

Registered Number: L3808

TUNTUM HOUSING ASSOCIATION LTD

Consolidated Financial Statements

Year ended 31 March 2021



The logo features a stylized yellow sun with rays. To its right, the word "Tuntum" is written in a large, bold, blue sans-serif font, and the word "housing" is written below it in a smaller, blue, lowercase sans-serif font.
Tuntum
housing

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Members of the Board

Junior Hemans, BA, MBA - Chair

Dr Mark Taylor, PhD, MBA, FCA, MSc, BSc

Avtar Johal, BSc (Joint Honours), FCCA, MBA

Ade Aderogba, MBE, MCIH, DPA, FCIS

Michelle Bateman MSc, BSc (Hons), RGN, RM, RHV – Vice Chair

Paul Moat, BSc (Hons), DMS, MBA, MRICS

Chris Jones

Kwabena Osayande, BA (Hons), MSc

Professor Philip Baker, BMedSci, BM, BS, DM, FRCOG, FRANZCOG, FMedSci

Ayyaz Ahmed, BA (Hons), FCIH, DMS, MBA

Beryl Louise McConnell, BA (Hons), Barrister at Law

Didia Antonio (Elected to the board in September 2020)

Executive Directors

Richard Renwick MBE

Rafik Ghumra

Secretary

Richard Renwick MBE

Registered Office

90 Beech Avenue

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Nottingham

NG7 7LW

RSH Registered Number

L3808

Co-operative and Community Benefit Societies Act 2014 Number

26310R

Auditor

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Bankers

Lloyds Bank Plc

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Solicitors

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Mowbray House, Castle Meadow Road

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Operating and financial review

Background

Tuntum currently owns and manages 1,537 homes (as at March 2021) located in 12 local authority areas comprising the cities of Nottingham, Leicester and Derby and the boroughs of Hinckley and Bosworth, Rushcliffe, Erewash, Gedling, Broxtowe, Mansfield, Charnwood, Ashfield and East Staffordshire. The latter local authority being a new area of operation for Tuntum brought about by the acquisition, in August 2020 of 69 homes from Bromford Housing Association; 34 located in Erewash and 35 located in Burton upon Trent, East Staffordshire.

Tuntum's principal activities are the development, management and maintenance of social housing primarily for people on low income. This includes housing combined with specialist support to a range of different groups including, refugees, young single homeless, young mothers, elderly, and women fleeing domestic violence. There is a small programme of housing for shared ownership sale usually on sites where affordable housing is also being built. As part of its contribution to the wider community in Nottingham, the Association is involved in various community activities such as the Nottingham Carnival.

Tuntum was registered with the Housing Corporation in December 1988 as part of a national strategy to establish and develop BME led housing associations.

The Association's governance is overseen by a highly skilled and experienced Board, which is supported by four sub committees; the Audit and Risk Committee, the Operations Committee, the Governance and Remuneration Committee and the Treasury Management and Loans Committee.

As at 31st March 2021, 56 full-time equivalent staff members were employed, an increase of 4 on the previous year.

Overview of the year 2020/21

Like most housing associations, 2020/21 was probably the most challenging year in Tuntum's thirty one year history. Unfortunately, the end to the previous financial year 2019/20 coincided with the start of the COVID-19 pandemic and the imposed lockdown on the 16th March 2020. Staff responded in a positive manner to this challenge especially given the very short notice to make arrangements to work from home. Additional laptop computers had to be purchased and made good to be operated on from home. In addition there was the difficulty in providing sufficient PPE equipment for all staff that required this especially the direct labour operatives and the staff in specialist schemes.

As an organisation with a strong social purpose and values it was important that staff went the extra mile for customers during the lockdown and a number of measures were put in place to facilitate this response. This included daily and weekly calls to the most vulnerable tenants, the setting up of a special hardship fund, establishing a new facebook group for tenants and the creation of a food bank aimed at the residents in the sheltered and specialist schemes.

Despite the new challenges it was important that the business of developing new homes and making acquisitions continued as usual. This was mainly because the three tranches of the £42.5M loan from Macquarie Infrastructure Debt Investment Solutions (MIDIS) were to be drawn down during a 12 month period starting in March 2020. This enabled the acquisition of 69 Homes from Bromford Housing in August 2020, a process which required successful consultation with residents. During the financial year 2020/21, the ownership of stock increased by 101 homes.

Another big challenge for the staff was the implementation of a new computer management system, Omni ledger. This required significant training, all of which had to be conducted online. The general needs and maintenance teams were both restructured to improve the service delivery for customers, however, this meant immediately adapting to the new circumstances brought about by the lockdown.

The review of the annual operations plans for 19/20 and 20/21 took place in March 2020. The annual review of the rolling 5 Year Corporate Plan took place in May 2020. In November 2020 the board reviewed the corporate strategic objectives and made changes to these. However, the operations plan agreed for 2020/21 had the following objectives and outcomes as follows:

Corporate objective – To maintain a high standard of governance.

Key evidence of delivery during the year 2020/21 is as follows:

- The ratings by the Regulator of Social Housing (RSH) for the year remained at G1/V2 and all returns to the Regulator of Social Housing were submitted on time with positive outcomes.
- A new tenant board member, Didia Antonio was elected in September 2020.
- Two members of the Board, Chris Jones and Kwabena Osayande were re-elected at the AGM held in September 2020.
- All Board members and the Chair received satisfactory annual appraisals.
- Board members received training on risk management and how to prepare for an IDA visit from the RSH.
- Due to COVID the traditional board away-weekend in November was not possible. Instead the board participated in a review, using zoom, of the corporate strategies, the strategic risk register, the risk appetites and risk tolerances.
- The Board met in a quorum using zoom on seven occasions including an emergency meeting to approve a loan drawdown and the committees met in quorum on twelve occasions.
- A new committee was established called the Treasury Management and Loans Committee.
- The Board approved a number of key policies and strategies during the year which included; The Budget and five-year Business Plan, the rolling five-year Corporate Plan, the development strategy, the treasury management strategy, the strategic risk register, the value for money strategy, the board service level agreement and others. Likewise the committees approved a number of policies that they were delegated to review.
- The Board agreed compliance with the Regulator's Governance and Viability Standards using a detailed analysis and also agreed compliance with the NHF Code of Governance using a detailed checklist.

Corporate objective – To ensure that staff are appropriately skilled and motivated.

Key evidence of delivery during the year 2020/21 is as follows:

- Delivering the staff training programme for the year 2020/21 was challenging due to the covid restrictions; nevertheless, the focus was on staff learning the new IT management system, Omniledger.
- The Human Resources (HR) Strategy and the HR Key Performance Indicators (KPIs) were reviewed by the Governance & Remuneration Committee.
- Most staff completed their social value days by providing support to the Mission Christmas 2020.
- There was a restructuring of the general needs and maintenance teams which was a challenge during this period primarily because the restructures did not anticipate that staff would not be physically engaging with the residents.

- Three breakfast briefings were held online covering the following topics; modern slavery, mental health and wellbeing and a general update from each team.
- Monthly staff newsletters continued to be issued to all staff.
- A staff survey was carried out which produced very positive results with 84% stating that they felt secure in their job.
- A number of changes to various HR policies and procedures were approved by the GRC and the board.

Corporate objective – To deliver excellent services to tenants, residents and leaseholders, which achieve high levels of satisfaction.

Key evidence of delivery during the year 2020/21 is as follows:

- This was a difficult year across the sector, nevertheless, most of the operational KPIs were achieved with failures in the following areas; overall tenant satisfaction was at 77% against a target of 85%, only 4% of the housing stock was surveyed against a target of 20%, re-let times in the specialist scheme were above target due to Covid and there was a significant underspend of the major repairs programme due to difficulty in accessing properties.
- Communication with tenants was of a good standard during the challenging period of the lockdown with tenants sent hard copies of letters outlining service arrangements during covid, a special facebook page was established in order to improve communication with tenants and all tenants were sent hard copies of the Annual Report and the quarterly newsletters Engage which also offered updated advice on services provided during Covid.
- As already referred to, there was a major restructuring in the housing management team with the aim of making the team more customer focused such as; the appointment of a customer excellence lead and the recruitment of new neighbourhood impact workers.
- There was also a restructuring of the customer services support team with dedicated staff allocated to the maintenance team.

Corporate objective – To ensure that the Association's properties are maintained in good condition.

Key evidence of delivery during the year 2020/21 is as follows:

- The asset management team was further strengthened with the recruitment of a health and safety compliance officer.
- Despite the lockdown, 99% of emergency repairs were on target and 97% of urgent repairs were on target.
- Over the year, 6,327 property repairs (58% of all repairs) were carried out and all in-house maintenance technicians and external contractor staff were fully equipped with PPE and followed due health and safety protocol.
- As always on an annual basis, the Asset Management Strategy was reviewed and approved by the Board during the year.
- All targets for gas safety certificates, legionella, fire risk assessments and asbestos were met and 98% of all properties requiring electrical periodic testing were tested.

- £2.28M was spent on property repairs, made up of £.94M on planned and major improvements and £1.34M on routine maintenance.

Corporate objective – To develop more homes for people in housing need including homes for sale.

Key evidence of delivery during the year 2020/21 is as follows:

- As an active member of the Blue Skies Consortium, the number of new homes completed for rent and sale increased by 38. In addition, 69 homes were purchased from Bromford Housing following a successful tender.
- The development strategy was reviewed with a renewed focus on developing new homes in Nottingham and a commitment to delivering on the environmental sustainability strategy approved in December 2020.
- The board also approved the development of a further 97 new homes for development which will be completed over the next two years.
- In March 2021, the rolling five-year business plan was revised to deliver a target of 267 new homes by 2026.
- The board approved, in principle, that future developments would be delivered as a delivery partner with Nottingham Community Housing Association (NCHA) under the Strategic Partnership programme as well as under the continuous market engagement programme with the Blue Skies Consortium.

Corporate objective – To expand the range of specialist housing services offered by developing new services and enhancing existing services.

Key evidence of delivery during the year 2020/21 is as follows:

- The refurbishment of the Old Vicarage scheme in Hyson Green was completed to enable the establishment of a new scheme for 7 people in the community who were formerly residing in mental health institutions.
- The support for Syrian refugees in the boroughs of Mansfield and Ashfield was expanded with a further 2 families (now 17) in accommodation purchased by Tuntum in Ashfield.
- The Headwize mental health project was launched with funding (£418,000) from Comic Relief for the provision of new and enhanced mental health services aimed at young people from the BAME communities in Nottingham between the ages of 5 and 24. The project is being delivered in partnership with three other local community organisations.

Corporate objective – To remain financially strong within a sound and embedded risk management and value for money frameworks.

Key evidence of delivery during the year 2020/21 is as follows:

- The loan from Macquarie Bank for £42.5M was drawn down in 3 tranches during the year.
- The internal audits carried out during the year resulted in substantial assurance in the following areas: allocations & lettings, responsive repairs and health and safety compliance (fire and electrical safety). There was also reasonable assurance given for rent setting and service charges.
- The internal audit opinion for the year 2020/21 was as follows: *The organisation has an adequate and effective framework for risk management, governance and internal control.*

- The surplus for the year ended 31st March 2021 was in line with the annual budget set.
- The gearing and interest cover ratios relating to all bank loans well within agreed limits.
- The Value for Money Strategy and statement was reviewed and improved during the year.
- The risk management framework was reviewed by the board in November 2020 resulting in some new strategic risks, a re-defining of risk appetites and a review of the strategic objectives.

Corporate objective – To deliver initiatives which enhance the social, economic and environmental situations of local communities.

Key evidence of delivery during the year 2020/21 is as follows:

- The target of delivering additional social value equivalent to 10% of turnover using the HACT model was not achieved. Instead social with a value of £547k which is 5.9% of turnover.
- 36 days of social value day activities were delivered by the staff as part of their contracts of employment. This was a reduction on the previous year partly due to the Covid-19 lockdown.

Overall Financial Performance

The Association increased its turnover for the year from £8.35M to £9.20M and the operating surplus before surplus on sale of properties was increased from £2.41M to £2.54M. However, the net surplus for the year of £805,000 was reduced to £252,000 due to the provision for pension actuarial losses of £553,000.

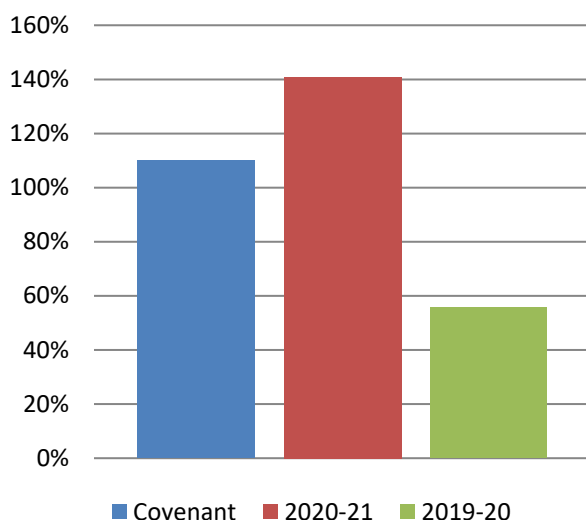
Please see below a summary of key financial performance during the year:

Group Annual Accounts – Analysis of Key Performance				
ITEM	20/21	19/20	Change	Change
	£'000	£'000	£'000	%
Turnover	9,208	8,355	853	10.21%
Operating surplus before surplus on property sales	2,547	2,415	132	5.47%
Sale of Properties	232	583	-351	-60.21%
Financing Costs payable	1,975	2,210	-235	-10.63%
Loan Breakage Costs.		2,983	-2,983	-100.00%
Net surplus/(deficit)	252	-1,447	1,699	-117.42%
Operating Surplus before surplus on property sales as % Turnover a % of turnover	28	29	-1	-3.46%
Net surplus/(deficit) as % of Turnover	3	-17		
Property Assets at Gross Cost	119,344	103,765	15,579	15.01%
Loans excluding deferred loans cost	66,698	52,941	13,757	25.99%

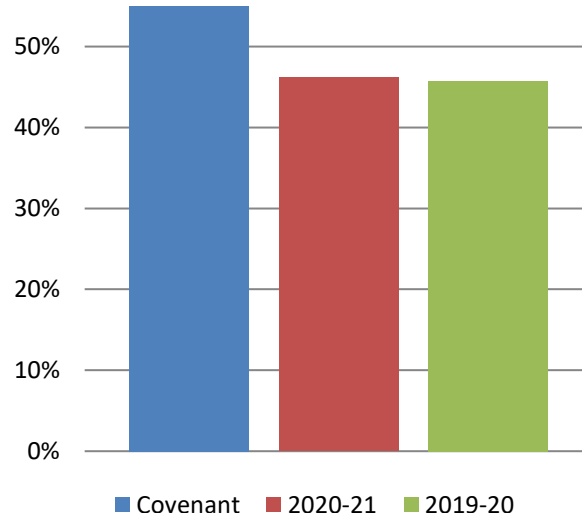
Lenders Key Covenants

A critical aspect of sound financial management is to ensure compliance with all loan covenants. The following outlines performance against key lenders covenants at the end of 31st March 2021. The Association complied with all its covenants.

Interest cover vs Covenant



Gearing ratio vs Covenant



Strategic Risks

At the virtual away-weekend held in November 2020 the Board reviewed a number of key strategic matters including; a review of the key strategic objectives and a review of the risk management framework, The Board agreed the new strategic risks as follows:

- Failure to maintain effective governance arrangements (and meet regulatory and legal requirements)
- Inability to effectively identify, respond to / take opportunities presented in connection with political, social and environmental changes
- Inability to recruit, retain and develop staff to their full potential
- Failure to protect the health, safety and well-being of staff and tenants
- Failure to effectively engage with key stakeholders
- Failure to make best use of new technology to transform the provision of services
- Failure to have an effective business continuity strategy in place to ensure ability to respond to events

The Board also agreed that in future the terms of reference for the four sub committees will include responsibility for reviewing strategic risks compatible to their terms of reference. These would be reported to the Board via the Audit & Risk Committee and are highlighted in the Risk Management Strategy.

Value for Money (VfM)

This section of the financial statements outlines; how important VfM is in achieving strategic objectives, the VfM savings made in 2020/21, how operating costs (i.e. costs per unit) compare with others and the performance in relation to the VfM metrics as determined by the Regulator.

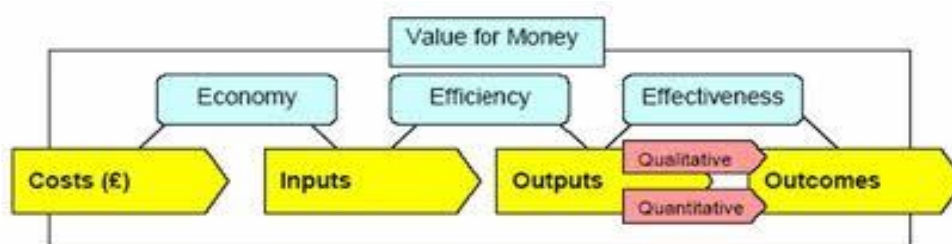
What VfM means to Tuntum

Tuntum is firmly committed to delivering VfM across every part of the business and believes it is about more than just saving money. It is about ensuring that the best value is obtained from resources, looking for creative and innovative ways of becoming more efficient and generating new value from assets. By accomplishing this, Tuntum is assured that it is providing the best possible services openly and transparently. It also means that the association can continue to develop innovative additional services specifically tailored for customers with specific needs.

VfM is traditionally expressed as the relationship between; economy, efficiency and effectiveness and is at its peak when there is an optimum balance between all three.

This is also achieved when there is low costs (cost), high productivity (performance), and successful outcomes (quality).

This traditional definition of value for money is demonstrated in the diagram below:



How Tuntum costs compare with its identified peer group and the sector

The table below compares cost per unit (cpu) with various peers and the sector as a whole – the only comparison figures currently available relate to 2019/20.

Comparisons	Tuntum	Peer Group	Sector as a whole	Tuntum	Comments
Financial Year	19/20	19/20	19/20	20/21	
	£	£	£	£	
Headline social housing cpu, excluding leasehold and fully staircased-shared ownership homes.	3,459	4,611	4,202	3,357	Whilst Tuntum's "headline" costs have decreased in 20/21. This is due to efficiencies achieved as the number of units managed increased during the year. The drop in the planned programme due to Covid also affected our costs per units.
Comparison with median social housing cpu	3,711	3,711	3,711	3,711	
Variance - £	- 252	900	491	-354	
Variance - %	-6.80%	24.26%	13.22%	4.7%	
Management cpu	1,163	1,130	1,068	1,062	Management costs are in line with the sectors average.
Service charge cpu	729	461	646	746	The service costs are higher due to the high supported housing stock but is recovered from service charges.
Maintenance cpu	1,009	1,000	1,164	1,044	20/21 Maintenance costs are higher by 4.4% compared to peers due to increased costs in relation to compliance works and higher void repair costs.
Major repairs cpu	495	715	877	441	The major repairs works were disrupted during the year due to Covid lockdown which restricted our ability to fully carry out our planned programme of works.
Other social housing cpu	62	1,307	446	64	These relate to lease payments made to other landlords.

The below listed associations were chosen for peer group comparisons based on the following criteria:

- A member of BME national
- Operating outside of London
- With a mix of specialist and general needs
- Local to Nottinghamshire county
- Of a similar size to Tuntum

Registered housing providers chosen as peer group members	Units managed
Arawak Walton Housing Association Limited	1095
Leeds and Yorkshire Housing Association Limited	1642
Manningham Housing Association Limited	1414
Nehemiah United Churches Housing Association Limited	1238
Nottingham Community Housing Association Limited	9436
South Yorkshire Housing Association Limited	5311
Unity Housing Association Limited	1305
Warrington Housing Association Limited	1288

Tuntum Housing Association Limited
STRATEGIC REPORT OF THE BOARD



VfM measurements (metrics) for 2019/20 and 2020/21 as determined by The Regulator of Social Housing

The table below shows Tuntum's VfM metrics (from metric 1 to metric 7) for the last two financial years and comparison data:

Comparisons from metric 1 to metric 7		Tuntum	Peer Group	Sector as a whole	Tuntum	Comments
Financial Year		19/20	19/20	19/20	20/21	
Homes in management at the year-end		1,436	24,186	2,752,882	1,537	38 new homes were built and 69 were acquired from Bromford Housing during the year and 6 were sold during the year
Social housing units developed		10	449	47,906	38	
		%	%	%	%	
1	Reinvestment %: (properties acquired + development of new homes + work to existing homes + capitalised interest + schemes completed)/NBV Cost.	5.2	6.0	7.2	16.4	Spent £686K on investment in existing stock and £8.3M on acquiring new properties from Bromford Housing and £7.7M on new and existing developments.
2a	New supply delivered %: total social housing units delivered or newly built units acquired/total housing units owned at period end	0.7	1.9	1.8	2.5	38 new homes were built.
3	Gearing %: (loans outstanding - cash and cash equivalents)/tangible fixed assets: housing properties at cost less depreciation.	55.9	40.6	49.2	54.1	

Tuntum Housing Association Limited
STRATEGIC REPORT OF THE BOARD



4	EBITDA-MRI %: operating surplus less amortised govt grant less grant taken to income plus interest receivable less capitalised major repairs plus total depreciation/Interest capitalised plus interest payable and financing costs	54.1	148.6	147.4	139.9	
		£	£	£	£	
5	Headline social housing cost per unit - Inc. owned and managed	3,459	4,618	4,202	3,357	Tuntum's 'headline' costs overall have decreased in 20/21 due to underspend in the planned investment programme due to Covid restrictions and higher management and repairs costs during the year
		%	%	%	%	
6a	Operating margin %: (operating surplus from social housing lettings - gain/ (loss) on the disposal of fixed assets)/turnover from social lettings.	29.5	26.8	27.4	29.7	This has reduced from the previous year due to higher management and maintenance costs.
6b	Operating margin %: (operating surplus (overall) - gain/ (loss) on the disposal of fixed assets)/turnover (overall).	29.1	21.0	24.6	27.7	This has reduced from the previous year due to higher management and maintenance costs.
7	Return on capital employed %: operating surplus overall plus gain/loss of disposal of fixed assets/total assets less current liabilities.	3.4	3.1	3.3	2.6	The return on capital has decreased because investments in new properties were not completed during the year-end.

The key objectives of our VfM Strategy over the next five years are:

- Increase the number of units via new developments and acquisition by 267.
- Achieve efficiencies in management costs over the period as current costs increase from £1,062 to £1,073.
- Ensure that routine and planned maintenance costs keep up with inflation.
- Invest £5.4M towards investments in existing properties over the next 5 years.
- Improve the repairs services to tenants.
- Improve overall satisfaction levels from all tenants.

The projected VfM metrics for the next five years is as follows:

			Tuntum Business Plan Projections 2021-2026				
RSH SCORECARD METRIC	Sector Median 2019-20	Unaudited Actual 20-21	21-22	22-23	23-24	24-25	25-26
Forecasted new units		38	52	56	40	26	42
Closing units		1537	1,589	1,645	1,685	1,711	1,753
Cost per unit	£	£	£	£	£	£	£
Management cost per unit	1,020	1,062	1,066	1,066	1,040	1,061	1,073
Routine and planned maintenance cost per unit	1,084	1,044	1,046	1,004	1,030	1,062	1,074
Major repairs cost per unit	789	447	646	617	614	623	627
Service charges per unit	422	746	750	735	732	743	747
Other cost per unit	220	64	134	130	129	131	130
Total cost per unit	3,711	3,357	3,640	3,612	3,603	3,678	3,710
	%	%	%	%	%	%	%
Re-investment (calculated using all development costs)	6.9	16.4	11.5	10.1	5.0	7.5	7.6
New supply delivered (social housing)	1.4	2.5	3.3	3.4	2.4	1.5	2.4
Gearing RSH- net housing properties cost *1	44.5	54	59	60	60	60	60
EBITDA MRI interest cover	171	139.9	128.5	143.9	156.4	156.	151.9
Operating margin housing	26.8	29.7	30.7	31.0	32.4	32.1	32.7
Operating margin overall	24.6	27.7	29.5	28.3	29.9	29.8	30.3
Return on capital employed	3.5	2.6	2.6	2.6	2.8	2.7	2.7

Tuntum Housing Association Limited
STRATEGIC REPORT OF THE BOARD



Tuntum Housing Association
Key Performance Indicators Targets 21/22

GREEN = target currently met.	AMBER = failed target but betters previous performance (i.e. trend is one of improvement) or within 10% of target.	RED = failed target by more than 10% and failed consecutively.	PINK = action not yet commenced or not due
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REPUTATION	TARGET 20/21	PERFORMANCE 20/21	TARGET 21/22
Overall satisfaction	85%+	78%	82%+
Repair satisfaction	85%+	73%	77%+
HUMAN RESOURCES	TARGET 20/21	PERFORMANCE 20/21	TARGET 21/22
Average number of sickness absence days per staff member per annum	6.2 days	16.5	6.2 days
Voluntary staff turnover during the financial year	15%	4.5%	12%
COMPLAINTS	Target/20/21	PERFORMANCE 20/21	TARGET 21/22
No. of complaints resolved informally	At least 50%	54%	At least 60%
No. resolved at stage 1	At least 75%	88%	At least 30%
No. resolved at stage 2	At least 95%	90%	At least 10%
No. going forward to ICP or Housing Ombudsman	Below 5%	12%	Below 5%
GENERAL NEEDS HOUSING	TARGET 20/21	PERFORMANCE 20/21	TARGET 21/22
Current rent arrears	3%	2.13%	3%
Former arrears	0.5%	0.32%	0.5%
Rent collection	100%	101.48%	100%
Voids	1%	0.5%	1%
Average re-let time	21 days	26.63 days	21 days
Tenancy turnover	5%	3.04%	5%
SPECIALIST HOUSING SHELTERED	TARGET 20/21	PERFORMANCE 20/21	TARGET 21/22
Current rent arrears	3% of rent receivable	3.8%	3%
Rent collection	100%	99.26%	100%
Voids	4%	2.3%	3%

REPUTATION	TARGET 20/21	PERFORMANCE 20/21	TARGET 21/22
Average re-let time	21 days	31 days	21 days
SPECIALIST HOUSING TEMPORARY ACCOMMODATION	TARGET 20/21	PERFORMANCE 20/21	TARGET 21/22
Current rent arrears	3% of rent receivable	4.0%	4%
Rent collection	100%	105.45%	100%
Voids	4%	16.4%	4%
Average re-let time	21 days	33 days	14 days
PROPERTY REPAIRS	TARGET 20/21	PERFORMANCE 20/21	TARGET 21/22
Repair response times:			
Emergency	100%	99%	100%
Urgent	90%	97%	90%
Routine	90%	96%	90%
All Repairs	93%	96%	93%
Stock Condition surveys No. of properties surveyed (pro-rata performance as a % of total annual target)	20%	4%	All properties that have not had a survey in the last five years.

Overall most of the targets were achieved. The KPIs for gas and the emergency repairs were down slightly due to the impact of the COVID-19 lockdown. In order to improve customer satisfaction, the asset management and the housing teams were restructured to focus on improving services as well as increasing the customer satisfaction levels. This should be reflected in the outcomes for 2021/22. The association also employed a Customer Excellence Lead officer to bring the satisfaction rates up and to drive an improvement in the delivery of customer services.

Return on Assets

Tuntum appreciates the return that is generated by the assets it owns. The 30-year business plan demonstrates that it is able to pay all of its debts outstanding as well as investing approximately £40m at present day value in its assets. Tuntum has an asset management strategy that requires it to consider each and every property and its value to the business based on the time it becomes void or when it is required to make a substantial investment in that property to ensure that value for money is obtained. All new developments are assessed on the basis of the Net Present Value (NPV) that is delivered. The return on assets generated depends on the amount of re-investment made annually and the Board is satisfied with the current overall rate of return generated.

Social Value

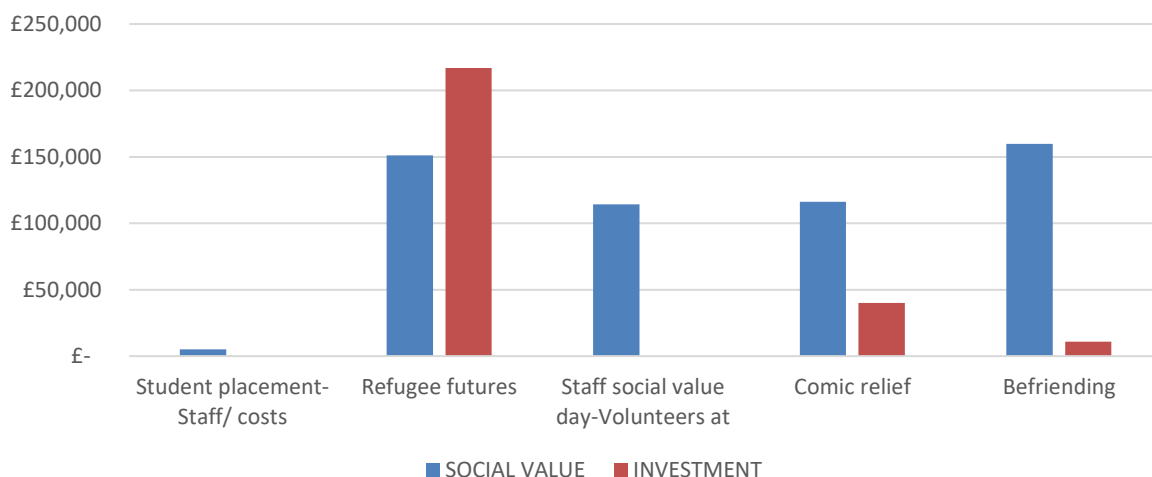
The Board is enthusiastic about the role that Tuntum plays in the wider community, contributing towards improving the social, economic and environmental situations of local communities. However, by the very nature of Tuntum's core activities, significant social value is given to its tenants and the wider society. For the purpose of its social value strategy Tuntum only counts those activities that are not regarded as core housing association activities.

Below is the chart showing the cost of relevant social activity undertaken in the year 2020/21 and the outputs as measured by the Housing Associations Charitable Trust (HACT) calculator.

- **Staff Social Value Day** – During the year each member of staff will spend a day working at a charitable project chosen by the staff as required by their contract of employment. The project chosen can vary each year. However, usually this would include projects such as those dealing with homelessness or refugees. During the year 20/21 not every staff member managed to carry out a social value day due to the main charity that the association was working with in 20/21 cancelling a number of days and due to COVID-19 was then unable to reschedule. Nevertheless, at least 56 days of social value was delivered.
- **The Nottingham Carnival** – Tuntum works with the local community to deliver the Nottingham Carnival each year. The carnival was cancelled during the year 20/21 due to Covid related restrictions. However, a virtual and online carnival featuring hundreds of performers and musicians was produced as an alternative attracting over 8,000 viewers.
- **Student Services** – in collaboration with a number of universities based in the East Midlands Tuntum runs a student placement scheme. Second and third-year social work students are offered 10-70 days' placements at various specialist housing projects.
- **Refugee Futures** – Since 2008, Tuntum has run a support service for Refugees in the city of Nottingham and in the county of Nottinghamshire. However, this service is now delivered primarily in the boroughs of Mansfield, Ashfield and Newark. The support services include; English language development, assistance in integrating with the local community, placement with support in local schools, assistance with finding employment and other similar activities.

To quantify the social value, Tuntum has used the HACT Social Value Calculator. The results below show that the spend on these projects is justified due to the impact they are having on the wider disadvantaged communities served. The total social value provided for 2020/21 is estimated at £546,680 which is 5.9% of turnover and less than last year as COVID-19 has impacted on the results.

Tuntum Social Value Calculator 2020-2021



Compliance with the VfM Standard

Because of the data and comments shown above, the Board is confident that the requirements of the VfM Standard (2018) has been complied with.

Compliance with the Regulator of Social Housing's Governance and Viability Standard

The Board confirms that the association has met the regulatory expectations in the governance and financial viability standard. This was demonstrated by the successful results of the In Depth Assessment (IDA) carried out in April 2017 resulting in a regrading on the regulatory Judgements from a G2/V1 to a G1/V2. The viability grading was changed to reflect the association's desire to continue borrowing funds and develop more new homes. During 2020-21, the association maintained its rating of G1/V2. This rating indicates that the association is meeting the regulatory standards of the Regulator for Social Housing

Compliance with the NHF Code of Governance

The Board confirms that after a full review, Tuntum's governance performance during 20/21 fully complied with the NHF Code of Governance 2015. In March 2021, the Board adopted the 2020 NHF Governance Code and its performance from 1st April 2021 will be measured against this new code.

Report of the Board on the system of internal controls assurance

The Board is ultimately responsible for the Association's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable - not absolute - assurance against material misstatement or loss.

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

The Board regularly reviews this process. During the year the board carried out a comprehensive review of the risk management process used by the Association and agreed some significant changes to the way risk is managed. These changes were as follows:

The Board revisited the strategic risks that the association faces and reviewed all these risks in relation to the revised strategic objectives of the association. The Board also agreed to make committees responsible for reviewing specific risks that aligns to the terms of reference for these committees. These risk reviews would be ratified by the Audit and Risk Committee before being put to the Board for a further discussion and approval. The Audit and Risk Committee also lead on monitoring that the Association's risk appetite and risk tolerances are complied with.

During the year the Board agreed to the setting up of a new sub-committee called the Treasury Management and Loans Committee whose overall purpose is to provide assurance for the Board in relation to treasury activities, asset securitisation and the business planning framework for the association.

This report outlines the system of internal controls and scrutiny, which forms the assurance framework and is split into the following sections:

- I. Business Planning and Budgeting
- II. Strategies, Policies and Procedures
- III. Governance - Board and Management Reporting
- IV. Internal & External Audit
- V. The Regulator – Regulator of Social Housing
- VI. Risk Management
- VII. The Audit and Risk Committee
- VIII. The Operations Committee
- IX. The Governance and Remuneration Committee
- X. The Treasury Management and Loans Committee
- XI. Conclusion

Business Planning and Budgeting

The Association has a rolling five-year Business Plan and a five-year Corporate Plan. Both cover the period 2021 to 2026 and were approved by the Board on the 20th May 2021.

During the last year the Board also reviewed separately the key strategic objectives and these now form the key objectives of the corporate and the operational plans.

The business planning process involves engagement with the board, the senior management team and the staff and tenant members of the scrutiny group Magnify. External stakeholders such as financial institutions and other housing associations are provided with copies of the plans.

The annual budget-setting process includes detailed scrutiny by senior staff and members of the board. The budget for the financial year 2021/22 was approved by the board on the 25th March 2021.

Strategies, Policies and Procedures

The Association has a comprehensive set of strategies, policies and procedures, which are reviewed on an annual, bi-annual or tri-annual basis. These strategies and policies have been developed to ensure that the Association is able to operate effectively in accordance with best practice and to reflect changing circumstances. These also underpin the effectiveness of the internal control framework.

The following are some of the key strategies, policies and standing orders, which were reviewed and approved by the board and committees during the twelve months to 31st March 2021:-

- Rolling 5-year Business Plan including the 5-year development strategy.
- Annual Budget and quarterly reports.
- Annual Operational Action Plan and updates.
- The Annual Value for Money Strategy, Action Plan and Statement.
- Review of the Risk management strategy and framework
- Annual Strategic Risk Register and Operational Risk Maps and regular updates.
- Treasury Management and Securitisation Strategy
- Review of governance performance against NHF Code of Governance
- Adoption of the 2020 NHF Code of Governance from 1st April 2021
- Human Resources Strategy
- Annual Asset Management Strategy
- The Decent Homes Standard
- Board members' annual appraisal and training plan
- The KPI format, structure and quarterly updates.
- The Business Continuity Plan
- Social Value Strategy
- Data Protection Policy
- Environmental Sustainability Strategy
- Board Members Service Agreements
- Performance against regulatory standards

Governance - Reporting to Board and Committees

An essential part of the internal controls framework is the governance structure which comprises the board, the audit and risk committee, the operations committee, the governance and remuneration committee and the treasury management and loans committee.

There is a process of regular reporting to the board and committees by the executive, other senior managers and external consultants such as internal and external auditors and health and safety professionals.

These are an essential part of the internal controls framework and provides reasonable assurance to the Board and the committees that the controls are working effectively. It also enables the Board to have a comprehensive overview of the executives' performance.

Where necessary the Board will authorise the engagement of external consultants to assist them with the decisions they take by providing an external view on such matters. This process can help to provide the Board with further assurance about the effectiveness of the Association's internal controls. The Board re-appointed ATFS Ltd to act as treasury advisors for the association and used the services of RSM risk expert in reviewing its risk management framework and strategic risks

Internal and External Audits

Both internal and external audit form an integral part of the Association's internal control framework.

The annual internal audit programme is an independent and objective consulting activity designed to add value, provide assurance and improve the Association's operations. This programme of work is carried out by RSM, the appointed internal auditors and is set and reviewed by the Audit and Risk Committee. This committee also receives the annual review of the effectiveness of the system of internal control, which is provided by the internal auditors.

For the year 2020/21, this review resulted in an opinion, which stated that the Association has an adequate and effective framework for risk management, governance and internal controls, with a proviso that some further enhancements to be made to maintain an effective framework of controls. The internal auditors also meet the members of the Audit and Risk Committee without the presence of the executive at least once a year.

During the year 20/21, the following areas were reviewed by the internal auditors, as part of the annual programme.

Subject	Result
Allocations and lettings	Green: Substantial assurance
Responsive repairs	Green: Substantial assurance
Tenant health and safety compliance - fire and electrical safety	Green: Substantial assurance
Follow up of recommendations made in previous audits	Green: Substantial assurance
Key financial controls - rent setting and service charges	Amber: Reasonable assurance

External audit is also a key part of Association's internal control framework. For the year ending 31st March 2021, the external auditors have concluded their work and have provided an unqualified opinion. The external auditors also report directly to the audit and risk committee without the presence of the executive.

The Regulator of Social Housing (RSH)

The Association is regulated by the RSH, who issues regular ratings on compliance with the Governance and the Financial Viability Standard. They carry out these functions through:

- Quarterly Finance and Risk Surveys
- Annual submission of the financial forecast return (30 Year Financial Projections)
- Annual submission of the statutory accounts
- Annual statistical data return
- Completion of an annual fraud statement
- Planned in Depth Assessment visits.
- Assess and grade through Regulatory judgements. The Association current grading is G1 for governance and V2 for financial viability. This was re-issued in December 2020.

This provides another source of assurance to the Board. Any significant concerns here are raised directly with the Chair and Chief Executive.

The Audit and Risk Committee

The Audit and Risk Committee carries out scrutiny work on behalf of the Board and makes recommendations to the Board where appropriate. This provides another effective layer of internal controls. During the year, the committee carried out the following key activities:

- Reviewed the strategic risk register with the assurances framework
- Regularly discussed risks as an agenda item for reviewing any risks that are on the horizon with the presence of the Internal and External auditors input in the process

- Reviewed the Association's Value for Money (VfM) statement and monitored the Associations performance with the agreed VFM metrics during the year.
- Received all the reports from internal auditors and monitored the implementation of any recommendations made
- Received the annual accounts from the external auditors and recommended them for approval to the Board
- Reviewed the GDPR policies and processes
- Reviewed the Associations Asset and Liabilities Register

The Operations Committee

The Operations Committee focusses on monitoring the operational performance of the Association in relation to the Key Operating areas of the Association. This provides a level of internal control that is important. During the year, these activities included:

- Monitoring key operational performance indicators against targets set.
- Monitoring the performance of action plans to ensure compliance against targets.
- Ensuring appropriate strategies are in place and updated when necessary including when new challenges are presented to the Association.
- Scrutinising various operations policies and procedures for the Board.
- Monitoring the Association's Health and Safety risk register.
- Monitoring the Association's compliance with Health and Safety.
- Monitoring the progress made in sourcing and implementing a new IT system for the Association.
- Monitoring the key performance indicators of the association and getting explanations where the performance is not within tolerance levels.
- Monitoring the development reports on schemes on site and pipeline schemes together with the monitoring of their financial performance.
- Reviewing the strategic risks that relate to areas that the committee monitors.

The Governance and Remuneration Committee

The Governance and Remuneration Committee has an overview on ensuring that the governance function of the Association delivers effective internal controls and provides another layer of assurance for the Board. During the year, these activities included:

- The overview of the Chief Executive's and the Chair's appraisals.
- The appraisal and development of Board members and their succession.
- The overview of the human resources function ensuring that good practice is maintained.
- The review and approval of governance policies where delegated such as the Board Members' Code of Conduct.
- A review of all the terms of reference for the Board and all the committees of the Board.
- Oversee the tenant involvement and participation strategy.
- Reviews the strategic risks that relate to areas that the committee monitors.

The Treasury Management and Loans Committee

The Treasury Management and Loans Committee is delegated by the Board to oversee the Association's treasury, Asset Securitisation and Business planning activities. During the year, these activities included:

- Reviewing and agreeing the treasury management policy which now includes a specific section on Asset Securitisation
- Reviewing the Business Plan assumptions
- Reviewing the perfect storm scenarios and the strategies to mitigate against the perfect storm
- Receiving a comprehensive detailed report in relation to the Association's assets, who they are charged to and their values together with details of any unencumbered properties
- Reviews the strategic risks that relate to areas that the committee monitors.

Conclusion

The Association has maintained an effective system on internal control for the year ending 31st March 2021.

Statement of the Board's responsibilities in respect of the Financial Statements

The Co-operative and Community Benefit Societies Act 2014 and social housing legislation require the Board to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) which give a true and fair view of the Group and Association and of the surplus or deficit of the Group and Association for that period. In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2018 have been followed;
- Prepare the financial statements on the going concern basis unless it is inappropriate.

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and Association and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It is also responsible for safeguarding the assets of the Group and Association and hence for taking responsible steps for the prevention and detection of fraud and other irregularities, by establishing and maintaining a satisfactory system of control over the Group's accounting records, cash holdings and all of its receipts and remittances.

Financial statements are published on the Association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the 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.

Going Concern

After careful consideration and enquiry, the Board considers that Tuntum Housing Association Limited is well positioned to manage its business risks successfully. The Board has assessed the impact of COVID-19 on its activities present and future. The Board has a reasonable expectation that Tuntum Housing Association Limited and its dormant subsidiary has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Board continues to adopt the going concern basis in preparing these financial statements. In reaching its conclusion the Board has considered:

- The stress testing of the operational budgets for 2020-21 with the potential impact of COVID-19.
- The revisiting of the business plan assumption post COVID-19.
- The stress tested the business plan with a number of cumulative scenarios and mitigating actions.
- The availability of cash of £11.5m and a facility of £10m with adequate security that is charged.
- The regular monitoring of its KPI during the pandemic period.

Tuntum Housing Association Limited
STRATEGIC REPORT OF THE BOARD



Each Board member at the date of approval of this report has confirmed that:

- As far as the Board is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- The Board has taken all steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

The Strategic Report of the Board was approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to read "Junior Hemans", with a long, sweeping flourish extending to the right.

Junior Hemans, CHAIR
9th September 2021

INDEPENDENT AUDITORS REPORT TO MEMBERS OF TUNTUM HOUSING ASSOCIATION LTD



Opinion

We have audited the financial statements of Tuntum Housing Association Limited (the "Association") and its subsidiary (the "Group") for the year ended 31 March 2021 which comprise the consolidated and Association Statement of Comprehensive Income, the consolidated and Association Statement of Financial Position, the consolidated and Association Statement of Changes in Reserves, the consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and Association's affairs as at 31 March 2021 and the Group and Association's surplus or deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of 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 from April 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The Board is responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the

INDEPENDENT AUDITORS REPORT TO MEMBERS OF TUNTUM HOUSING ASSOCIATION LTD



financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the group; or
- a satisfactory system of controls over transactions has not been maintained; or
- the 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's responsibilities statement set out on page 21, 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the Association operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements such as the Co-operative and Community Benefit Societies Act 2014 (and related Directions and regulations), the Housing and Regeneration Act 2008 and other laws and regulations application to a registered social housing provider in England together with the

INDEPENDENT AUDITORS REPORT TO MEMBERS OF TUNTUM HOUSING ASSOCIATION LTD



Housing SORP. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statements items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the Association's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the Association for fraud. The laws and regulations we considered in this context for the UK operations were requirements imposed by the Regulator of Social Housing, health and safety, taxation and employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence, designing audit procedures over the timing of income and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

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

Crowe UK LLP

Crowe U.K. LLP

Statutory Auditor

4th Floor

St James House

St James Square

Cheltenham

GL50 3PR

Date: 23 September 2021

Tuntum Housing Association Limited
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2021



	Notes	Group 2021 £'000	Group 2020 Re-stated £'000
TURNOVER	3	9,208	8,355
Operating costs	3	(6,661)	(5,940)
Surplus on disposal of properties	5	232	583
OPERATING SURPLUS	3	2,779	2,998
Interest receivable		1	2
Interest and financing costs	6	(1,975)	(2,210)
Loan refinancing costs	6	-	(2,983)
(DEFICIT)/SURPLUS FOR THE YEAR	7	805	(2,193)
Actuarial (loss) or gain in respect of pension scheme	18	(553)	746
TOTAL COMPREHENSIVE INCOME		252	(1,447)

The Group's turnover and expenses all relate to continuing activities.

The notes on pages 34 to 53 form part of the financial statements.

The financial statements were approved by the Board of Management on 9th September 2021 and were signed on its behalf by

J. Hemans - Chairperson

M. Taylor - Board Member

R. Renwick MBE - Secretary

Tuntum Housing Association Limited
ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2021



	Notes	Association 2021 £'000	Association 2020 Re-stated £'000
TURNOVER	3	9,208	8,355
Operating costs	3	(6,661)	(5,940)
Surplus on disposal of properties	5	232	583
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J. Hemans - Chairperson

M. Taylor - Board Member

R. Renwick MBE - Secretary

Tuntum Housing Association Limited
CONSOLIDATED STATEMENT OF CHANGES IN RESERVES
For the year ended 31 March 2021



	Revenue Reserve	Total
	£'000	£'000
At 1 st April 2020 (as restated)	2,842	2,842
Surplus for the year	805	805
Other comprehensive income	(553)	(553)
Total comprehensive income	252	252
At 31 st March 2021	3,094	3,094

	Revenue Reserve Re-stated	Total
	£'000	£'000
At 1 st April 2019 as previously stated	4,097	4,097
Prior period adjustments	192	192
At 1st April 2019 as restated	4,289	4,289
Deficit for the year as re-stated	(2,193)	(2,193)
Other comprehensive income	746	746
Total comprehensive income	(1,447)	(1,447)
At 31 st March 2020	2,842	2,842

Revenue Reserve

The revenue reserve represents cumulative surpluses and deficits of the Group.

The notes on pages 34 to 53 form part of the financial statements.

Tuntum Housing Association Limited
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2021



	Notes	Group 2021 £'000	Restated Group 2020 £'000
FIXED ASSETS			
Housing properties cost less depreciation	10	98,503	84,204
Other property, plant and equipment	10	522	469
		99,025	84,673
CURRENT ASSETS			
Inventories	13	91	-
Debtors	14	705	210
Cash at bank and short term deposits		11,519	5,027
		12,315	5,237
CREDITORS			
Amounts falling due within one year	15	(5,289)	(2,472)
NET CURRENT ASSETS / (LIABILITIES)		7,026	2,765
TOTAL ASSETS LESS CURRENT LIABILITIES		106,051	87,438
CREDITORS			
Amounts falling due after more than one year	16	102,065	84,157
Pension deficit liability	18	892	439
CAPITAL AND RESERVES			
Called up share capital	17	-	-
Revenue reserve		3,094	2,842
		106,051	87,438

The notes on pages 34 to 53 form part of the financial statements.

The financial statements were approved by the Board of Management on 9th September 2021 and were signed on its behalf by

J. Hemans - Chairperson

M. Taylor - Board Member

R. Renwick MBE - Secretary

Tuntum Housing Association Limited
ASSOCIATION STATEMENT OF FINANCIAL POSITION
At 31 March 2021



	Notes	Association 2021	Restated Association 2020
		£'000	£'000
FIXED ASSETS			
Housing properties cost less depreciation	11	98,503	84,204
Other property, plant and equipment	11	522	469
		99,025	84,673
CURRENT ASSETS			
Inventories	13	91	-
Debtors	14	705	210
Cash at bank		11,506	5,015
		12,302	5,225
CREDITORS			
Amounts falling due within one year	15	(5,288)	(2,472)
NET CURRENT ASSETS / (LIABILITIES)		7,014	2,753
TOTAL ASSETS LESS CURRENT LIABILITIES		106,039	87,426
CREDITORS			
Amounts falling due after more than one year	16	102,065	84,157
Pension deficit liability	18	892	439
CAPITAL AND RESERVES			
Called up share capital	17	-	-
Revenue reserve		3,082	2,830
		106,039	87,426

The notes on pages 34 to 53 form part of the financial statements.

The financial statements were approved by the Board of Management on the 9th September 2021 and were signed on its behalf by

J. Hemans - **Chairperson**

M. Taylor - **Board Member**

R. Renwick MBE - **Secretary**

Tuntum Housing Association Limited
ASSOCIATION STATEMENT OF CHANGES IN RESERVES
For the year ended 31 March 2021



	Revenue Reserve	Total
	£'000	£'000
At 1 st April 2020 (as restated)	2,830	2,830
Surplus for the year	805	805
Other comprehensive income	(553)	(553)
Total comprehensive income	252	252
At 31 st March 2021	3,082	3,082

	Revenue Reserve	Total
	£'000	£'000
At 1 st April 2019 as previously stated	4,085	4,085
Prior period adjustments	192	192
At 1st April 2019 as restated	4,277	4,277
Deficit for the year as restated	(2,193)	(2,193)
Other comprehensive income	746	746
Total comprehensive income	(1,447)	(1,447)
At 31 st March 2020	2,830	2,830

Revenue Reserve

The revenue reserve represents cumulative surpluses and deficits of the Association.

The notes on pages 34 to 53 form part of the financial statements.

Tuntum Housing Association Limited
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2021



GROUP	2021		2020
	£'000	£'000	£'000
NET CASH GENERATED FROM OPERATING ACTIVITIES		4,344	3,442
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions and construction of housing properties	(16,034)		(4,375)
Capital grants received	6,124		300
Proceeds from property sales	569		1,294
Purchase of other fixed assets	(139)		(89)
		(9,480)	(2,870)
		(5,136)	572
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest received	1		2
Interest paid	(1,922)		(5,014)
Housing Loans received	15,300		30,200
Housing loans repaid	(1,543)		(22,529)
Payment of deferred loan fees	(208)		(297)
		11,628	2,362
		6,492	2,934
(INCREASE) / DECREASE IN CASH AND CASH EQUIVALENTS		6,492	2,934
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		5,027	2,093
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		11,519	5,027

Tuntum Housing Association Limited
NOTES TO THE STATEMENT OF CASH FLOWS
For the year ended 31 March 2021



GROUP

**(a) RECONCILIATION OF SURPLUS TO NET CASH
INFLOW FROM OPERATING ACTIVITIES**

	2021	2020
	£'000	£'000
Surplus for the year	805	(2,193)
ADD BACK non-cash items:		
Pension adjustment	(109)	(107)
Changes in stock	(91)	-
Interest received	(1)	(2)
Interest paid	1,975	5,193
Decrease in < 1 year debtors	(495)	9
(Decrease) / increase in < 1 year creditors	1,357	(26)
Movement in capital grants	(455)	(379)
Surplus on sales other properties	(232)	(583)
Depreciation	1,590	1,530
Net cash generated from operating activities	4,344	3,442

1. ACCOUNTING POLICY

(a) Basis of Accounting

Tuntum Housing Association Limited ("the Association") is a registered provider of social housing and a private limited company incorporated in the United Kingdom. The address of its registered office and principal place of business is 90 Beech Avenue, New Basford, Nottingham, NG7 7LW.

These financial statements have been presented in pounds sterling, as this is the Association's functional currency, being currency of the primary economic environment in which the Association operates.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council 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.

Tuntum Housing Association Limited is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102. FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of and no objection to, the use of exemptions by the Association's shareholders.

In preparing the Association's individual financial statements, the Association has taken advantage of the following exemptions:

- From presenting a statement of cash flows, as required by Section 7 'Statement of Cash Flows'.
- From providing certain disclosures as required by Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues'.
- The company has taken advantage of the exemption permitted by Section 33 "Related party transactions" contained in FRS 102, and has therefore not disclosed transactions or balances with entities which are wholly owned members of the Group. There were no other related party transactions.

The Group financial statements consolidate the financial statements of the Association and its subsidiary undertaking drawn up to 31 March each year.

The Board considers that Tuntum Housing Association Limited is well positioned to manage its business risks successfully. The Board have assessed the impact of COVID-19 on its activities present and future and the Board has a reasonable expectation that Tuntum Housing Association Limited and its dormant subsidiary has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Board continues to adopt the going concern basis in preparing these financial statements. In reaching its conclusion the Board has:

- Revisited its Business Plan assumption post COVID-19
- Approved the Budgets for 2021-22 and the Business Plan for 2021-26
- Stress tested the Business Plan with a number of cumulative scenarios and mitigating actions
- Considered the availability of long term funding and facilities in place of £10m with adequate security that is charged and a cash balance at year end of £11.5m
- Regularly monitored its KPI and key trigger points and key financial tolerances in place
- Reviewed all current developments under construction, which are proceeding well and within agreed contract prices

(b) Turnover

Turnover represents rent and service charges receivable (net of rent and service charge losses from voids) and disposal proceeds of current assets such as properties developed for outright

sale or shared ownership first tranche sales at completion together with revenue grants from local authorities and the Homes and Communities Agency and charitable fees and donations.

Service charge income is recognised when expenditure is incurred as this is considered to be the point at which the service has been performed and the revenue recognition criteria met.

(c) Depreciation and impairment
Impairment of Social Housing Properties

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. When the carrying amount of asset exceeds its recoverable amount, an impairment loss is recognised in surplus or deficit in the Statement of Comprehensive Income.

The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and included in surplus or deficit in the Statement of Comprehensive Income.

Sales of Housing Properties

The surplus or deficit on the disposal of housing properties, including second or subsequent tranches of shared ownership properties, is accounted for in the Statement of Comprehensive Income in the period in which the disposal occurs as the difference between the net sale proceeds and the net carrying value.

First tranche sales proceeds are recognised in the Statement of Comprehensive Income as turnover with the appropriate proportion of the cost of the properties as cost of sales. All shared ownership properties, including those under construction, are proportionally split between fixed assets and current assets, the split determined by the percentage of the property to be sold under the first tranche sale, which is shown as a current asset, with the remainder classified as a fixed asset.

Works on existing housing properties

The Association capitalises expenditure on housing properties, which increases the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the rental income, a reduction in future maintenance costs, or a significant extension of the life of the property.

Depreciation of housing properties

Freehold land is not depreciated. Depreciation is charged so as to write down the cost of freehold housing properties other than freehold land to their estimated residual value on a straight line basis over their expected useful economic lives as follows:

The Association separately identifies the major components which comprise its housing properties and charges depreciation, so as to write-down the cost of each component to its estimated residual value, on a straight line basis, over the following estimated useful economic lives:

• Structure & covering	100 years
• Roofing	50 years
• Bathroom	30 years
• Mechanical systems	5 years
• Windows & external doors	20 years
• Kitchens	20 years

• Lift	15 years
• Gas boilers	20 years
• Central heating carcass	30 years
• Freehold Offices	50 years

Properties held on leases are depreciated over the life of the lease or their estimated useful economic lives in the business if shorter.

(d) Depreciation and impairment: Other property, plant & equipment (pp&e)

Depreciation is calculated to write off the cost of other pp&e on a straight-line basis over their estimated useful lives as follows:

• Furniture, fixtures, fittings & office equipment	5 years
• Laundry equipment	5 years
• Computer equipment	5 years

(e) Social housing grant and other government grants

Where grants are received from government agencies such as the Homes and Communities Agency, local authorities, devolved government agencies, health authorities and the European Commission which meet the definition of government grants they are recognised when there is reasonable assurance that the conditions attached to them will be complied with and that the grant will be received.

Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets. Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised. Where a grant is receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs, it is recognised as revenue in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the expected useful life of the housing property structure. Where a grant is received specifically for components of a housing property, the grant is recognised in income over the expected useful life of the component.

Grants received from non-government sources are recognised as revenue using the performance model.

(f) Recycling of grants

Where there is a requirement to either repay or recycle grant received for an asset that has been disposed of, a provision is included in the Statement of Financial Position to recognise this obligation as a liability. When approval is received from the funding body to use the grant for a specific development, the amount previously recognised as a provision for the recycling of the grant is reclassified as a creditor in the Statement of Financial Position.

For shared ownership staircasing sales, when full staircasing has not taken place, the recycling of the grant may be deferred if the net sales proceeds are insufficient to meet the grant obligation relating to the disposal and is not be recognised as a provision. On subsequent staircasing sales, the requirement to recycle the grant becomes an obligation if sufficient sales proceeds are generated to meet the obligation and a provision is recognised at this point.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, any unamortised grant remaining within liabilities in the Statement of Financial Position related to this asset is derecognised as a liability and recognised as revenue in surplus or deficit in the Statement of Comprehensive Income.

(g) Capitalisation of interest and administration costs

Interest on loans financing development is capitalised up to the date of the completion of the scheme and on developments for which the funding is secured for. Administration costs relating

to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into their intended use.

(h) Leased assets

Rentals paid under operating leases are charged to the Statement of Comprehensive Income as incurred.

(i) Pension costs

Tuntum Housing Association Limited participates in the Social Housing pension Scheme Pension Scheme. The Fund is administered by Pensions Trust.

The Pension Scheme is a defined benefit multi-employer scheme where it is possible for individual employers, as admitted bodies, to identify their share of the assets and liabilities of the pension scheme. For this scheme the amounts charged to operating surplus are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to revenue and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of Tuntum Housing Association Limited, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each Statement of Financial Position date.

The Scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

The Association also offers all other staff members the option to join in the auto enrolment scheme with Social housing pension scheme on a defined contribution basis. The Association will match all employee contributions up to a maximum of 8%.

(j) Taxation

The Association has been accepted as having charitable status by H M Revenue and Customs with effect from 8 October 1997 and accordingly no tax is payable for the year.

(k) Value Added Tax

The Association is VAT registered, but the majority of its income being housing rents is exempt for VAT purposes. This gives rise to a recovery of VAT through a partial exemption calculation each year. Expenditure is therefore shown gross of the relevant VAT within the Statement of Comprehensive Income.

(l) Investments

Investments that are publicly traded or whose fair value can be measured reliably are stated at fair value with changes in fair value recognised as a surplus or deficit in the Statement of Comprehensive Income.

(m) Interest and financing costs

Interest charges incurred on the financing of housing properties are capitalised up to the date of practical completion. Interest charges arising after that date are charged to the Statement of Comprehensive Income.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, together with other short term, high liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

(o) **Financial instruments**

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument.

Financial assets carried at amortised cost

Financial assets carried at amortised cost comprise rent arrears, trade and other receivables and cash and cash equivalents. Financial assets are initially recognised at transaction value plus directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly.

A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

If the arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial liabilities carried at amortised cost

These financial liabilities include trade and other payables and interest bearing loans and borrowings.

Non-current debt instruments, which meet the necessary conditions in FRS 102, are initially recognised at transaction value adjusted for any directly attributable transaction cost and subsequently measured as amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

A finance liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

Financing transactions

For rent arrears where the arrangement constitutes, in effect, a financing transaction because of extended credit arrangements, the arrears are measured at present value of the future payments discounted at an appropriate market rate of interest.

2. SIGNIFICANT MANAGEMENT JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Introduction

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical evidence and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant management judgements

The following are management judgements in applying the accounting policies of the Association that have the most significant effect on the amounts recognised in the financial statements.

(a) Impairment of social housing properties

The Association has to make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP.

(b) Capital V revenue expenditure

Management reviews the nature of the planned expenditure on properties. Where the expenditure relates to extending the life of the component it is capitalised and not if it deemed a repair expenditure.

(c) Estimation uncertainty

The Association makes estimates and assumptions concerning the future. The resulting accounting estimates will, (a) by definition, seldom equal the related actual results.

(d) Bad and doubtful debts

Provision is made against rent and service charge arrears for both current and former tenants and against sundry debts to the extent that they are considered by management not to be recoverable at their full value. The level of provision is based on the below formula.

Arrears 0-4 Weeks	25%
Arrears 4-8 weeks	50%
Arrears Greater than 8 Weeks	100%
Former tenant arrears	100%

(e) Economic life of assets

An estimation of the useful economic life of the organisation's assets are determined by management and disclosed within Accounting Policies. The estimates are based on industry standards adjusted to reflect our own experience, quality of components and maintenance procedures.

(f) Pension scheme-defined benefit obligation (DBO) past service deficit provision

The estimate of the past service deficit provision is based on a number of critical underlying assumptions such as: standard rates of inflation, mortality, discount rate and anticipation of future salary increase. Assumptions are defined by a professionally qualified actuary, appointed by SHPS; management undertake an assessment of the reasonableness of these assumptions. Variation in these assumptions may significantly impact the amount provided and the annual defined benefit charge (as analysed in Note 18). The associations has appointed First Actuarial to assess the assumptions in the pension liability calculation for the association. The assumptions used fall within the parameters of tolerance allowed by SHPS in calculating the liability. Robert Young, a qualified actuary employed by First Actuarial limited has provided the assumptions in Note 18 for the year 2021 to be used in the calculation of the liability.

3. TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	GROUP			2020 Re-stated		
	2021			2020		
	Turnover £'000	Operating costs £'000	Operating surplus/ (deficit) £'000	Turnover £'000	Operating costs £'000	Operating surplus/ (deficit) £'000
Social housing lettings	8,555	(6,067)	2,488	8,130	(5,745)	2,385
Other social housing activities						
1 st tranche sale of shared ownership properties	304	(300)	4	62	(60)	2
Support services provided	-	-	-	-	-	-
Other						
Activities other than social housing	349	(294)	55	163	(135)	28
	9,208	(6,661)	2,547	8,355	(5,940)	2,415
Surplus on sale of properties	-	-	232	-	-	583
Operating surplus			2,779			2,998

	ASSOCIATION			2020 Re-stated		
	2021			2020		
	Turnover £'000	Operating costs £'000	Operating surplus/ (deficit) £'000	Turnover £'000	Operating costs £'000	Operating surplus/ (deficit) £'000
Social housing lettings	8,555	(6,067)	2,488	8,130	(5,745)	2,385
Other social housing activities						
1 st tranche sale of shared ownership properties	304	(300)	4	62	(60)	2
Support services provided	-	-	-	-	-	-
Other						
Activities other than social housing	349	(294)	55	163	(135)	28
	9,208	(6,661)	2,547	8,355	(5,940)	2,415
Surplus on sale of properties	-	-	232	-	-	583
Operating surplus			2,779			2,998

4. PARTICULARS OF INCOME AND EXPENDITURE FROM LETTINGS

	General Needs	Shared Ownership	Specialist Housing	Total 2021	Total 2020 Re-stated
	£'000	£'000	£'000	£'000	£'000
Income					
Rents	6,039	233	750	7,022	6,664
Service charge	170	33	850	1,053	1,069
Supporting People	-	-	-	-	-
Amortised government grant	393	14	48	455	379
Other income	12	-	13	25	18
Turnover from social housing lettings	6,614	280	1,661	8,555	8,130
Expenditure					
Services	220	44	883	1,147	1,048
Management	1,158	68	407	1,633	1,671
Support costs	-	-	-	-	-
Routine maintenance	1,162	12	169	1,343	1,000
Planned maintenance	261	-	-	261	450
Rent losses from bad debts	13	-	13	26	34
Other costs	153	-	-	153	89
Property depreciation	1,315	55	134	1,504	1,453
Operating costs	4,282	179	1,606	6,067	5,745
Operating surplus on letting activities	2,332	101	55	2,488	2,385
Rent losses from voids	36	1	206	243	127

5. SURPLUS ON DISPOSAL OF PROPERTIES

Group and Parent	2021 £'000	2020 £'000
Shared ownership sales		
Sale of subsequent tranche shared ownership properties	240	148
Cost of sale	(107)	(71)
Transfer to recycle grant fund	(58)	(55)
	75	22
Other property sales		
Proceeds from sales	329	1,083
Less: Cost of sales	(106)	(225)
Transfer to recycle grant fund	(66)	(297)
	157	561
Total proceeds from property sales	232	583

6. INTEREST AND FINANCING COSTS – GROUP

	2021	2020
	£'000	£'000
Interest payable	2,066	2,057
Capitalised development interest	(173)	(84)
Loan refinancing costs	-	2,983
Net Interest Payable	1,893	4,956
Net interest on pension liability	9	28
Other loan financing costs	26	58
Loan issue cost amortisation	47	151
	1,975	5,193

Interest capitalised has been calculated on the average effective rate of interest to the association which is 3%

7. SURPLUS FOR THE YEAR REPRESENTED – GROUP

	2021	2020
	£'000	£'000
Depreciation of property, plant and equipment	1,590	1,487
Amortised government grants	(455)	(379)
Audit fee – statutory audit	(15)	(14)
Auditors – Other fees payable	-	-
Operating lease rentals	30	29

8. STAFF COSTS

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Staff costs including officers and senior executives:				
Wages and salaries	1,852	1,713	1,852	1,713
Social security costs	145	144	145	144
Other pension costs	143	115	143	115
Redundancy	33	21	33	21
	2,173	1,993	2,173	1,993
	Number	Number	Number	Number
The average weekly number of full time equivalent persons (including the Chief Executive) employed during the year was:				
Office staff	27	25	27	25
Wardens, caretakers, cleaners & DLO staff	29	27	29	27
	56	52	56	52

The number of full time equivalents has been calculated on 37 hours per week.

9. DIRECTORS' EMOLUMENTS

	2021	2020
	£'000	£'000
Key management personnel – Executive Directors		
Salaries	191	181
Pension contributions	21	19
	<u>212</u>	<u>200</u>
	£'000	£'000
Emoluments paid to the highest paid senior executive, the Chief Executive (excluding pension contributions) the directors opted for the salary sacrifice option in relation to the pension contributions.	108	106
	<u></u>	<u></u>
The Chief Executive is an ordinary member of the Association's pension scheme (note 18). Pension contributions paid during the year were £23,174 (2020: £22,602)		
Number of directors accruing benefit in the pension scheme	<u>Number</u> 2	<u>Number</u> 2

The full time equivalent number of staff whose remuneration payable fell within each band of £10,000 from £60,000 upwards is shown below. Remuneration includes wages and salaries.

Salary band (£)	Number	Number
60,000 - 69,999	-	-
70,000 - 79,999	-	-
80,000 - 89,999	1	1
90,000 - 99,999	-	-
100,000 - 109,999	1	1

Payments to Board members	2021	2020
	£	£
Board members remuneration		
Junior Hemans	5,203	5,100
Mark Taylor	3,642	3,570
Avtar Johal	3,187	2,805
Ade Aderogba	2,861	2,805
Michelle Bateman	3,642	3,570
Paul Moat	3,642	3,570
Chris Jones	2,861	2,805
Kwabena Osayande	2,861	2,805
Ayyaz Ahmed	2,861	2,805
Philip Baker	2,861	2,805
D D Antonio	2,623	-
Beryl Louise McConnell	2,861	2,805
	<u>39,105</u>	<u>35,445</u>

Expenses paid during the year to Board members amounted to £438. (2020 £2,979).

10. TANGIBLE FIXED ASSETS – GROUP

	Housing properties completed	Housing Properties under construction	Shared ownership Completed	Housing properties under construction Shared Ownership	Fixtures & fittings	Freehold office	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 April 2020	91,435	3,689	8,641	-	591	362	104,718
Additions	-	14,225	-	1,217	111	28	15,581
Transfers to completed schemes	13,124	(13,124)	1,217	(1,217)	-	-	-
Property reclassification	-	-	-	-	-	-	-
Components capitalised	678	-	-	-	-	-	678
Components written off	(186)	-	-	-	-	-	(186)
Properties disposed	(187)	-	(168)	-	-	-	(355)
At 31 March 2021	<u>104,864</u>	<u>4,790</u>	<u>9,690</u>	<u>-</u>	<u>702</u>	<u>390</u>	<u>120,436</u>
Depreciation							
Restated at 1 April 2020	18,983	-	578	-	359	125	20,045
Charge for the year	1,450	-	54	-	73	13	1,590
Depreciation on disposals and written off	(215)	-	(9)	-	-	-	(224)
At 31 March 2021	<u>20,218</u>	<u>-</u>	<u>623</u>	<u>-</u>	<u>432</u>	<u>138</u>	<u>21,411</u>
Net book values							
At 31 March 2021	<u>84,646</u>	<u>4,790</u>	<u>9,067</u>	<u>-</u>	<u>270</u>	<u>252</u>	<u>99,025</u>
Restated At 31 March 2020	<u>72,452</u>	<u>3,689</u>	<u>8,063</u>	<u>-</u>	<u>232</u>	<u>237</u>	<u>84,673</u>

The total expenditure on housing properties for lettings comprises of the replacement of components and structural enhancements of £678k and routine and planned maintenance of £1,604k.

11. TANGIBLE FIXED ASSETS – ASSOCIATION

	Housing properties completed	Housing properties under construction	Shared Ownership completed	Shared ownership under construction	Fixtures & fittings	Freehold office	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 April 2020	91,435	3,689	8,641	-	530	362	104,657
Additions	-	14,225	-	1,217	111	28	15,581
Transfers to completed schemes	13,124	(13,124)	1,217	(1,217)	-	-	-
Property reclassification	-	-	-	-	-	-	-
Components capitalised	678	-	-	-	-	-	678
Component write off	(186)	-	-	-	-	-	(186)
Properties disposed	(187)	-	(168)	-	-	-	(355)
At 31 March 2021	<u>104,864</u>	<u>4,790</u>	<u>9,690</u>	<u>-</u>	<u>641</u>	<u>390</u>	<u>120,375</u>
Depreciation							
Restated at 1 April 2020	18,983	-	578	-	298	125	19,984
Charge for the year	1,450	-	54	-	73	13	1,590
Depreciation on disposals and components written off	(215)	-	(9)	-	-	-	(224)
At 31 March 2021	<u>20,218</u>	<u>-</u>	<u>623</u>	<u>-</u>	<u>371</u>	<u>138</u>	<u>21,350</u>
Net book values							
At 31 March 2021	<u>84,646</u>	<u>4,790</u>	<u>9,067</u>	<u>-</u>	<u>270</u>	<u>252</u>	<u>99,025</u>
Restated At 31 March 2020	<u>72,452</u>	<u>3,689</u>	<u>8,063</u>	<u>-</u>	<u>232</u>	<u>237</u>	<u>84,673</u>

The total expenditure on housing properties for lettings comprises of the replacement of components and structural enhancements of £678k and routine and planned maintenance of £1,604k.

12. GROUP UNDERTAKINGS – PARENT

Details of the Association's subsidiaries at 31 March 2021:

Name	Nature of business
Time-Out Care Services Ltd (T/a Homecare Plus)	Charitable care projects

Time-Out Care Services Ltd is a company limited by guarantee and is considered to be a subsidiary by virtue of the fact that the parent controls the composition of the Board. The subsidiary is registered in England. The subsidiary ceased trading on the 31st August 2017.

13. STOCKS

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Shared ownership properties	91	-	91	-

Shared ownership properties comprise properties for resale and work in progress.

14. DEBTORS

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Rent arrears	250	254	250	254
Less: provision for bad debts	(162)	(210)	(162)	(210)
Net rent arrears	88	44	88	44
Prepayment and accrued income	617	166	617	166
	705	210	705	210

No disclosure has been made of the net present value of rental arrears subject to repayment plans as the amount is considered to be insignificant.

15. CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Housing loans	1,543	43	1,543	43
Grants received in advance	187	87	187	87
Trade creditors	137	219	137	219
Prepaid rent arrears	385	329	385	329
Taxation and social security payable	58	40	58	40
Accruals and deferred income	1,968	617	1,967	617
Recycled capital grant fund	556	736	556	736
Grants due in one year	455	401	455	401
	5,289	2,472	5,288	2,472

15. CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR) (contd.)

Recycled Capital Grant Fund

	Group and Association	
	2021	2020
	£'000	£'000
At 1 April 2020	736	384
Recycling of grants	(305)	-
Inputs to RCGF	107	352
Inputs from property sales	18	-
At 31 March 2021	556	736

16. CREDITORS (AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR)

	Group and Association	
	2021	Restated 2020
	£'000	£'000
Housing loans (see note 16 (a))	64,508	52,414
Government grants (see note 16 (b))	37,557	31,743
At 31 March	102,065	84,157

16(a). Housing loans

	Group and Association	
	2021	2020
	£'000	£'000
Housing loans	66,051	52,457
	66,051	52,457

Housing loans from banks and building societies are secured by specific charges on the Association's housing properties and are repayable by instalments by varying rates of interest from 2.2% to 9.8% as follows:

	2021	2020
	£'000	£'000
In one year or less	1,543	43
Between one and two years	52	1,591
Between two and five years	192	1,721
In five years or more	64,911	49,586
Deferred loan costs	(647)	(484)
	66,051	52,457

16(b). Government grants

	Group		Association	
	2021	2020	2021	Restated 2020
	£'000	£'000	£'000	£'000
At 1 April (as restated)	32,144	32,412	32,144	32,412
Grants receivable	6,124	301	6,124	301
Transfers to RCGF grant disposed	(106)	(352)	(106)	(352)
Transfer from DPF fund	-	162	-	162
Recycling of grants	305	-	305	-
Amortisation to Statement of Comprehensive	(455)	(379)	(455)	(379)
At 31 March	38,012	32,144	38,012	32,144
Due within one year	455	401	455	401
Due after one year	37,557	31,743	37,557	31,743

17. CALLED UP SHARE CAPITAL

	Group and Association	
	2021	2020
	£	£
Allotted, issued and fully paid ordinary shares of £1 each:		
At 1 April 2020	39	39
Issued in the year	-	-
At 31 March 2021	39	39

The shares do not have a right to any dividend or distribution in a winding up and are not redeemable. Each share has a full voting right.

18. PENSION OBLIGATIONS

Social Housing Pension Scheme

The Association participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

Present values of defined benefit obligation, fair value of assets and defined benefit asset (liability)

	31 March 2021	31 March 2020
	£'000	£'000
Fair value of plan assets	4,405	3,726
Present value of defined benefit obligation	5,297	4,165
Surplus (deficit) in plan	(892)	(439)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(892)	(439)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	(892)	(439)

Reconciliation of the impact of the asset ceiling

	31 March 2021	31 March 2020
	£'000	£'000
Defined benefit obligation at start of period	4,165	5,016
Current service cost	72	72
Expenses	5	5
Interest expense	99	115
Contributions by plan participants	14	19
Actuarial losses (gains) due to scheme experience	50	(145)
Actuarial losses (gains) due to changes in demographic assumptions	(18)	(41)
Actuarial losses (gains) due to changes in financial assumptions	987	(599)
Benefits paid and expenses	(77)	(277)
Defined benefit obligation at end of period	5,297	4,165

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

	31 March 2021	31 March 2020
	£'000	£'000
Fair value of plan assets at start of period	3,726	3,756
Interest income	90	87
Experience on plan assets (excluding amounts included in interest income) - gain (loss)		(39)
	466	
Contributions by the employer	186	180
Contributions by plan participants	14	19
Benefits paid and expenses	(77)	(277)
Fair value of plan assets at end of period	4,405	3,726
The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £556,000.		

Defined benefit costs recognised in Statement of Comprehensive Income (SOCl)

	Period ended 31 March 2021
	£'000
Current service cost	72
Expenses	5
Net interest expense	9
Defined benefit costs recognised in SOCI	<u>86</u>

Defined benefit costs recognised in other comprehensive income

	Period ended 31 March 2021
	£'000
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	466
Experience gains and losses arising on the plan liabilities - gain (loss)	(50)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	18
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	<u>(987)</u>
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(553)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	—
Total amount recognised in other comprehensive income - gain (loss)	<u>(553)</u>

Assets

	31 March 2021	31 March 2020
	£'000	£'000
Global equity	702	545
Absolute return	243	194
Distressed opportunities	127	72
Credit relative value	139	102
Alternative risk premia	166	261
Fund of hedge funds	1	2
Emerging markets debt	178	113
Risk sharing	160	126
Insurance-linked securities	106	114
Property	91	82
Infrastructure	294	277
Private debt	105	75
Opportunistic liquid credit	112	90
High yield	132	-
Opportunistic credit	121	-
Corporate bond fund	260	213
Liquid credit	53	2
Long lease property	86	64
Secured income	183	141
Liquid driven investment	1,119	1,237
Net current assets	<u>27</u>	<u>16</u>
Total assets	<u>4,405</u>	<u>3,726</u>

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

Key assumptions

	31 March 2021	31 March 2020
	% per annum	% per annum
Discount Rate	2.19%	2.37%
Inflation (RPI)	3.20%	2.60%
Inflation (CPI)	2.65%	1.6%
Salary Growth	2.87%	2.6%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

	Life expectancy at age 65
	Years
Male retiring in 2021	21.4
Female retiring in 2021	23.3
Male retiring in 2041	22.7
Female retiring in 2041	24.9

19. TAXATION STATUS

The Group has charitable status. The Board knows of no circumstances which will affect this taxation status in the future.

20. OPERATING LEASES - GROUP

At the Statement of Financial Position date there were outstanding commitments for future minimum lease payments under non-cancellable operating leases falling due as follows:

	2021		2020	
	Land & buildings £'000	Other £'000	Land & buildings £'000	Other £'000
Operating leases which expire:				
Within one year	27	1	27	2
Between 2 to 5 years	107		107	1
Beyond 5 years	32		31	-
	166	1	165	3

21. FINANCIAL INSTRUMENTS

		Group	
	Note	2021 £'000	2020 £'000
Financial assets at amortised cost			
Rent arrears	14	88	44
Other debtors	14		109
Cash at bank		11,519	5,027
Financial liabilities at amortised cost			
Trade and other creditors	15	2,292	1,724
Loans payable	16	66,051	52,371
Interest payable on financial liabilities			
On loans payable	6	2,066	2,065
On pension deficit	6	9	28

22. UNITS/BED SPACES

Social Housing					
	2020	Additions	Converted/ reclassified no. of properties	Disposals	2021
General housing					
- Social rent	1,001	49		(3)	1,047
- Affordable rent	138	41	-	-	179
Supported and housing for older people					
- Social rent	194	-	-	-	194
Intermediate rented properties	25	1		-	26
Shared ownership	78	16	-	(3)	91
Total owned and managed social housing	1,436	107	-	(6)	1,537

23. RELATED PARTIES AND CONTROL

Ultimate control lies with the Board of Management.

Subsidiary Organisation

The Charity Timeout has taken advantage of the exemption permitted by Section 33 "Related party transactions" contained in FRS 102, and has therefore not disclosed transactions or balances with entities which are wholly owned members of the Group. The subsidiary was dormant during the financial year

There were no other related party transactions, other than Board member's remuneration as disclosed in note 9- Board member's payments.

24. CAPITAL COMMITMENTS - GROUP AND PARENT

	2021	2020
	£'000	£'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	-	-
Capital Expenditure Approved by the Board but not contracted for	5,888	14,150
	5,888	14,150
The Association expects to finance the above expenditure by:		
Social Housing Grant receivable	560	3,080
Loans receivable	5,328	10,695
Sales proceeds	-	375
	5,888	14,150

25. LEGISLATIVE PROVISIONS

The Association is a registered society under the Co-operative and Community Benefit Societies Act 2014.

26. PRIOR YEAR ADJUSTMENT

The association had seven units that are on a 21 year lease with Nottingham City Council. The association has a policy of depreciating assets/amortising grants over the shorter of the useful economic life and the lease term. In this instance the rates applied were the normal useful economic lives rather than the shorter lease term. An adjustment has therefore been made to correct the depreciation charge and the amortisation of grant to reflect the remaining number of years that the lease has to run so that all costs are written off at the end of the term of the lease.

The adjustment relates to Amortisation of grant and depreciation charge. This adjustment does not affect the covenant calculations for the previous year as all grant amortisation and property depreciation is excluded from our covenant calculations.

	2020	Pre 2020
	£'000	£'000
Adjustment for Depreciation charge (assets)	43	581
Adjustment for Amortisation of Grant (liabilities)	40	773
Impact on Reserves Surplus/(Deficit)	(3)	192



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