measured at historical cost				
- Rent and service charge arrears (note 21)	1,899	1,249	1,899	1,249
- Other debtors (note 21)	50,669	1,034	63,893	11,739
- Cash and cash equivalents	2,326	4,182	2,143	3,525
Total financial assets	**54,894**	**6,465**	**67,935**	**16,513**
Financial liabilities				
Financial liabilities measured at amortised cost				
- Loans payable (note 23)	31,574	26,083	31,574	26,083
Financial liabilities measured at historical cost				
- Trade creditors (note 22)	973	775	398	775
- Other creditors (note 22)	51,188	2,565	51,186	2,239
Total financial liabilities	**83,735**	**29,423**	**83,158**	**29,097**

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).

Notes to the financial statements for the year ended 31 March 2019

27. Pensions

Several pension schemes are operated by the group.

Defined benefit pension scheme

CCHT 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 scheme. The scheme is 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 2017 revealed a funding deficit of £4,128,000 (on an actuarial valuation basis). In the Recovery Plan dated 23 March 2018 the Association has agreed to pay contributions with the view to eliminating the shortfall by 31 March 2027.

In accordance with the Schedule of Contributions dated 23 March 2018 the Association is expected to pay contributions of £250,000 over the next accounting period towards meeting the scheme funding valuation deficit. In addition, the Company is expected to meet the cost of administrative expenses for the Fund.

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 24 years.

A full actuarial valuation of the Fund was carried out as at 31 March 2017 and has been updated to 31 March 2019 by a qualified independent actuary.

The discount rate applied in the valuation of the pension scheme liability has been derived from an AAA rated corporate bond over 15 years. The judgements used to ascertain the rate for discount purposes are discussed in Section 3. of these financial statements, Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty.

There were no changes to the scheme during the year and no amounts owing to the scheme at the year end.

Notes to the financial statements for the year ended 31 March 2019

27. Pensions (continued)

Defined benefit pension scheme (continued)

	2019 £'000	2018 £'000
Reconciliation of present value of plan liabilities		
At the beginning of the year	12,715	14,991
Current service cost	-	-
Interest cost	290	298
Actuarial (gains)/losses	59	(2,399)
Benefits paid	(171)	(175)
At the end of the year	**12,893**	**12,715**

	2019 £'000	2018 £'000
Reconciliation of fair value of plan assets		
At the beginning of the year	13,967	13,942
Interest income on plan assets	319	280
Actuarial gains/(losses)	917	(330)
Contributions by group	250	250
Benefits paid	(171)	(175)
At the end of the year	**15,282**	**13,967**
Fair value of plan assets	15,282	13,967
Present value of plan liabilities	(12,893)	(12,715)
Net pension scheme asset (liability)	**2,389**	**1,252**
(Irrecoverable surplus)	(2,389)	(1,252)
Net liability in balance sheet	**-**	**-**
Amounts recognised in other comprehensive incomes are as follows:		
Net interest cost on the net defined benefit liability	**-**	**18**
Analysis of actuarial loss recognised in Other comprehensive Income		
Actual return less interest income included in net interest income	(917)	330
Interest income as a result of unrecognized surplus	(29)	-
Experience gains and losses arising on the Fund Liabilities	(453)	(1,058)
Changes in assumptions underlying the present value of the Fund Liabilities	512	(1,341)
Change in the amount of surplus that is not recoverable, excluding income	1,137	1,252
Total remeasurement of the net defined benefit liability (asset)	**250**	**(817)**

Notes to the financial statements for the year ended 31 March 2019

27. Pensions (continued)

Defined benefit pension scheme (continued)

	2019 £'000	2018 £'000
Composition of plan assets		
Equity	6,936	5,517
Index Linked	688	3,823
Insured annuities	309	321
Corporate bonds	5,540	2,600
Property	1,506	1,464
Cash & Other	303	242
Total plan assets	15,282	13,967
Actual return on plan assets	1,236	(50)

Principal actuarial assumptions used at the balance sheet date	%	%
Discount rates	2.20	2.30
Salary growth	4.70	4.50
Inflation assumption (RPI)	3.70	3.50
Inflation assumption (CPI)	2.95	2.75
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.95	2.75
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.70	3.50
Mortality rates	Years	Years
Retiring today - males	23.0	22.9
Retiring today - females	24.8	24.7
Retiring in 20 years time - males	25.2	25.1
Retiring in 20 years time - females	26.7	26.6

Sensitivity analysis

	Impact on Fund Liabilities	
	31/03/2019	31/03/2018
Discount rate – increase by 0.25%	(715)	(707)
Inflation linked assumptions – increase by 0.25%	282	279
Assumed life expectancy at age 65 – increase by 1 year	745	712

Notes to the financial statements for the year ended 31 March 2019

27. Pensions (continued)

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 £343k (2018: £368k). Contributions totaling £Nil (2018: £Nil) were payable to the fund at the year end and are included in creditors.

28. Share Capital

	2019 £	2018 £
At 1 April	34	33
Shares issued in the year	-	2
Shares cancelled in the year	-	(1)
At 31 March	**34**	**34**

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.

Notes to the financial statements for the year ended 31 March 2019

29. 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	
	2019	**2018**	**2019**	**2018**
	£'000	**£'000**	**£'000**	**£'000**
Not later than 1 year	157	160	157	160
Later than 1 year and not later than 5 years	257	406	257	406
Later than 5 years		-		-
Total	**414**	**566**	**414**	**566**

30. Capital Commitments

	Group		Association	
	2019	**2018**	**2019**	**2018**
	£'000	**£'000**	**£'000**	**£'000**
Commitments contracted but not provided for Construction	62,038	6,136	61,799	2,567
Commitments approved by the Board but not contracted for				
:Maintenance	2,429	3,519	2,429	3,519
:Construction	6,500	70,565	6,503	69,852
	70,967	**80,220**	**70,731**	**75,938**

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

	Group		Association	
	2019	**2018**	**2019**	**2018**
	£'000	**£'000**	**£'000**	**£'000**
New loans	-	-	-	993
Sales of properties	68,618	80,220	54,000	71,426
Existing reserves	2,349	-	16,731	3,519
	70,967	**80,220**	**70,731**	**75,938**

Capital commitments contracted but not provided for represents the amount committed to development sites for which the Group has contractual obligations.

Notes to the financial statements for the year ended 31 March 2019

31. 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 £561k (2018: £567k).

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.

Payable to Association by subsidiaries:

	Management Charges		Other Charges		Interest Charges	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Central & Cecil Construction Services Limited	30	25	-	-	4	1
Central & Cecil Innovations Limited	30	25	-	-	227	138
	60	50	-	-	231	139

Notes to the financial statements for the year ended 31 March 2019

31. Related Party Disclosures (continued)

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 and gift aid payments.

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 £'000	Move-ment £'000	Closing balance £'000
Central & Cecil Housing Trust	Central & Cecil Construction Services Ltd	733	(528)	205
Central & Cecil Housing Trust	Central & Cecil Innovations Ltd	9,917	3,100	13,017

All three intra-group loans are repayable on demand.

32. Capital and Reserves

Restricted reserves comprise a legacy of £317k (2018: £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 Event

There are no adjusting post balance sheet events that impact the Group or Association. On 2nd April 2019, the Merton Care Homes were sold for £11.625m.