



Central & Cecil Housing Trust
CCHT Group Annual Financial Statements

Year ended 31 March 2020

C&C Annual Financial Statements 2019-20

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Executives and Advisors

President

Harriet Bowes-Lyon

Vice Presidents

Ian Henderson CBE

Nicholas Moore

Michael Muller – Resigned September 2019

Board of Management

Alison Carver (resigned September 2019)

Peter Walters (appointed July 2019)

Mike Basquill

Janine Desai

Philip Insuli

Bruce Matthews

Trevor McClymont

Paul Shipley

Nicky Wilden (appointed January 2020)

Stephen Burns (appointed May 2020)

John Richardson (resigned June 2019)

Abhishek Agrawal (resigned March 2020)

Executive Management Team

Chief Executive

Julia Ashley^{*+}

Group Chief Finance Officer

Jo Teare^{*}

Director of Development &

Strategic Asset Management

Deborah Thomas (appointed July 2019)

Director of Service

Yvonne Atkinson (resigned August 2020)

Director of People

Steve Tree (appointed September 2019)

Director of Assets & Development

David O'Neill (resigned July 2019)

Director of Workplace Culture

Amelia Mosquera Pardo (resigned July 2019)

Interim Director of Housing

Howard Dawson (appointed September 2020)

Interim Director of Care

Michael Byrne (appointed September 2020)

^{*}Board Member

⁺ Acting Company Secretary October 2018 – May 2019

Company Secretary

Liam Dawson (appointed February 2020)

Laurence Fowler-Stevens (resigned February 2020)

Registrations

Registered Social Housing Provider

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

Regulator for Social Housing number: H1528

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Executives and Advisors (continued)

Advisors

Auditors

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

Solicitors

Trowers & Hamlin
2 Bunhill Road
London, EC1Y 8YZ

Bankers

Lloyds
39 Piccadilly, London,
W1V 0AA

Devonshires
30 Finsbury Circus
London, EC2M 7DJ

Registered Office

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

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Strategic Report

Overview

The Board of Management present the Report for the year ended 31st March 2020 for Central and Cecil Housing Trust ("The Association") and the group headed by The Association ("The Group"). The report and financial statements have been prepared in accordance with applicable law and in accordance with FRS 102, the Financial Reporting Standards applicable in the UK and the Republic of Ireland and comply with the Statement of Recommended Practice for Registered Social Housing Providers 2018 (SORP), the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Strategic Focus

The year under review in this document, 2019-2020, was a year of progress with major Fit Future Strategy milestones and investment in C&C properties. The achievement of these milestones gives C&C a solid foundation to deliver the Fit Future Strategy ambitions and additional capacity for investment.

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

Alison Carver, after completing her maximum 6-years of service resigned and Peter Walters was appointed as C&C's new Chair. In addition John Richardson, who chaired the Group Risk & Audit Committee resigned and was replaced by Nicky Wilden. Stephen Burns also joined the Board post year end, replacing Abhishek Agrawal.

Our Director of Assets and Development and Director of Workplace Culture resigned through the year. Our new Director of Development and Strategic Asset Management, Deborah Thomas, was appointed through an internal promotion and Steve Tree joined as our new Director of People. Since 31 March 2020, our Director of Service resigned and new appointments were confirmed for our new Interim Director of Housing, Howard Dawson, and our new Interim Director of Care, Michael Byrne

Our new Company Secretary, Liam Dawson, replaced Laurence Fowler-Stevens.

Despite the many achievements of 2019-20, it was not without its challenges. Firstly there was the impact of Brexit uncertainty and the general election, and later the Covid-19 pandemic and the lockdown measures introduced by the UK Government.

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

- We concluded contracts with Regal London for the sale of land at St John's Wood, and Regal Construction Ltd for the development of our C&C St John's Wood site. Funds from the sale of the land have been received and are held in an escrow account to be used for construction of C&C's new building. Demolition and initial site works have been completed and construction is underway with a 2022 completion date. The development will provide 170 specialist over 55s apartments for affordable and market rent in a prime location in the heart of central London. This building replaces C&C's previous 'Dora House'.
- Our over 55s development, Ridgmount Apartments in Wimbledon, completed and initial sales and lettings commenced. Sales slowed in line with the wider housing market during Brexit uncertainty and the period leading to the general election. Following the election, sales activity recovered, but was quickly impacted by the Covid-19 lockdown.
- We completed the sale of C&C's three nursing homes in Merton to Country Court Care in April 2019.

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- We agreed a new Fit Future Estates Strategy that set out a viable long-term investment plan for each of C&C's properties, with costs profiled and stress tested through our Financial Plan. This plan has since had to be reviewed in light of projected national Covid-19 financial impacts and the knock-on effect to the housing market.
- We invested £4.5m in our properties, making them safer, warmer and more comfortable for residents with a further £11.3m invested in new development.
- We developed and started letting affordable homes at below market rental rates through our charitable subsidiary '55 London'. 22 properties were let through 55 London by the end of the year.
- We agreed an exciting new 'Out Not In' Care Strategy and started implementation.
- We agreed an innovative new 'Digital C&C Strategy' and started implementation.
- We set up a new 'Resident Assembly' to help us co-produce housing service development with our residents.
- We rapidly responded to the Covid-19 Pandemic and put in place a Covid-19 Management Plan to ensure clarity and focus across the organisation. The plan was updated regularly and as at the date of this report the following outcomes were achieved:
 - In our care homes, the spread of the virus was contained and 2 homes remained Covid-19 free throughout. The other 2 homes managed to stop the spread of the virus after a small number of residents were infected and at the time of writing this report all homes were Covid-19 free.
 - Our housing services were maintained throughout. Additional support was put in place for residents to help communication with us and their families, to ensure that they had enough food, and to ensure their mental health and wellbeing was supported.
 - Compliance with health and safety obligations was maintained throughout.
 - The financial impact on the business was measured early on and mitigations put in place.

Financial highlights

The Group achieved an operating loss before disposal of housing property of £160k (2018/19: £741k surplus) for the year ended 31 March 2020. The year included a stock impairment of £475k (2018/19 £Nil) and one-off income receipts for £100K (2018/19: £250k) in relation to a legacy donations. £451k was spent on additional fire safety works and £17k on responding to the Covid-19 pandemic during the year to 31 March 2020.

The Group reported a surplus after disposals of £44,640k (2018/19: £1,644k) for the year ended 31 March 2020 (£44,820k Association).

Significant financial investment was made in our properties during 2019/20 with over £4.5m spent to ensure that our properties provided safe and warm homes for our residents.

Major capital works were undertaken at a number of schemes with £1.6m spent on the following areas:

- Upgrades to the communal heating system at Philip House.
- The completion of the installation of two new lifts at Philip House.
- A major overhaul of three of the four lifts at Vivian Court, with new lift cars and motors.

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- Phase 2 of the fire alarm upgrade work at Jacqueline House. The addition of hush buttons will allow the residents more control over the alarms within their dwellings and reduce the number of false alarms.
- Vivian, Ada and Edna House have benefitted from upgrade works to the communal cross corridor fire doors to meet modern day fire safety standards.
- Almost £240k was spent on new fire alarms, including at Cleve Road.

Through the voids process, 48 new bathrooms and 54 new kitchens were fitted at a combined cost £394k.

Fire compartmentation remedial works were carried out at Erica House, Compton Lodge and Cecil Court at a cost of over £400k, including associated asbestos removal. These fire safety works are the start of a planned programme of works costing over £2.0million, and agreed with the London Fire Brigade, to improve the fire safety of our properties.

Significant monies are spent each year ensuring that our properties comply with relevant legislation through essential surveys and inspections and regular routine maintenance. Over £1.0million was spent by the Property Compliance Team to ensure that our homes are safe and have achieved high levels of regulatory compliance. As at the 1st April 2020, our compliance position was as follows:

- 100% Fire Risk Assessments completed
- 100% Periodic Gas Safety Inspections completed
- 100% Asbestos Re-inspections in date
- 99% Periodic Electrical Inspections in date
- 99% Legionella Water Risk Assessments in date

Through the year, the financial performance of C&Cs care portfolio significantly improved. The exit from loss making nursing care and the focus on quality and performance in C&C's residential care portfolio resulted in a significant improvement to operating surplus. This was achieved by working towards ensuring all care beds were properly funded, maintaining occupancy and controlling costs, particularly in relation to agency staff

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 2019-20 puts C&C in a strong position to deliver its ambitious plans for the future.

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

For the year ended 31 March	2020	2019	2018	2017	2016
Income & Expenditure Account	£'000	£'000	£'000	£'000	£'000
Total Turnover	21,739	25,836	26,649	29,430	25,297
Operating Surplus/(Deficit) before disposals	(160)	741	151	2,698	(235)
Surplus/(Deficit) for the year transferred to reserves	44,388	1,394	(8)	2,662	6,695

Balance Sheet

Housing Properties net of Depreciation	85,125	95,361	92,019	93,023	88,591
Social Housing Grants and other grants	(36,931)	(30,226)	(31,478)	(31,887)	(32,257)
Other Fixed Assets	48,194 6,610	65,135 6,625	60,541 6,446	61,136 6,341	56,334 5,645
Fixed Assets	54,804	71,760	66,987	67,477	61,979
Net Current Assets less Liabilities due over one year (adjusted for loans & grants)*	61,320	12,879	10,757	5,460	8,483
Total Assets	116,124	84,639	77,744	72,937	70,462
Loans (Due over one year)	17,911	30,814	25,313	20,266	17,168
Pension Liability	-	-	-	1,049	598
Reserves - restricted	317	317	317	317	350
Revenue	97,896	53,508	52,114	51,305	52,346
Total	116,124	84,639	77,744	72,937	70,462

Housing Properties owned at year end	No.	No.	No.	No.	No.
Social Housing	1,760	1,913	1,712	1,734	1,975
Non-Social Housing	24	71	57	101	101
Total	1,784	1,984	1,769	1,835	2,076

Key performance Indicators

Operating (Deficit)/Surplus** as a % of turnover	(0.74)%	2.88%	0.57%	9.17%	(0.93)%
Surplus / (Deficit) for year as a % of income from lettings	225.1%	6.5%	(0.04)%	12.63%	33.32%
Rent Losses (voids and bad debt as a % of rent and service charges receivable)	3.6%	5.83%	3.71%	6.32%	8.43%
Rent Arrears (gross arrears as a % of rent and service charges receivable)	6.2%	6.66%	5.79%	8.81%	8.80%
Liquidity (Current assets excluding stock divided by current liabilities)	6.0	1.1	1.3	1.1	1.8
Gearing (total loans as a % of capital grants plus reserves)	14.4%	37.6%	30.28%	25.45%	21.38%

* Loans over one year and social housing grant are excluded as included separately

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

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Our Business

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

The Group owns a number of properties in prime London locations and has plans to generate its own subsidy to fund other activities. This means that the business plan objectives will be supported by cross-subsidising activities in the future. The developments that the Group are currently working on are co-designed with residents and 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.

The Group owns, manages and has an investment in 1,784 units (2018/19: 1,984) in a number of local authorities across London. 170 units are under construction at the old Dora House site in St John's Wood and a further 13 units are held for sale at Ridgmount in Wimbledon. The breakdown of available units as at the end of March 2020 is in the table below:

Accommodation	2020	2019
Care Homes: Social Housing	124	214
Sheltered Housing	1,069	1,091
General Needs Housing	291	304
Supported Housing	107	73
Low Cost Home Ownership	5	-
Sub-total	1,596	1,682
Agency Managed	164	231
Total Social Housing Units Managed	1,760	1,913
Care Homes: Non-Social Housing	-	71
Sub Market Affordable Rental	22	-
Leasehold	2	-
Total units under management	1,784	1,984
Units Under Construction	170	180
Other	46	-
Units Held For Sale	13	-
Total units	2,013	2,164

C&C Key Properties



Strategic Progress - Strategy 2017-2027 – A Fit Future

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

Services that Inspire

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

Our overarching 10-year vision is for C&C to be exclusively for over 55s in London. Some major milestones toward this goal were achieved through the year

- In early April 2019, we concluded the sale of our three nursing care homes in Merton to Country Court Care. We are now focusing all our attention on our residential care services for people who are living with dementia, and our specialist apartments for sale and rent for over 55s in London.
- Our new charitable subsidiary, 55 London, became fully operational providing affordable homes for rent for over 55s in London. 22 apartments had been let by the end of the year.
- Our specialist over 55s scheme in Wimbledon, Ridgmount Apartments, completed and market sales and lettings are underway through our subsidiary C&C Innovations Ltd.

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- Our C&C St John's Wood scheme in Westminster started on site – a development of 170 specialist affordable and market rent units for over 55s with a range of flexible facilities – this replaces C&C's Dora House scheme and provides modern, contemporary and accessible living for previous residents of Dora House as well as new residents of C&C.

Our Responsive London Concierge is available to all Residents

- Our Service Hub is established and working successfully. It has developed as a key point of contact for all our existing and potential residents.
- In January 2020, residents reported 92.3% satisfaction with call handling.
- 428 residents had online accounts with us at the year-end (an increase from 360 in 2018-19) and our aim is to encourage as many as possible to do the same.
- New tablets were installed in all reception areas, including our central office and sheltered housing schemes. Residents can use the tablets to contact us, provide instant feedback, report repairs and access the Resident Portal.
- The Resident Portal is due to be implemented by October 2020.
- New 'Appello' digital door entry and careline services were installed at Oldfield Estate. This technology will eventually allow us to link residents with direct video access to Service Hub operatives, who can access front door entry.

We See & Fix our Resident Repairs Straight Away

- C&C's in-house repairs service, C&C Direct is fully operational with directly employed C&C staff providing repair services to residents. The emphasis of the team is to improve the quality and speed of repairs.
- In 2019-20 C&C Direct completed 67% of all day to day repairs carried out at our properties (2,072 out of 3,095 day to day repairs).
- 72% of the repairs completed as a first-time fix, against a target of 85%.
- 90% of our residents were satisfied with the quality of the repair service and 80% were satisfied with the service overall.
- Further developments with the repairs system will see an improvement in the team's performance in 2020/21. CX mobile will be introduced, which will allow for better diary management and planning of works orders along with the C&C Direct Team being able to vary works orders in real time. Repairs diagnostic software will also be implemented in the Service Hub, which should help improve the first-time fix rate.

We support a healthy active life in our connected supportive community

- Our new resident led initiative, the Resident Assembly has defined areas for C&C to focus on and has been a key consultative group for the ongoing development of our new Housing Strategy.
- We have developed good relationships with local community and voluntary groups, including the Dutch Pot Lunch Club, Food Banks and schools. More latterly, local community groups have formed to support C&C residents with food parcels to help them cope through the Covid-19 crisis. This support has been very much appreciated by C&C and individual residents.

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- Specific support was quickly put in place to help residents through the Covid-19 crisis including:
 - On-site services maintained;
 - Food parcels and shopping provided / offered for all residents who were self-isolating or shielding;
 - All residents personally contacted by a team of C&C staff and additional support needs identified;
 - Personal wellbeing calls have continued throughout the crisis for residents identified as vulnerable;
 - Free tablets for over 100 residents to enable them to stay in contact with C&C and friends and family;
 - Regular online activities and events;
 - Regular communications;
 - Help with paying rent and claiming benefits.

Our specialist Residential Dementia Homes are Best in Class

- Cecil Court has an Outstanding rating for “Well Led”, with an overall rating of Good. Rathmore, Homemead and Compton Lodge are all rated overall Good.
- At the end of the year, our residential care homes were sustaining 94.3% occupancy with an average occupancy through the year of 93.2%.
- In May 2019, the Board approved “Out Not In”, our new and ambitious Care Strategy, and an implementation plan was progressed.
- Delivery of the Out Not In Strategy was built upon the implementation of our new care management software, Nourish, enabling more focused person-centered care planning and better monitoring of care delivered.
- Significant progress was made with use of technology to engage with friends, families, communities and virtual outings. Cecil Court in Kew has started to trial the use of Virtual Reality technology to enable residents to have bespoke experiences of the outdoors.
- The Covid-19 pandemic meant that we had to shut our homes to all but the most essential workers so that we could manage the safety of our residents. Specific initiatives included:
 - Increasing the number of tablets available in each home to enable regular online video calling with relatives;
 - Additional features of Nourish installed to prompt and monitor twice daily temperature checks for residents;
 - 14 days isolation for all residents returning from hospital, or showing symptoms of Covid-19;
 - Maintaining full PPE and full testing of staff at the earliest point;
 - Recruitment of extra staff to build resilience and limit the number of staff working across C&C homes;
 - Recruitment of drivers and the hiring of a car to ensure staff working in Camden avoided public transport and could get to work and back home safely where the

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local tube station was closed;

- Making sure that staff were financially supported to stay at home if they were displaying symptoms of the virus.

Our Residents Help Each Other

- A new Resident Engagement Strategy was developed during the year and was approved by the Board in May 2019. This will ensure residents are fully engaged with C&C activities and help each other through volunteering. The Strategy is currently under review to reflect, for example, our aim to improve our digital communications, and is due to be revised in 2020.
- Our Volunteer Programme formally launched, with 54% of volunteer projects directly supported by the Volunteer Co-ordinator (part-time role). The other 46% of projects are supported and overseen by Housing staff, Care staff, the Arts and Events Team, or are self-run by residents. In total, we have 117 volunteers (children's groups are counted as a single volunteer) across housing and care and 50 different types of volunteer activities. This equates to 2,324 volunteer hours. Our goal is to create a 'menu' of volunteer choices, playing to volunteer strengths e.g. recruiting more resident volunteers to support existing projects/successes.
- Through our Local Heroes initiative, residents set up their own activities with minimal support. This accounts for 22% of total volunteering (26 volunteers). Such activities include quizzes, table tennis, Oldfield Coffee Shop and the Resident Choir. The Choir supported a number of broader events including a Christmas performance alongside a local school at the Old Vic.
- Our aim is to grow the number of resident volunteers supporting these existing projects. External volunteers make up the largest share (61% or 72 volunteers). We aim to introduce new partnerships in 20/21. Our Volunteer Programme will focus on four key areas: Befriending (in care homes), Local Heroes, Partnerships and our C&C Fit Club.
- We recruited three new resident panel members through the year to work alongside our Board and offer scrutiny of C&C's performance as well as develop C&C's strategic approach. The panels ensure that 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 inducted into their role. Resident Panel Members played an active role at our Board Strategy event.

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

- We ran over 470 activities with an average attendance of 6 residents per regular event. At our one-off events the average attendance was 9 residents per activity.
- We enjoyed partnerships with 21 organisations. Residents have had the opportunity, for example, of performing at the Royal Opera House and the Old Vic and enjoying trips to the Royal Albert Hall and Lord's Cricket Ground in the past year. We will use this as a benchmark to measure future activity performance.
- A week-long fundraising event, My Fit Festival, was held in July 2019 to raise money for more fitness classes and fitness equipment for residents. A total of 136 residents participated as well as 55 members of staff. Activities included table tennis, dance, fitness classes, a football tournament, a golf tournament and walk/run/cycle. A total of £17k was

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raised through corporate sponsors and donations, which will be invested in purchasing fitness equipment and additional fitness activities in 20/21. We were grateful to receive donations from 12 organisations. Our Gold sponsor (£8000) was Regal London, our Silver sponsor was Arc (£4,000) and our Bronze sponsor was Montagu Evans (£2,500). Sponsors will be further acknowledged once donations have been used to purchase equipment etc.

- Resident satisfaction levels in our housing schemes stood at 85.7% across the year (no survey in March 2020 due to Covid-19); and 93.5% said that they would recommend C&C as a place to live.
- Housing satisfaction surveys were suspended in March 2020 owing to Covid-19. However, a survey conducted in May/June 2020 completed by 92 residents showed overall satisfaction of 82% relating to support received. A total of 84% were also satisfied/very satisfied with our communications through the pandemic.
- In our care homes, satisfaction levels at the year-end were 93% happy living in our homes and 91% who would recommend C&C homes to others. This is a significant improvement over 2018/19 which were 81% and 80% respectively.

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.

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

- Through the year our Board agreed C&C's Fit Future Estates Strategy, our long term plan for investment in our properties.
- Land at Dora House was sold for an initial £54m which will be used to fund the development of 170 new apartments at the adjacent C&C St John's Wood site. An additional £10.7m of grant funding was awarded from the Greater London Authority (GLA). The new apartments are due for completion in 2022.
- 20 new over 55s apartments in Wimbledon 'Ridgmount Apartments' were completed, and the sales are underway. Sales were first hampered by a significant market slowdown during the period of Brexit uncertainty. Once the results of the general election, later in the year, were known, the housing market started to quickly pick up and sales activity started to spring back. This was quickly followed by the Covid-19 lockdown which brought the property market to a standstill. Subsequently, sales activity has seen a recovery and the sales of three further units are in-hand.
- We agreed and are operating a C&C 'ethical lease' for our market sale properties with no hidden clauses or 'event fees'.

We offer Elegant, Meaningful and Adaptable Homes

- Currently new, purpose-built homes in operation / development with a specification for over 55's housing represents 13% of stock.
 - 20 at Hayes Park Lodge – Supported / Agency;

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- 50 at Alexandra Place – Extra Care;
- 2 at Vivian Court – Sheltered - wheelchair adapted flats with modern space standards;
- 20 at Ridgmount Apartments – 5 Older Peoples Low Cost Home Ownership, 8 short term market rent and 7 leasehold;
- 170 new flats under construction in St. John's Wood on the site of the old Dora House – 153 for social/affordable rent, 17 for market rent.

We care about our impact on our environment

- The Asset Management Strategy, reviewed by the Board in May 2019 continues to be implemented.
- A new Sustainability Strategy has been commissioned and is in progress.
- Ridgmount Apartments has PV Panels on the roof that feed into the communal power supply.
- C&C St John's Wood building will benefit from air-source heat pumps to pre-heat water and reduce carbon emissions.
- C&C's approach to Environmental Social & Governance (ESG) reporting will be developed through the coming year.
- We actively encourage and promote cycling to work through our partnership with Evans Ride to Work Scheme.

Our Homes are connected so residents have control over their environment

- 100% Wi-Fi Coverage has been achieved in the communal areas of our sheltered accommodation and care homes, representing significant value for money for residents. The coverage extends to most but not all residential areas and provides a foundation for enabling add-on smart technologies into people's homes.
- Our new "Digital C&C Strategy" was approved by the Board in May 2019.
- Appello units have been installed at Oldfield Estate with video door entry, integrated alarm and inactivity sensors, video calling and internet access.
- A guest room is being fitted as a Smart Home to enable residents to try Smart Home technology and a package is to be offered to residents to purchase and have installed.
- We have been gifting tablets to residents as part of signing up to Direct Debit to pay rent, and more were provided to around 100 residents as part of our Covid-19 response. Reception tablets will enable residents to get online in schemes and the resident portal is due for roll out in October 2020.

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People Doing their Best

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

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

- Staff satisfaction polls continue 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 May 2020, satisfaction levels of 78% (2019/20 76%) were being recorded despite staff working through the difficulties of providing a service during the Covid-19 pandemic.
- Staff have reported 86% satisfaction with the way corporate messages have been communicated and comments from the staff survey include:
 - “I feel C&C is a greater place to work now than it has been ever before”;
 - “The organisation has really stepped up in staff appreciation and more importantly in how we are supported. I feel valued”;
 - “I feel C&C has evolved and is a happier organisation to work in”;
 - “To be honest I feel the most looked after I ever have whilst working at C&C”.
- A review was completed through the year to identify the best option for C&C to provide central office services. A new project has been commissioned to redefine how these facilities can be more effective, taking account of learning in respect of staff’s remote working experiences through the Covid-19 lockdown. It is anticipated that the way C&C provides central office services will fundamentally change for the better to provide improved value for money, staff satisfaction and access to a wider talent pool.

We achieve above expectation

- We believe that performance can be improved by enabling and coaching for performance. Manager as Coach training was delivered to all senior managers (executive team and heads of service).
- A new ‘Living the Values Award’ scheme was implemented through the year and 149 people were nominated to have an outing with the Chief Executive. 9 winners from each round attended an outing at venues such as ‘Rules’ restaurant, a Thames Riverboat experience and dinner in a pop-up snow-globe on the banks of the river Thames. Unfortunately, the last event of the year was cancelled due to Covid-19. The new Living the Values Award programme has resulted in significantly better value for money being delivered at lower cost than the previous scheme and with far greater engagement and outcomes. Each award runner up received a £20 voucher and all nominees received a letter of thanks from the Chief Executive.
- Costs of recruitment and time to recruit have been significantly reduced through the year and improvements have been made to fill outstanding vacancies.
- A new staff succession plan is being developed during the Covid-19 situation. C&C staff have been given opportunities to step up into the next role (particularly in care) rather than providing cover through agency staff. This approach will continue to be embedded through 2020 and beyond.

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We work where we make the most impact

- Through the Covid-19 pandemic, C&C staff have all been continuing to work and provide vital services to residents. Staff in care, housing and property related services have all been delivering front line support and covering for those who have been sick or in need of isolation.
- Office staff already had the equipment, processes, procedures, and connectivity for agile working, so when the Covid-19 pandemic struck, teams were mobilised overnight to work from home, ahead of the formal lockdown.
- The Service Hub was quickly mobilised to operate a normal service from home following roll out of the first stage of the IP Telephony Service which was brought forward from July 2020.

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

- A Diversity Working Group has been established to help develop a new Diversity Strategy.
- The recruitment and onboarding process has been redesigned to improve the experience of new joiners and a new induction process was developed.

Money to Invest

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

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

- C&C's Value for Money Strategy was reviewed and revised in May 2019 and actions identified in order to achieve a target 15% operating surplus in the medium term.
- Key areas for focus are:
 - Ensuring the right people in the right post at the right time, doing the right things;
 - Occupancy in care and housing;
 - Management of arrears;
 - Procurement and contracts management;
 - Broadening the rental offer to include an affordable rent offer through our new charitable subsidiary, 55 London, which is now operational and has commenced letting.
- The financial performance of our residential care homes significantly improved through the year with appropriate fee levels being charged, underfunded council placements being addressed, and higher occupancy levels being maintained.
- A new recharge policy was approved by the Board to enable C&C to carry out resident discretionary repairs for an appropriate fee, increasing services provided to residents and ensuring C&C funds are appropriately spent. The policy will be implemented during 2020-21.
- A service charge review was undertaken and a significant under-recovery of service

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charges was identified. A project is underway to ensure full service charge cost recovery for services that residents want and need.

Every one of our Assets maximises social and economic value

- The Asset Management & Value for Money Strategies were updated and reapproved and a new Fit Future Estates Strategy was developed and approved. Changes to the Fit Future Estates Strategy were agreed in May 2020 to respond to the projected market changes following the Covid-19 pandemic.
- These strategies provide a clear roadmap for renewing and investing in our stock while defining our target levels of performance.
- Following the sale of the Merton Care Homes in April 2019, C&C has availability to undrawn loan facilities of over £28m for further 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

- We refreshed our Brand logo to celebrate the strength of C&C's position as a London based organisation operating services for over 90 years.
- Our social media profiles were more actively promoted e.g. in scheme posters. We also increased the number of posts/tweets on our core channels (Facebook/Twitter).
- At the year end, we had:
 - 296 Facebook followers (10% increase on 2018/19);
 - 661 Twitter followers (9% increase on 2018/19);
 - 901 LinkedIn followers (27% increase on 2018/19);
 - 150 Instagram followers (50% increase, though we have not been actively using this channel);
 - Over 157,178 ccht.org.uk page views (5% increase on 2018/19) and 55,183 total visits;
 - Phase one of our new website has launched in September 2020.

We are proud of our work and the positive impact we have on the communities that we are here to serve. The Board is looking forward to working with all staff and residents at C&C in the year ahead to continue co-producing and delivering our inspiring strategy and to improve the lives of all our residents.

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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.

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

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

Board effectiveness

In 2019 an internal review was undertaken and we have assurance of the Board's effectiveness and C&C's compliance with the National Housing Federation's Code of Governance and Code of Conduct, the Regulator of Social Housing's Regulatory Standards, the Rules of C&C and its subsidiaries and associated standing orders and financial regulations. In 2020 an internal review to provide continued assurance will take place which will look specifically at how we can adapt to our learning from the Covid-19 Pandemic. An independent review will be undertaken in 2021.

Central and Cecil Housing Trust

The association 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 were three resignations from and three appointments to the Board up to and after the year end and in the period to the date of signing this report. The previous Board Chair stepped down at the September AGM, having completed her maximum 6-year term. A new Chair was successfully appointed and formally assumed his 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 met formally twice a month throughout the year and whose members attended Board meetings.

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

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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 Board member 55 London	22/01/2013	20/09/2019	10,000
Peter Walters	Board Chair People Performance & Change Panel member. Service Scrutiny Panel member Group Nominations & Remuneration Committee member Board member 55 London	23/07/2019		10,000
Bruce Matthews	Board member Group Investment Committee member Group Risk & Audit Committee member Board member 55 London	31/01/2017		4,000
Phil Insuli	Board member Service Scrutiny Panel Chair Group Risk & Audit Committee member Chair of C&C Construction Ltd Group Nominations & Remuneration Committee member Board member 55 London	22/09/2015		5,500
Mike Basquill	C&C Innovations Ltd, Chair Group Investment Committee member People Performance & Change Panel Member Board member 55 London	28/02/2012		4,000
Jo Teare	Group Chief Finance Officer Board member (ex officio) Director of C&C Innovations Ltd	04/01/2018		N/A

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Name	Committee and Other Roles	Joined	Left	Annual fees (£)
	Director of C&C Construction Ltd Board member 55 London			
Julia Ashley	Group Chief Executive Board Member (ex officio) Director of C&C Innovations Ltd Director of C&C Construction Ltd Board member 55 London	01/07/2016		N/A
Trevor McClymont	Board member Group Investment Committee, Chair, Group Risk & Audit Committee member Group Nominations & Remuneration Committee member Board member 55 London	31/01/2017		5,500
Paul Shipley	Board member Group Investment Committee member Group Risk & Audit Committee member Board member 55 London	24/10/2017		4,000
Janine Desai	People Performance & Change Panel Chair Group Nominations & Remuneration Committee, Chair Service Scrutiny Panel member Director of C&C Construction Ltd Board member 55 London	06/02/2018		5,500
Abhishek Agrawal	Board member Service Scrutiny Panel member Board member 55 London	24/10/2017	01/03/2020	4,000
John Richardson	Board member Group Risk & Audit Committee, Chair Director of C&C Innovations Ltd Group Nominations & Remuneration Committee member meetings Board member 55 London	26/01/2016	30/06/2019	5,500
Nicky Wilden	Board Member Chair of Group Audit and Risk	01/01/2020		5,500

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Name	Committee and Other Roles	Joined	Left	Annual fees (£)
	Committee Board member 55 London			
Stephen Burns	<i>Board Member Board member 55 London</i>	05/05/2020		4,000

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

Group Risk and Audit Committee

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

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

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

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

The Group Risk & Audit Committee reviews the strategic risk register that contains risks that are considered to be material to C&C at each meeting and is responsible for setting the Risk Appetite. The Board reviews the strategic risk register every six months.

Group Investment Committee

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

The Group Investment Committee meets 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

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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

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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. This framework includes:

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

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

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

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

The Board seeks assurance regarding internal controls principally through the GRAC who review all internal and external audit reports, the risk maps and receive deep dives of key risk areas. During the year, the Internal Audit Plan 2019-20 focused on the adequacy and effectiveness of internal control processes.

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

Principal Risks and Uncertainties

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

We reviewed our risk management framework during 2018/19 and this has been further embedded throughout the organisation during 2019/20.

The Strategic Risk Register is reviewed monthly by the Executive Management Team and quarterly by the GRAC. This is reported to the Board every six months for review. The latest review by Board included an evaluation of the risks in light of the Covid-19 pandemic which increased the score (both in terms of likelihood and impact) of many of our strategic risks. In the opinion of the Board the following four risks are the most significant faced by C&C:

Risk	Mitigations include
Funding – financial performance / property prices leading to breach of loan covenants	<ul style="list-style-type: none"> • There is a clear financial business plan which has been stress tested using a variety of single and multi-variables; • There is a monthly review of forecast loan compliance and forecast cash flow; • Board review of management accounts quarterly; • We have regular communication with banks; • Reduced sales values from Ridgmount (following Covid-19 impact) are included within the revised financial business plan.
Ridgmount sales values impacted / delayed by Covid-19	<ul style="list-style-type: none"> • We have updated valuations on these homes; • There is a clear marketing plan to continue sales during the Covid-19 pandemic; • We re-procured the sales agent to accelerate the sale process; • We maintain regular review of market value and projected values have been incorporated into a revised financial business plan; • We are letting a number of these homes to maximise income until the market recovers.
H&S - Business Continuity – major incident / disruption	<ul style="list-style-type: none"> • We have Business Continuity Plans across services and departments, reviewed by a Business Continuity Team; • We have clear Health and Safety plans; • We have clear FLAGE compliance processes in place; • Our IT Disaster Recovery Plan is regularly tested; • We hold a lessons learnt exercise from each BCP 'event'.
Business Continuity – Covid-19 quarantine restrictions	<ul style="list-style-type: none"> • We developed a Covid-19 Management Plan at the earliest stage; • We have ensured all staff can work from home (where appropriate); • We have ensured that those staff working in care and housing have appropriate instructions and Personal Protective Equipment (PPE) to perform their responsibilities safely;

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Risk	Mitigations include
	<ul style="list-style-type: none">• We have prioritised IT projects that enable agile working;• We have Business Continuity Plans for all offices that encompass infection control;• We have a clear management action plan that lays out how we will deal with the pandemic;• We have reviewed our financial business plan to ensure we are resilient;• We introduced fortnightly Board discussion meetings to ensure good governance and agility and later flexed these to meet the needs of the business.

Information and reporting systems

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

Monitoring arrangements

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

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

Board members’ responsibilities

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

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

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice 2018 for Registered Social Housing Providers have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and association will continue in business.

The Board members are responsible for keeping adequate accounting records that are sufficient to show and explain the group and association’s transactions and disclose with

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reasonable accuracy at any time the financial position of the group and association and enable them to ensure that the financial statements comply with:

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

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

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

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

Resident Engagement

The Association actively encourages residents' involvement in decision making:

- The Service Scrutiny Panel evaluates C&C's services and makes recommendations to the Board.
- The Resident Assembly leads on the co-production of service improvements where staff and residents work on the development of services.
- Local Resident groups and associations ensure that C&C manages local services in line with residents' priorities.

Fundraising

Donations and sponsorships were received from 26 Trusts, Foundations and Companies as well as from a number of individual supporters, totaling just over £132,000. This included a generous legacy donation of £100,000 by Elspeth Gordon, a long-time supporter of C&C and a former member of the Trust between 1992 and 2006.

Our week-long Fit Festival in July 2019 proved immensely successful with £17k being raised from 12 organisations. Money raised will be invested in purchasing fitness equipment and laying on additional fitness activities in 2020/21 (as soon as it is safe to do so). In particular, C&C would like to thank its sponsors Regal London (Gold), Arc (Silver) and Montagu Evans (Bronze) for their generosity in supporting this initiative. These funds will be used to improve access to fitness activities for sheltered housing residents.

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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 2020 of £18,681k (2019: £31,574k) made up of fixed and variable rate loans. The Association has total secured facilities of £47,431k available to finance the development programme.

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

Reserves

After transfer of the surplus for the year of £44,388k (2018/19: £1,394k), Group reserves at the year-end amounted to £98,213k (2019: £53,825k). The detailed movement in reserves is shown on pages 42-43 of the financial statements.

Employee Involvement

Over the past year there has been a continued focus on staff wellbeing, including 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 involvement of the Inspirational Leadership Group (to which all staff are invited) 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

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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 23rd September 2020.

Julia Ashley

Julia Ashley (Sep 25, 2020 06:45 GMT+1)

Julia Ashley

Chief Executive

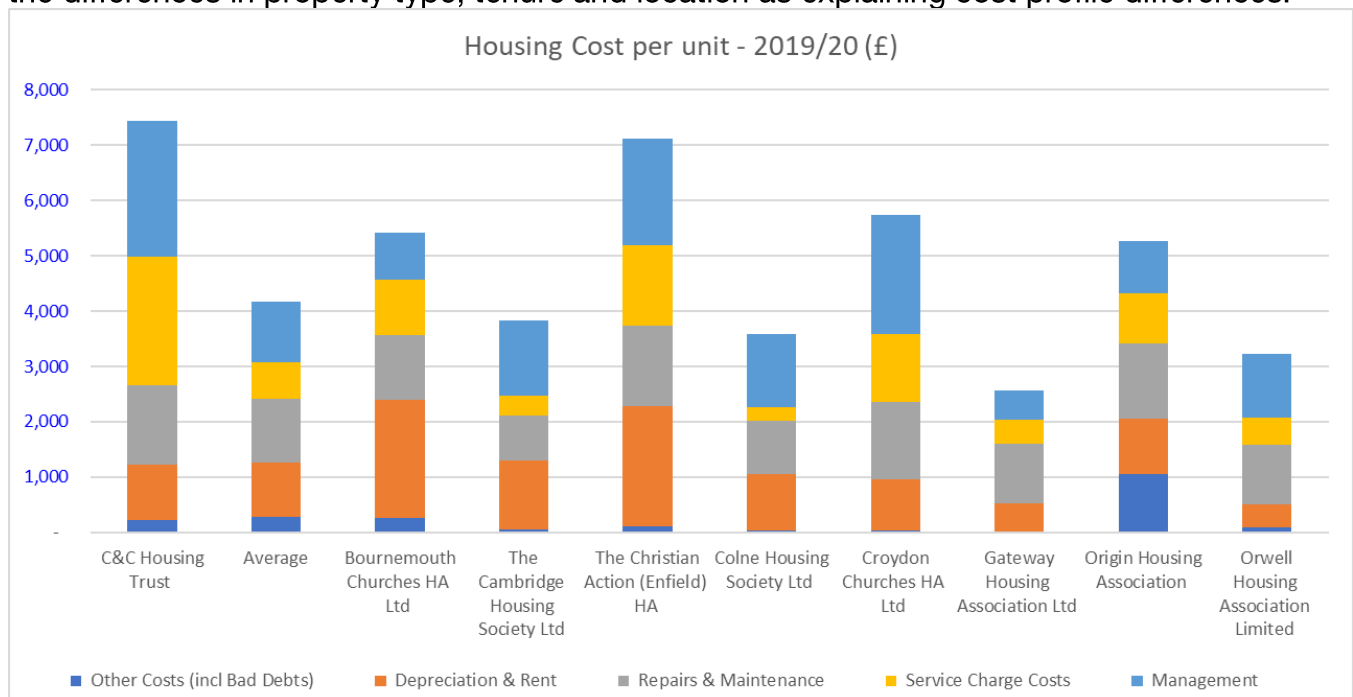
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Value for Money Statement

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

1. Introduction

We have analysed our financial position and have benchmarked ourselves against comparable organisations. We are a specialist provider and it is recognised that specialist providers have lower than average margins when compared to “housing only” based housing associations. To make the analysis below comparable, residential care units have been removed. We have determined that C&C has fewer units in General Needs (16%) than our comparators (40% - 60%) having lower costs per unit. Comparison against our peer group requires attention to the unique structure of the association, the residential care units, central London location and the level of tenure split unique to C&C. This has an impact on the cost structure used to compare against the peer group. When reviewing our peer group, we note the differences in property type, tenure and location as explaining cost profile differences.



Source: 2018-19 Annual Financial Statements (Peer Group)

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

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 2018-19 financial year end.

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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 55s in London, with a range of services to serve our residents.

2. Our approach to Value for Money

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

What we do

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

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

To do this

- We are continuing to develop our organisation with the right people, values and culture.
- We ensure that every key decision is scrutinised and that the effectiveness of any associated spend is considered in a structured way.
- We are working through initiatives to generate income and achieve efficiencies
 - Ensuring that care fees paid by local authorities meet the cost of providing the services;
 - Ensuring that service charges are fully recovered;
 - Developing a new recharge policy to enable us to offer discretionary resident repairs at a cost;
 - Focussing on occupancy in care and voids in housing;
 - Driving down arrears;
 - Driving down the use of agency staff in care;
 - Setting up a new procurement framework to add value to C&C's procurement and offer other smaller associations the opportunity to procure smaller contracts.
- Our structure increases the focus on service for our residents, including the introduction of C&C Direct and Service Hub.

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- 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 undertook weekly “Monday Performance” reviews of key income and expenditure items to ensure we remain focused on VfM.
- Contract management procedures are being sharpened to ensure that they give best value and that the terms of the contract are strictly adhered to.

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

3. Cost / Income benchmarking

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

Housing

We have reviewed our financial position using HQN benchmarking information and have benchmarked ourselves against 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.

Care Homes

During the year, we commissioned market reports for each of our care homes to assess the income ceiling for the area in which they operate. This provided valuable information to help set fees and develop our Out Not In Strategy.

Through the year, a new license agreement was developed to enable more flexible pricing that is more transparent and enables a greater element of service choice and funding options. This is being introduced in 2020.

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

4. How we measure ourselves

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

Evaluate: C&C is a member of the Housemark benchmarking programme and this allows us to evaluate our performance in comparison to other Housing Associations that provide the

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same or similar services. By knowing our position, we can set measurable targets and plan on how we can improve.

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

We measure this via:

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

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

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 are valued and wanted.
- Engage our whole management team to form a plan to deliver efficiency savings.

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

5. Sector Scorecard

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

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

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

Metric	2018/19			2019/20
	Actual	Peer	Sector	Actual
1 Reinvestment %	7.65%	6.68%	6.20%	15.12%
2A New supply of social housing delivered %	0.00%	2.08%	1.60%	0.28%
2B New supply of non-social housing delivered %	0.00%	0.02%	0.12%	0.85%
3 Gearing %	30.70%	40.10%	47.80%	15.06%
4 EBITDA MRI - Interest cover %	172.0%	170.0%	152.0%	329.4%
*5 Headline social housing cost per unit (£)	£10,757	£6,530	£4,055	£10,896
6A Operating margin on social housing lettings %	5.37%	30.00%	30.20%	2.29%
6B Operating margin overall %	2.87%	23.10%	26.30%	(0.74%)
7 Return on capital employed (ROCE)	0.61%	2.84%	3.50%	27.30%

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

Explanatory Scorecard notes:

- 1& 2 Re-investment exceeded the level of our peer group. Reflecting the St John's Wood redevelopment - 170 units are under construction and due to complete in 2022. At Ridgmount, 20 units were handed over in June 2019.

Our Fit Future Estates Strategy, adopted through the year and revised due to impact of Covid-19 sets out C&Cs plans for future investment in existing stock and new supply.

- 3& 4 C&C has gearing and operating capacity to borrow and to fund development. Metric 4 benefits from the inclusion of interest receivable in the calculation.
- 5 C&C's Headline social housing cost per unit is distorted as it includes the costs of residential care units – excluding the residential care units from the calculation reduces the average cost per unit for C&C in 2019/20 to £7,384 (2018/19: £5,029) – additional spend on property maintenance has increased our year on year cost per unit.
- 6 C&C has lower than average margins which reflects the higher mix of Sheltered and Supported units in C&C's portfolio (which at 63% is much higher than that of its peer group - 20%). 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 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. With additional maintenance support in property during the year, the margin applicable per social housing unit has reduced.
- 7 ROCE was high in the year reflecting the surpluses generated by the sale of Merton care Homes and the land of part of the St John's Wood site. This surplus reflects the underlying value of C&C's asset portfolio in London.

C&C Annual Financial Statements 2019-20

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

6. Value for Money objectives and achievements

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 55s in London, with a range of services to serve our residents.

Value for Money (VfM) is at the centre of our plans and objectives. It is an integral part of our corporate ethos and values and forms the foundation of our Fit Future Strategy. In 2017/18 we took the initial steps in implementing our strategy, and in 2018-19 we concluded the restructuring of the organisation. We exited from Nursing Care in April 2019, and in 2019/20 heavily invested in our properties to ensure they were safe and warm. We are also working towards our planned investment in new fire safety standards. In 2019/20 we continued to develop our Service hub and C&C Direct services and implemented our new 55 London subsidiary to offer affordable homes to a wider group of people.

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 55s 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 from 2017-18 and was completed in early April 2019. Capital raised from this sale will be reinvested in new supply.
- Introduction of 55 London.
- Continuing development of our two major new services: C&C Direct and Service Hub.
- Embedding the use of our new IT systems so that they operate efficiently.

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 2019/20 and our targets for 2020/21 are:

C&C Annual Financial Statements 2019-20

Financial targets

	2019/20 target	2019/20 performance	2020/2021 target
1	Care Occupancy 95%	We achieved average occupancy of 93.2% in Residential Care (94.3% at the end of the year)	94% occupancy In Residential care – stretch target 95%
2	Housing voids 2%	Housing voids were 2.74% at the end of the year, an average of 3.1% during the year	2.5% voids in housing – stretch target 2%
3	55 London – 25 units let	22 units were let by the end of the year	25 additional units let by the end of 2020/21
4	Procurement savings - £298k	£62k procurement savings were achieved	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	<u>Target 100% FLAGE compliance.</u> In 2019-20 we re-surveyed and achieved 100% compliance with our Fire, Legionella, Asbestos and Gas safety testing. Electrical testing compliance was 99% 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 2020/21. We continue our partnership with the London Fire Brigade and have been pleased to agree with them our works to date and the programme moving forwards. We continue our commitment to provide a safe home for residents through demonstrating our compliance standards.
2 Care Home CQC rating 100% “Good”	<u>Target 100% Good.</u> All of our Residential Care Homes are rated “Good” and our Cecil Court Care Home has one “Outstanding” rating in the area of “Well Led”.
3 Employee satisfaction	<u>Target 80%.</u> The Satisfaction Survey at the end of the year was delayed due to Covid-19 pressures. This was completed in May 2020 when overall satisfaction with C&C was 73%. 78% were happy in their role and 84% felt that C&C had communicated well during Covid-19.

C&C Annual Financial Statements 2019-20

- | | |
|-----------------------------------|---|
| 4 Housing resident satisfaction | <u>Target 90%.</u> Satisfaction for the end of the year was 86%, and 93.5% of residents would recommend C&C as a place to live. Satisfaction was measured monthly throughout 2019/20, with the exception of March 2020 due to Covid-19. |
| 5 Care Home Resident satisfaction | <u>Target 95%.</u> Satisfaction for 2019-20 was 86% and 93.5% of residents would recommend C&C. |

C&C Annual Financial Statements 2019-20

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

Opinion

We have audited the financial statements of Central and Cecil Housing Trust ("the Association") for the year ended 31 March 2020 which comprise the Consolidated and Association statement of comprehensive income, the Consolidated and Association statement of financial position, the Consolidated and Association statement of changes in equity, the Consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group and Association's affairs as at 31 March 2020 and of the Group's surplus and Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Conclusions relating to going concern

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 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.

C&C Annual Financial Statements 2019-20

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

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 Board Report 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 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 25-26, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

C&C Annual Financial Statements 2019-20

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Use of our report

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

Philip Cliftlands
Philip Cliftlands (Sep 25, 2020 16:58 GMT+1)

BDO LLP

Statutory Auditor

Gatwick, United Kingdom

Date: Sep 25, 2020

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

C&C Annual Financial Statements 2019-20

Consolidated and Association Statement of Comprehensive Income

Consolidated and Association Statement of Comprehensive Income for the year ended 31 March 2020.

	Note	Group		Association	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
Turnover	4	21,739	25,836	20,092	25,896
Operating costs	4	(21,424)	(25,095)	(19,528)	(25,096)
Impairment provision		(475)	-	(678)	-
Surplus/(Deficit) on disposal of housing property	12	42,024	205	42,024	176
Operating surplus	4,8	41,864	946	41,910	976
Other interest receivable and similar income	13	2,789	721	3,064	952
Interest and financing costs	14	(13)	(73)	(154)	(521)
Revaluation of investment property	18	-	50	-	50
Surplus/(deficit) before taxation		44,640	1,644	44,820	1,457
Taxation on surplus/(deficit)	15	(2)	-	-	-
Surplus/(deficit) for the financial year		44,638	1,644	44,820	1,457
Actuarial (losses)/gains on defined benefit pension scheme	27	(250)	(250)	(250)	(250)
Total comprehensive income for the year		44,388	1,394	44,570	1,207

The notes on pages 45 to 82 form part of these financial statements. All activities relate to continuing operations.

C&C Annual Financial Statements 2019-20


Consolidated and Association Statement of Financial Position

Consolidated and Association Statement of Financial Position as at 31 March 2020

	Note	Group		Association	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
Fixed assets					
Tangible fixed assets – housing properties	16	85,125	95,361	85,291	95,464
Tangible fixed assets – other	17	5,710	5,725	5,710	5,725
Investment properties	18	900	900	900	900
		91,735	101,986	91,901	102,089
Current assets					
Stocks	20	11,146	13,040	-	-
Debtors – receivable within one year	21	23,147	12,821	34,517	26,045
– receivable in more than one year	21	26,290	39,747	26,290	39,747
Cash and cash equivalents		5,859	2,326	5,392	2,143
		66,442	67,934	66,199	67,935
Creditors: amounts falling due within one year	22	4,814	14,433	4,174	14,156
Net current assets		61,628	53,501	62,025	53,779
Total assets less current liabilities		153,363	155,487	153,926	155,868
Creditors: amounts falling due after more than one year	23	55,150	101,662	55,150	101,662
Net assets excluding pension liability		98,213	53,825	98,776	54,206
Pension liability	27	-	-	-	-
Net assets		98,213	53,825	98,776	54,206
Capital and reserves					
Called up share capital	28	-	-	-	-
Income and expenditure reserve		97,896	53,508	98,459	53,889
Restricted reserve		317	317	317	317
		98,213	53,825	98,776	54,206

The notes on pages 45 to 82 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 23rd September 2020.


N Wilden (Sep 25, 2020 10:54 GMT+1)

Nicky Wilden
Board Member


Julia Ashley (Sep 25, 2020 06:45 GMT+1)

Julia Ashley
Chief Executive


Peter Walters (Sep 25, 2020 11:24 GMT+1)

Peter Walters
Board Chair

C&C Annual Financial Statements 2019-20

Consolidated Statement of Changes in Reserves

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

	Income and expenditure reserve	Restricted reserve	Total
	£'000	£'000	£'000
Balance at 1 April 2019	53,508	317	53,825
Surplus for the year	44,638	-	44,638
Actuarial losses on defined benefit pension scheme	(250)	-	(250)
Balance at 31 March 2020	97,896	317	98,213

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

The notes on pages 45 to 82 form part of these financial statements.

C&C Annual Financial Statements 2019-20

Association Statement of Changes in Reserves

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

	Income and expenditure reserve £'000	Restricted reserve £'000	Total £'000
Balance at 1 April 2019	53,889	317	54,206
Surplus for the year	44,820	-	44,820
Actuarial losses on defined benefit pension scheme	(250)	-	(250)
Balance at 31 March 2020	98,459	317	98,776

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

The notes on pages 45 to 82 form part of these financial statements.

C&C Annual Financial Statements 2019-20

Consolidated Statement of Cashflows

Consolidated statement of cash flows for the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Cash flows from operating activities			
Operating Surplus/(deficit) for the financial year		41,864	946
Adjustments for:			
Depreciation of fixed assets - housing properties	16	1,925	1,992
Depreciation of fixed assets - other	17	938	1,062
Amortised grant	24	(285)	(380)
Revaluation of investment property	18	-	-
Interest payable and finance charge		-	-
Impairment of property held as stock		(475)	-
Difference between net pension expense & cash contribution		(250)	(250)
(Surplus)/deficit on the sale of fixed assets	12	(42,024)	(205)
Decrease / (increase) in trade and other debtors		2,280	(1,377)
Decrease / (increase) in stocks		2,363	(3,566)
Increase / (decrease) in creditors		2,796	828
Cash from operations		9,732	(950)
Taxation paid		-	-
<i>Net cash generated from operating activities</i>		9,732	(950)
Cash flows from investing activities			
Proceeds from sale of fixed assets – housing properties	12	11,625	2,021
Purchase of fixed assets – housing properties		(9,241)	(6,490)
Purchases of fixed assets - other	17	(1,189)	(1,191)
Receipt of grant	24	6,670	-
Interest received		1	1
<i>Net cash from investing activities</i>		7,866	(5,659)
Cash flows from financing activities			
Interest paid	14	(1,053)	(1,024)
New loans - bank		2,000	6,600
Debt issue costs		-	(53)
Repayment of loans - bank		(15,012)	(770)
<i>Net cash used in financing activities</i>		(14,065)	4,753
Net increase / (decrease) in cash and cash equivalents		3,533	(1,856)
Cash and cash equivalents at beginning of year		2,326	4,182
Cash and cash equivalents at end of year		5,859	2,326

The cash balance as at 31 March 2020 includes £119k (2019: £116k) that the Association holds on behalf of other parties and does not form part of the Group's capital.

The notes on pages 45 to 82 form part of these financial statements.

C&C Annual Financial Statements 2019-20

Notes to the financial statements for the year ended 31 March 2020

1. Legal Status

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

2. Accounting Policies

Basis of Preparation

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

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

Parent company disclosure exemptions

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

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

C&C Annual Financial Statements 2019-20

Notes to the financial statements for the year ended 31 March 2020

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 28.

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

C&C Annual Financial Statements 2019-20

Notes to the financial statements for the year ended 31 March 2020

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 of the year based on the costs that the Group expects to incur in relation to service chargeable items. Income is therefore recorded based on these calculated amounts chargeable.

Management of units owned by others

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

Schemes managed by agents

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

Current and deferred taxation

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

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

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

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

C&C Annual Financial Statements 2019-20

Notes to the financial statements for the year ended 31 March 2020

2. Accounting Policies (continued)

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

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

Value Added Tax

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

Finance costs

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

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

Pension costs

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

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

C&C Annual Financial Statements 2019-20

Notes to the financial statements for the year ended 31 March 2020

2. Accounting Policies (continued)

Holiday pay accrual

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

Tangible fixed assets – Housing properties

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

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

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

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

When housing properties are developed for sale 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.

C&C Annual Financial Statements 2019-20

Notes to the financial statements for the year ended 31 March 2020

2. Accounting Policies (continued)

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

Freehold land is not depreciated.

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

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

Communal	20
Lifts	20
Flooring	12 ½
Aerial	10

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

Tangible fixed assets – Other

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

Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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Notes to the financial statements for the year ended 31 March 2020

2. Accounting Policies (continued)

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

Depreciation of other tangible fixed assets

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

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

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

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

Government grants

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

Where social housing grant (SHG) funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within creditors is released and recognised as income within the income and expenditure account.

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Notes to the financial statements for the year ended 31 March 2020

2. Accounting Policies (continued)

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

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

Recycled Capital Grant Fund

On the occurrence of certain relevant events, primarily the sale of dwellings, the GLA can direct the Association to recycle capital grants or to make repayments of the recoverable amount. The Group adopts a policy of recycling, for which a separate fund is maintained. If unused within a three-year period, it will be repayable to the GLA with interest.

Any unused recycled capital grant held within the recycled capital grant fund, which it is anticipated will not be used within one year is disclosed in the balance sheet under "creditors due after more than one year". The remainder is disclosed under "creditors due within one year".

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Impairment of fixed assets and goodwill

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

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

Stock

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

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

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Notes to the financial statements for the year ended 31 March 2020

2. Accounting Policies (continued)

Debtors and creditors

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

Recoverable amount of rental and other trade receivables

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

Rent and service charge agreements

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

Loans, investments and short-term deposits

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

Cash and cash equivalents

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

Leased assets: Lessee

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

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Notes to the financial statements for the year ended 31 March 2020

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.

3. Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty

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

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

C&C Annual Financial Statements 2019-20

Notes to the financial statements for the year ended 31 March 2020

- 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 entered contracts to sell part of the St John's Wood, Westminster site for an initial consideration of £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. Due to the deferred nature of the consideration, an interest element was imputed. This was assessed by reference to the estimated average cost of debt that a private developer would pay of 6.1%. In 2019/20, interest receivable of £2,789k (2018/19: £721k) was recognised in the year. In February 2020, the freehold of the land was transferred to Regal who, placed the remaining consideration into an Escrow account. The remainder of the sales proceeds were therefore recognised in 2019/20.

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.

C&C Annual Financial Statements 2019-20

Notes to the financial statements for the year ended 31 March 2020

Stock (Note 20)

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

Pensions (see note 27)

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

C&C Annual Financial Statements 2019-20

Notes to the financial statements for the year ended 31 March 2020 SOCl Related Notes

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

Group

	Turnover	Operating costs	Operating surplus/ (deficit)
	2020 £'000	2020 £'000	2020 £'000
Social housing lettings (note 5)	19,720	(19,269)	451
Other Social Housing Activities			
Supporting people	118	(119)	(1)
Other	(22)	(108)	(130)
	19,816	(19,496)	320
Activities other than Social Housing Activities			
Leaseholder property sales	1,713	(1,833)	(120)
Nursing	18	(24)	(6)
Other	192	(71)	121
	1,923	(1,928)	(5)
Surplus/(deficit) on disposal of property			42,024
Impairment provision			(475)
	21,739	(21,424)	41,864

Group

	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	25	(85)	(60)
	21,829	(20,732)	1,097
Activities other than Social Housing Activities			
Nursing	3,280	(3,323)	(43)
Other	727	(1,040)	(313)
	4,007	(4,363)	(356)
Surplus/(deficit) on disposal of property			205
	25,836	(25,095)	946

C&C Annual Financial Statements 2019-20

Notes to the financial statements for the year ended 31 March 2020 SOCI Related Notes

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

Association	Turnover	Operating costs	Operating surplus/ (deficit)
	2020 £'000	2020 £'000	2020 £'000
Social housing lettings (note 5)	19,720	(19,269)	451
Other Social Housing Activities			
Supporting people	118	(119)	(1)
Other	44	(45)	(1)
	19,882	(19,433)	449
Activities other than Social Housing			
Activities			
Nursing	18	(24)	(6)
Other	192	(71)	121
	210	(95)	115
Surplus on disposal of property			42,024
Impairment provision			(678)
	20,092	(19,528)	41,910

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)
	21,889	(20,733)	1,156
Activities other than Social Housing			
Activities			
Nursing	3,280	(3,323)	(43)
Other	727	(1,040)	(313)
	4,007	(4,363)	(356)
Surplus on disposal of property			176
	25,896	(25,096)	976

C&C Annual Financial Statements 2019-20

Notes to the financial statements for the year ended 31 March 2020

5. Income and Expenditure from Social Housing Lettings

Group and Association

	General needs £'000	Supported housing £'000	Sheltered housing £'000	Care £'000	Agency Managed £'000	Total 2020 £'000	Total 2019 £'000
Income							
Rents net of identifiable service charges	1,618	256	5,831	6,889	84	14,678	16,783
Service charge income	301	112	3,094	-	55	3,562	3,319
Amortised government grants	146	15	121	33	61	376	378
Other income	-	185	9	21	854	1069	1,085
Other grants	-	-	25	10	-	35	36
Turnover from social housing lettings	2,065	568	9,080	6,953	1,054	19,720	21,602
Expenditure							
Management	(591)	(216)	(2,994)	(2,167)	(244)	(6,212)	(6,380)
Service charge costs	(503)	(91)	(3,119)	(4,728)	(149)	(8,590)	(10,621)
Routine maintenance	(256)	(79)	(793)	(87)	(160)	(1,375)	(692)
Planned maintenance	(11)	(26)	(258)	(31)	(88)	(414)	-
Major repairs expenditure	(83)	(22)	(570)	(162)	(28)	(865)	(388)
Bad debts	(3)	7	43	143	10	200	(255)
Recycled Grant	-	(66)	(22)	-	-	(88)	-
Components disposal	(8)	-	(35)	-	(23)	(66)	(186)
Depreciation of housing properties:							
- annual charge	(496)	(63)	(980)	(170)	(150)	(1,859)	(1,920)
Operating expenditure on social housing lettings	(1,951)	(556)	(8,728)	(7,202)	(832)	(19,269)	(20,442)
Operating surplus/(deficit) on social housing lettings	114	12	352	(249)	222	451	1,160
Void losses	(45)	(25)	(264)	(505)	(29)	(868)	(2,544)

C&C Annual Financial Statements 2019-20

Notes to the financial statements for the year ended 31 March 2020

6. Particulars of Turnover from Non-Social Housing Lettings

	Group & Association	
	2020	2019
	£'000	£'000
Other	192	727

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 2019	Additions/ completions	Disposals	Change of Tenure	Group 2020
Care Homes – Social Housing	214	-	-	(90)	124
Supported Housing	73	-	-	34	107
General Needs	304	-	-	(13)	291
Sheltered Housing	1,091	-	-	(22)	1,069
Low Cost Home Ownership	-	5	-	-	5
Total Social Housing Units	1,682	5	-	(91)	1,596
Accommodation managed by other Agents	231	-	-	(67)	164
Total Social Housing Units Managed	1,913	5	-	(158)	1,760
Care Homes – Non Social Housing	71	-	(161)	90	-
Sub Market Rental	-	-	-	22	22
Leaseholder accommodation	-	-	-	2	2
Total Owned & Managed	1,984	5	(161)	(44)	1,784
Units held for sale	-	15	-	(2)	13
Units - other	-	-	-	46	46
Units under construction	180	(10)	-	-	170
Total	2,164	10	(161)	-	2,013

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Notes to the financial statements for the year ended 31 March 2020

8. Operating Surplus / (Deficit)

	Note	Group & Association	
		2020	2019
		£'000	£'000
<hr/>			
This is arrived at after charging/(crediting):			
Depreciation of housing properties:			
- annual charge	16	1,859	1,920
- accelerated depreciation on replaced components	16	66	72
Depreciation of other tangible fixed assets	17	938	1,062
Operating lease charges – other		107	157
Auditors' remuneration (excluding VAT):			
- fees payable to the group's auditor for the audit group's annual accounts		45	42
- fees for tax advice		-	7
- fees for other non-audit services		2	2
Defined contribution pension cost	9	261	343
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C&C Annual Financial Statements 2019-20

Notes to the financial statements for the year ended 31 March 2020

9. Employees

	Group & Association	
	2020	2019
	£'000	£'000
<hr/>		
Staff costs (including Executive)		
Wages and salaries	7,507	10,056
Social security costs	672	869
Cost of defined contribution scheme	261	343
	<hr/>	<hr/>
	8,440	11,268
	<hr/>	<hr/>

Included within the figures above is an amount of £590k (2019: £413k) which has been capitalised as development costs and included within additions in note 16.

An additional £144k (2019: £228k) has been capitalised in relation to major works on properties and is included within additions in note 16.

Included within the figures above is £318k (2019: £129k) 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	
	2020	2019
	No.	No.
<hr/>		
Administration	58	54
Development	5	3
Housing, Support and Care	162	292
	<hr/>	<hr/>
	225	349
	<hr/>	<hr/>

C&C Annual Financial Statements 2019-20

Notes to the financial statements for the year ended 31 March 2020

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	
	2020	2019
	£'000	£'000
Executive directors' emoluments	503	469
Amounts paid to non-executive directors	55	60
Compensation for loss of office	12	-
Contributions to money purchase pension schemes	43	36
	613	565

The total amount payable to the Chief Executive, who was also the highest paid director in respect of emoluments was £121k (2019: £119k). Pension contributions of £13k (2019: £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 Executive Management members.

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

Salary Bandings	Group & Association	
	2020	2019
	No	No
£120,000 - £129,999	1	0
£110,000 - £119,999	0	1
£100,000 - £109,999	1	1
£90,000 - £99,999	2	1
£80,000 - £89,999	1	3
£70,000 - £79,999	2	2
£60,000 - £69,999	8	9

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Notes to the financial statements for the year ended 31 March 2020

11. Board Members

Board and committee membership of Central & Cecil Housing Trust is set out on pages 19-21.

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

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Disposal proceeds	64,370	2,138	64,370	2,138
Cost of disposal	(22,346)	(1,933)	(22,346)	(1,962)
Surplus/(deficit) on disposal of housing properties and other tangible assets	42,024	205	42,024	176

In April 2019, C&C completed the sale of the 3 nursing homes in Merton for £11.6m. A surplus on the sale of these nursing homes has been recognised of £3.4m.

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

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

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Notes to the financial statements for the year ended 31 March 2020

13. Interest Receivable and Income from Investments

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Interest receivable on sales income				
debt receivable	2,789	721	2,788	721
Interest and similar income from group undertakings	-	-	276	231
	2,789	721	3,064	952

14. Interest Payable and Similar Charges

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	1,053	1,079	1,053	1,079
Net interest on defined benefit pension liability	-	-	-	-
	1,053	1,079	1,053	1,079
Interest capitalised on construction of housing properties and properties developed for sale	(1,040)	(1,006)	(899)	(558)
	13	73	154	521

The group has capitalised interest relating to development projects of £1,040k (2019: £1,006k) during the year.

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Notes to the financial statements for the year ended 31 March 2020

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

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
<i>UK corporation tax</i>				
Current tax on surplus for the year	2	-	-	-
Taxation on surplus on ordinary activities	2	-	-	-

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

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Surplus / (deficit) on ordinary activities before tax	44,640	1,644	44,820	1,457
(Deficit) / Surplus on ordinary activities at the standard rate of corporation tax in the UK of 19%	8,481	312	8,516	277
Effects of:				
Surplus subject to charitable exemption	(8,479)	(312)	(8,516)	(277)
Total tax charge for period	2	-	-	-

No provision has been made for deferred tax on gains recognised on revaluing property to its market value as in the case of the investment property. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total un-provided amount is £77k (2019: £77k).

C&C Annual Financial Statements 2019-20

Notes to the financial statements for the year ended 31 March 2020

Balance Sheet Related Notes

16. Tangible Fixed Assets – Housing Properties

Group	Housing properties Completed £'000	Housing properties Under Construction £'000	Total £'000
<i>Cost at 1 April 2019</i>	103,072	20,384	123,456
Additions:			
- Construction cost	-	11,292	11,292
- Replaced components	1,581	-	1,581
Disposals:			
- Disposal for sale	(9,657)	(14,964)	(24,621)
- Replaced component	(139)	-	(139)
At 31 March 2020	94,857	16,712	111,569
<i>Depreciation At 1 April 2019</i>	26,698	1,397	28,095
Charge for the year	1,859	-	1,859
Eliminated on disposals:			
- Disposal for sale	(2,794)	(643)	(3,437)
- Replaced components	(73)	-	(73)
At 31 March 2020	25,690	754	26,444
Net book value at 31 March 2020	69,167	15,958	85,125
Net book value at 31 March 2019	76,374	18,987	95,361

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Notes to the financial statements for the year ended 31 March 2020

16. Tangible Fixed Assets – Housing Properties (continued)

Association

	Housing properties Completed £'000	Housing properties Under Construction £'000	Total £'000
<i>Cost at 1 April 2019</i>	103,175	20,384	123,559
Additions:			
- Construction cost	-	11,355	11,355
- Replaced components	1,581	-	1,581
Disposals:			
- Disposal for sale	(9,657)	(14,964)	(24,621)
- Replaced component	(139)	-	(139)
At 31 March 2020	94,960	16,775	111,735
<i>Depreciation At 1 April 2019</i>	26,698	1,397	28,095
Charge for the year	1,859	-	1,859
Eliminated on disposals:			
- Disposal for sale	(2,794)	(643)	(3,437)
- Replaced components	(73)	-	(73)
At 31 March 2020	25,690	754	26,444
Net book value at 31 March 2020	69,270	16,021	85,291
Net book value at 31 March 2019	76,477	18,987	95,464

C&C Annual Financial Statements 2019-20

Notes to the financial statements for the year ended 31 March 2020

16. Tangible Fixed Assets – Housing Properties (continued)

	Group 2020 £'000	Group 2019 £'000
The net book value of housing properties may be further analysed as:		
Freehold	72,848	76,217
Long leasehold	4,025	10,525
Short leasehold (less than 50 years unexpired)	8,252	8,619
	85,125	95,361
Interest capitalisation	£'000	£'000
Interest capitalised in the year	899	558
Cumulative interest capitalised	1,473	915
	2,372	1,473
Rate used for capitalisation	5.1%	4.2%
Works to properties		
Improvements to existing properties capitalised	1,581	2,310
Major repairs expenditure to income and expenditure	865	388
	2,446	2,698
Total Social Housing Grant received or receivable to date is as follows:		
Capital grant – Housing Properties	44,741	37,751
Recycled Capital Grant	686	1,282
Revenue grant – I&E	(285)	(380)
Revenue grant - reserves	(7,525)	(7,145)
	37,617	31,508

The analysis above includes Nil (2019: 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 existed.

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

Impairment

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

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Notes to the financial statements for the year ended 31 March 2020

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 (2019: £Nil).

Properties held for security

Central and Cecil Housing Trust – Registered social housing provider had property with a net book value of £15,318k pledged as security at 31 March 2020 (2019: £15,783k).

17. Other Tangible Fixed Assets

Group and Association

	Office buildings £'000	Fixtures, fittings tools and equipment £'000	Total £'000
<i>Cost or valuation</i>			
At 1 April 2019	3,747	10,218	13,965
Additions	-	1,189	1,189
Disposals	-	(557)	(557)
At 31 March 2020	3,747	10,850	14,597
<i>Depreciation</i>			
At 1 April 2019	1,218	7,022	8,240
Charge for year	78	860	938
Disposals	-	(291)	(291)
At 31 March 2020	1,296	7,590	8,887
<i>Net book value</i>			
At 31 March 2020	2,451	3,259	5,710
At 31 March 2019	2,529	3,196	5,725

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Notes to the financial statements for the year ended 31 March 2020

17. Other Tangible Fixed Assets (continued)

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

	Group & Association	
	2020	2019
	£'000	£'000
Freehold	2,451	2,529
	2.451	2.529

18. Investment Properties

Group & Association	2019	Revaluation	2020
	£'000	£'000	£'000
At 31 March	900	-	900

The group's investment properties were valued on 4th May 2020 at fair value effective 31st March 2020 as 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	
	2020	2019
	£'000	£'000
Historic cost	498	498
Accumulated depreciation	(339)	(323)
	159	175

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Notes to the financial statements for the year ended 31 March 2020

19. Fixed Asset Investments

Details of subsidiary undertakings

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

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

20. Stock

	Outright market sales 2020 £'000	Total 2020 £'000	Total 2019 £'000
Stock - Property for Resale	11,146	11,146	-
Stock - Work in progress	-	-	13,040
	11,146	11,146	13,040

Properties developed for sale includes capitalised interest of £906k (2019:£746k). An impairment review of the carrying value of the stock held at 31st March 2020 was conducted, this concluded that it was appropriate to make a provision for impairment of £475k (2019: £Nil).

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Notes to the financial statements for the year ended 31 March 2020

21. Debtors

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Due within one year				
Rent and service charge arrears	1,830	3,061	1,818	3,061
Less: Provision for doubtful debts	(706)	(1,162)	(706)	(1,162)
	1,124	1,899	1,112	1,899
Amounts owed by group undertakings*	-	-	11,651	13,417
Other debtors**	21,184	9,585	21,056	9,392
Prepayments and accrued income	839	1,337	698	1,337
	22,023	10,922	33,405	24,146
	23,147	12,821	34,517	26,045

* Units held for re-sale were valued as at 31 March 2020. The projected proceeds from these sales have been compared to the intercompany loan facility balance and a provision for £678k (2019: £Nil) recognised.

**Includes £20.5m (2019: £ Nil) held in Escrow in relation to the sale at St John's Wood Road, Westminster. 2019: £8.5m receivable in relation to the sale at St John's Wood Road.

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Due in more than one year				
Other debtors*	26,290	39,747	26,290	39,747
	26,290	39,747	26,290	39,747

* Includes £26.2m (2019: £Nil) held in Escrow in relation to the sale at St John's Wood Road, Westminster. 2019: £39.7m receivable in relation to the sale at St John's Wood Road.

22. Creditors: Amounts falling within one year

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Loans and borrowings (note 25)	770	760	770	760
Trade creditors	447	973	243	398
Deferred capital grant (note 24)	378	379	378	379
Rent and service charges received in advance	674	570	674	570
Taxation and social security	186	284	186	284
Amounts owed to group undertakings	-	-	-	300
Other creditors	102	102	103	102
Accruals and deferred income*	2,257	11,365	1,820	11,363
	4,814	14,433	4,174	14,156

*Includes £Nil (2019: £8.3m) relating to deferred receipt of the sale at St John's Wood Road, Westminster

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

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Loans and borrowings (note 25)	17,911	30,814	17,911	30,814
Deferred capital grant (note 24)	36,553	29,847	36,553	29,847
Recycled capital grant fund	686	1,281	686	1,281
Accruals and deferred income*	-	39,720	-	39,720
	55,150	101,662	55,150	101,662

*Includes £Nil (2019: £39.7m) in relation to the deferred receipt from the sale of St John's Wood Road, Westminster

24. Deferred Capital Grant

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
At 1 April 2019	30,226	31,491	30,226	31,491
Grant received in year*	6,670	-	6,670	-
Grants released to income during the year	(375)	(380)	(375)	(380)
Grants released on property disposal	(275)	-	(275)	-
Grants transferred to RCGF on disposal	(1222)	(885)	(1222)	(885)
Previously amortised grant reinstated	90	-	90	-
Grants transferred from RCGF	1,817	-	1,817	-
At 31 March 2020	36,931	30,226	36,931	30,226

*Includes £6,670k received from GLA in respect of the development at 60 St John's Wood Road. Negotiations on nomination rights are ongoing and the grant would be repayable if these are not agreed.

25. Loans and Borrowing

Maturity of debt:

	Group & Association	
Bank Loans	2020	2019
	£'000	£'000
In one year or less, or on demand	770	760
In more than one year but not more than two	770	770
In more than two years but not more than five	10,953	23,086
In more than five years	6,188	6,958
	18,681	31,574

As at 31st March 2020, the group had both fixed rate and variable rate loans owed to RBS with a principal balance of £1,130k and £754k (2019: £1,304k and £870k) respectively. Both of the loans are repayable by August 2026.

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Notes to the financial statements for the year ended 31 March 2020

25. Loans and Borrowing (continued)

As at 31st March 2020, the group had a fixed rate loan owed to Santander with a principal balance of £8,100k (2019: £8,570k). The loan is repayable by June 2036.

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

The group has a £17,715k loan facility with Santander which is due to expire in March 2023, together with a £20m loan facility with RBS which is due to expire in October 2023. As at 31 March 2020 the group had undrawn loan balance of £28,750k (2019: £16,500k).

26. Financial Instruments

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

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Financial assets				
Financial assets measured at historical cost				
- Rent and service charge arrears (note 21)	1,124	1,899	1,112	1,899
- Other debtors (note 21)	48,313	50,669	59,695	63,893
- Cash and cash equivalents	5,859	2,326	5,392	2,143
Total financial assets	55,296	54,894	66,199	67,935
Financial liabilities				
Financial liabilities measured at amortised cost				
- Loans payable (note 25)	18,681	31,574	18,681	31,574
Financial liabilities measured at historical cost				
- Trade creditors (note 22)	447	973	243	398
- Other creditors (note 22 & 23)	2,359	51,187	1,923	51,185
Total financial liabilities	21,487	83,734	20,847	83,157

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.

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

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 20 years.

A full actuarial valuation of the Fund was carried out as at 31 March 2017 and has been updated to 31 March 2020 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 note 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.

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Notes to the financial statements for the year ended 31 March 2020

27. Pensions (continued)

Defined benefit pension scheme (continued)

	2020 £'000	2019 £'000
<i>Reconciliation of present value of plan liabilities</i>		
At the beginning of the year	12,893	12,715
Current service cost	-	-
Interest cost	281	290
Actuarial (gains)/losses	348	59
Benefits paid	(226)	(171)
At the end of the year	13,296	12,893
	2020 £'000	2019 £'000
<i>Reconciliation of fair value of plan assets</i>		
At the beginning of the year	15,282	13,967
Interest income on plan assets	334	319
Actuarial gains/(losses)	1,411	917
Contributions by group	250	250
Benefits paid	(226)	(171)
At the end of the year	17,051	15,282
Fair value of plan assets	17,051	15,282
Present value of plan liabilities	(13,296)	(12,893)
Net pension scheme asset (liability)	3,755	2,389
(Irrecoverable surplus)	(3,755)	(2,389)
Net liability in balance sheet	-	-

Amounts recognised in other comprehensive incomes are as follows:

Net interest cost on the net defined benefit liability	-	-
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Analysis of actuarial loss recognised in Other comprehensive Income

Actual return less interest income included in net interest income	(1,411)	(917)
Interest income as a result of unrecognized surplus	(53)	(29)
Experience gains and losses arising on the Fund Liabilities	(208)	(453)
Changes in assumptions underlying the present value of the Fund Liabilities	556	512
Change in the amount of surplus that is not recoverable, excluding income	1,366	1,137
Total remeasurement of the net defined benefit liability (asset)	250	250

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Notes to the financial statements for the year ended 31 March 2020

27. Pensions (continued)

Defined benefit pension scheme (continued)

	2020 £'000	2019 £'000
<i>Composition of plan assets</i>		
Equity	4,093	6,936
Index Linked	637	688
Insured annuities	279	309
Corporate bonds	9,260	5,540
Property	1,508	1,506
Cash & Other	1,274	303
Total plan assets	17,051	15,282
Actual return on plan assets	1,745	1,236
<i>Principal actuarial assumptions used at the balance sheet date</i>	%	%
Discount rates	2.20	2.20
Salary growth	4.00	4.70
Inflation assumption (RPI)	3.00	3.70
Inflation assumption (CPI)	2.50	2.95
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.50	2.95
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.00	3.70
Mortality rates	Years	Years
Retiring today - males	23.1	23.0
Retiring today - females	24.9	24.8
Retiring in 20 years time - males	25.3	25.2
Retiring in 20 years time - females	26.8	26.7

Sensitivity analysis

	Impact on Fund Liabilities	
	31/03/2020	31/03/2019
Discount rate – increase by 0.25%	(659)	(715)
Inflation linked assumptions – increase by 0.25%	259	282
Assumed life expectancy at age 65 – increase by 1 year	802	745

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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 £261k (2019: £343k). Contributions totalling £41k (2019: £Nil) were payable to the fund at the year end and are included in creditors.

28. Share Capital

	2020	2019
	£	£
At 1 April	28	28
Shares issued in the year	2	-
Shares cancelled in the year	(4)	-
At 31 March	26	28

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 shareholder 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.

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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	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Not later than 1 year	83	157	83	157
Later than 1 year and not later than 5 years	79	257	79	257
Later than 5 years	-	-	-	-
Total	162	414	162	414

30. Capital Commitments

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Commitments contracted but not provided for Construction	52,935	62,038	52,811	61,799
Commitments approved by the Board but not contracted for:				
Maintenance	4,163	2,429	4,163	2,429
Construction	2,388	6,500	2,388	6,503
	59,486	70,967	59,362	70,731

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

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
New loans	-	-	-	-
Sales of properties	46,808	68,618	46,808	54,000
Social housing grant	2,224	-	2,224	-
Existing reserves	10,454	2,349	10,330	16,731
	59,486	70,967	59,362	70,731

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

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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 £613k (2019: £565k).

Transactions with non-regulated entities

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

	Management Charges		Other Charges		Interest Charges	
	2020	2019	2020	2019	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
<i>Central & Cecil Construction Services Limited</i>	32	30	-	-	17	4
<i>Central & Cecil Innovations Limited</i>	32	30	-	-	259	227
<i>55 London</i>	9	-	72	-	-	-
	73	60	72	-	276	231

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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, and rental & service charge income for managing units rented to tenants by 55 London.

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	-	160	160
Central & Cecil Housing Trust	Central & Cecil Innovations Ltd	13,017	(1,679)	11,338

Both intra-group loans are repayable on demand.

32. Capital and Reserves

Restricted reserves comprise a legacy of £317k (2019: £317k) that was received in 2012 from a deceased resident at Cecil Court. These funds have been left for the specific benefit of the Cecil Court care home.

33. Post Balance Sheet Events

There are no adjusting post balance sheet events that impact the Group or Association.