Eden Housing Association Limited

Financial Statements for the Year Ended 31 March 2020

Registered Society under the Co-operative and Community Benefit Societies Act 2014 and an Exempt Charity No. 28435R

Contents

Board Members, Executive Directors, Advisors and Bankers

Board		
Chair	Beth Furneaux	
Vice Chair	Margery Manfield-Cooke	Resigned 24 September 2019
Vice Chair	Fra Cooke	
Board members	Bob Clark	
	Allan Dickson	
	Peter Fletcher	
	Neil Hughes	
	Danny Roper	Resigned 12 May 2020
	Ian Tupling	
	David Wood	Resigned 24 September 2019
	Amyn Fazal	Resigned 09 September 2019
	Paul Foote	Appointed 24 September 2019
	Charlotte Quinn	Appointed 24 September 2019
	Rebecca White	Appointed 24 September 2019

Executive Directors	
Chief Executive	John Clasper
Company Secretary	Kristina Thrush
Director of Finance & Corporate Resources	Kristina Thrush
Director of Operations	Jenny Everingham
Registered Office	Blain House Bridge Lane Penrith Cumbria CA11 8QU
Registered Number	Registered society under the Co-operative and Community Benefit Societies Act 2014 and an exempt charity No.28435R Registered by the Homes and Communities Agency No.L4140
Auditors	Beever and Struthers St George's House 215-219 Chester Road Manchester M15 4JE
Bankers	Barclays Commercial Bank Midlands Team PO Box 3333, One Snowhill Snowhill Queensway Birmingham B3 2WN

Strategic Report of EHA Board

The Board of Eden Housing Association (EHA) presents its annual report and the audited financial statements for the association and the Group for the year ended 31 March 2020.

Principal Activities

The principal activities during the year were the provision and management of affordable rented accommodation and housing related support services for people in need.

Business Review

It has been another productive year for the Association whilst contending with a number of challenges including the uncertainty and preparations for and around Brexit, reduced income from the fourth and final year of the Government's Rent Reduction policy and, in the final month of the year, the unprecedented impact of the Covid-19 pandemic.

It is unfortunate that much needed housing change discussed during a Social Housing Green Paper did not materialise through the year into a promised Housing White Paper and the response required to the world-wide virus may now understandably push this back further.

The National Housing Federation's Together with Tenants project has been temporarily paused, however we remain committed to working with and engaging our tenants as we slowly and safely attempt to emerge from lockdown.

At the beginning of the financial year following consideration of options, the Board agreed to fix its loan facility at peak debt and agree a repayment profile. Board explored but decided against refinancing and taking on further debt at this point. It was judged that the potential additional funding generated did not demonstrate good value for money and would have exposed the association to substantially greater risk for only a modest higher return in the number of new homes that could be built. Our Board continues to actively review borrowing facilities and we will refinance when the most advantageous opportunity presents.

The year has seen a number of changes within our Board. At the Annual General Meeting in September 2019 resignations were received from Amyn Fazal and David Wood, whilst our Vice Chair, Margery Manfield-Cooke retired under the 9 year rule. We thank all of these former members for their contribution to the association over many years.

A successful open recruitment process saw many interested volunteers apply to become members and after shortlisting and interview Charlotte Quinn, Paul Foote and Rebecca White were appointed and subsequently elected to the Board. We are delighted to be able to recruit high calibre, expert people willing to give up their time and energy without payment.

A number of achievements were noteworthy during the financial year;

- Our Regulatory Judgement was upgraded from G1/ V2 to G1 / V1 in November 2019. This was based amongst other things on our outturn Key VFM Metrics (e.g. improved EBITDA MRI and liquidity ratios) and our latest submitted financial business plan (the fact that this is fully funded with loan security in place).

- The submission of a winning bid in an open invitation to tender for a 10 year homelessness and housing options contract. This has since resulted in agreement with Eden District Council on a new contract for a shorter period. This is something we see as core business in supporting the rehousing and personal support requirements of people without a place to call home.

- Working at a personal and detailed level with three remaining households in our no longer fit for purpose and low demand Assisted Living Scheme in Alston to find alternative and better housing. The building lease was subsequently surrendered to Cumbria County Council, releasing the association from onerous short-term costs and long-term liabilities.

- Award of £350k grant from the Warm Homes Fund to enable the replacement of 100 heating systems. A 10 home installation pilot in rural locations is underway with volunteer tenants' trialling new air-source heat pump heating systems. The opportunity beyond a successful pilot is to install similar systems into a further 90 of our lowest energy rated properties with the help of tenants from the pilot promoting the benefits. We will look to fully fund these installations by tapping into the revenue funding of the Renewable Heat Incentive scheme.

- Working with a small cohort of tenants we have been testing and refining our move towards digital self-service. A ‘soft live’ for reporting of repairs was scheduled for the end of March and whilst this was impacted by the emergency of lockdown due to Covid-19 it is expected this will be fully operational during the year ahead.

- Our monthly customer feedback surveys continue to indicate high levels (95%) of tenants saying that they would recommend us to friends and family.

- Supporting our Managing Agent Mitre HA in its Corporate Trustee role to see through its strategy for the Almshouse in Allonby.

- Our development at Threlkeld was shortlisted for two design awards, one regional and one national.

- Delivery of new affordable rented homes acquired from local developers in Penrith and Plumpton.

- Support and co-production of two potential new development projects with local community groups in rural Eden.

Following extensive collaborative work with Tenant Participation Advisory Service (TPAS) in the year previous our primary tenants and residents assembly ECHO decided to disband at the end of its 21st year with a view to a new model of tenant representation being formed in the current year. We are grateful for the commitment that the members of ECHO have shown and look forward to continuing our engagement with those that join in the new methods going forward. Our Tenant Scrutiny Panel continues to conduct service reviews and report directly to our Board. Over the year it conducted a major review and made recommendations on our policy and approach to service charges.

Operationally a significant unexpected challenge came from our primary responsive and voids maintenance contract. In the previous year we had collaborated with another local housing association to increase the volumes of work tendered and appointed new contractors in November 2018. We looked forward to evidencing savings (up to £150k a year, based on a theoretical average basket of jobs) however this has not come to fruition. Our primary contractor issued us with its notice to invoke a break-clause under the contract during the year. This stemmed from the contractor’s financial challenges (in the public domain). This resulted in significant resource being invested in alternative strategies for this critical service. Working through different scenarios has led us to a solid and sustainable position albeit at additional cost. This contract is up for renewal in 2021 and we are now reviewing the strategic options available to us.

Our overall financial performance continues to be strong. The year ahead in a world of Covid-19 presence is unpredictable currently. Our Board is right on top of understanding the people implications and updating financial forecasts as we move through its various phases.

We will develop a new forward looking Corporate Plan from April 2021 which will look to take strong account of the opportunities that this may present. Developing strategic goals and objectives to support the path to a more environmentally sustainable future will be a key part of our work on this plan. We will ensure we develop our new plan with effective engagement and input from our tenants.

Health & Safety

The Board takes its responsibilities with regard to health and safety extremely seriously and receives a report from the Chief Executive at every Board meeting. It seeks support in the detailed scrutinising of health and safety performance through its appointed Audit & Risk Management Committee. The Audit & Risk Management Committee monitor and review health & safety performance at every meeting. The business operates with detailed policies and procedures and we provide staff training and education on health and safety matters

Our Chair and Chief Executive reaffirmed their leadership commitment by signing our Health & Safety Policy Statement in March 2020.

Employee Relations

We aim to keep our employees informed and engaged on all matters affecting them and on the progress of the association. This is carried out in a number of ways, including formal and informal briefings and meetings.

An annual staff survey is conducted. Our latest survey was independently carried out in January 2020. The response rate was 92% with 90% of staff responding said they would recommend Eden Housing Association as a good place to work.

Charitable Contributions

The Association made no charitable donations in the year. However, it has facilitated a small number of charitable donations through staff and volunteers, benefitting various local charities including our business partner charity Hospice at Home.

Form and Content of Financial Statements

The financial statements have been drawn up to comply with the Statement of Recommended Practice (SORP) 2018 and the Accounting Direction 2019 for Private Registered Providers.

Value for Money (VFM)

Introduction

Our 3-year Corporate Plan (2018-21), ‘Owning our Future’ sets *Providing Value* as one of four goals and contains the following value for money success targets;

- Absorb inflationary rises over the life of the plan and reduce our Management Cost per Unit.
- Consistently achieve an Operating Margin for Social housing Lettings of at least 33.3%

These measures are based in the context that we operate primarily across the second largest geographic and most sparsely populated District in England. As a consequence of this and our organisational size we are unlikely to be the lowest on comparisons of management cost per unit, however we will be able to evidence that our headline costs are truly providing value.

During the financial year a Value for Money (VFM) Strategy progress report was discussed at every meeting of our Audit & Risk Management Committee and in January 2020 our Board reviewed its 3-year VFM Action Plan to ensure the Association remained focussed on delivering its strategic objectives and in parallel meet the Regulator for Social Housing’s (RSH) VFM Standard introduced in April 2018.

Our VFM Strategy supports our core mission, “to be a good trusted social landlord and employer with a strong sense of place” and we aim to optimise the use of our assets and resources to invest in our people and our communities to deliver this.

The specific VFM goals and strategic objectives, from our Corporate Plan, ‘Owning our Future’ are as follows;

Goal – Good Social Landlord

a) Building and investing in the right homes in the right places, to protect value in our assets and evidence understanding of real demand
b) Increasing our digital self-service offer, making it easier for customers

Goal – Providing Value

a) Reduce our cost base to strengthen long-term viability
b) Explore and develop partnerships to innovate and increase capacity

Goal – Trusted Employer

a) Foster teamwork and commitment - so our 'one team' delivers more than the sum of its parts

In simple terms we aim to make the best use of every pound we spend to;

- Contribute to the delivery of much needed new affordable rented homes
- Invest in our existing housing stock
- Provide better services for our tenants
- Invest in our staff and key relationships

Performance Metrics

Our Board monitors performance against the key metrics directed by the Regulatory Standard on a quarterly basis and recognises these as a consistent base from which to build an indicative financial view of the organisation and those that we compare ourselves against.

In addition to the mandatory metrics taken from the Standard our Board also monitors a small number of bespoke metrics to form part of its performance oversight. The Board wished to see a capital maintenance metric, recognising the increased proportionate investment we will be making in our existing stock over the next few years as components renewed at the time of Transfer from Eden District Council come round for renewal some 20 years on. This was implemented from April 2019 and is reported on for the first time. The following table demonstrates how we have performed against all of these metrics during 2019/20 against internal targets with comparison against prior year results and our peers within the sector.

	2020/21	2019/20	2019/20	2018/19	2017/18	2018/19
	EHA Target ***	EHA Actual	EHA Target	EHA Actual	EHA Actual	RSH Median
RSH Metrics						
Metric 1 - Reinvestment %	3.1%	5.1%	5.0%	3.6%	5.3%	6.2%
* Metric 1b – Major Repairs %	2.4%	1.9%	2.3%	n/a	n/a	n/a
Metric 2a - New Supply SH %	0.1%	0.8%	1.0%	0.8%	1.0%	1.5%
Metric 2a - New Supply SH - units	2	14	18	14	19	n/a
Metric 3 - Gearing	51.3%	51.1%	58%	56.7%	61.9%	43.4%
Metric 4 - EBITDA MRI	122%	141%	148%	196%	191%	184%
Metric 5 - Headline Social Housing Cost Per Unit	£3,453	£3,363	£3,324	£2,673	£2,638	£3,690
Metric 6a - OP Margin (SHL)	32.0%	30.2%	31.2%	37.8%	38.9%	29.2%
Metric 6b - OP Margin (Total)	30.9%	29.8%	31.5%	36.7%	35.8%	25.8%
Metric 7 - ROCE	4.1%	4.3%	4.6%	5.4%	6.2%	3.8%
EHA Metrics						
Metric 8 - Management Cost per Unit	£1,204	£1,134	£1,169	£991	£988	n/a
** Metric 9 – Arrears as % of Rent Debit	100.0%	93.9%	100.0%	102.2%	97.5%	n/a
Metric 10a- % of Void Rent Loss	1.32%	0.97%	1.28%	1.51%	1.27%	n/a
Metric 10b – Out of Management Voids	2	3	11	11	14	n/a
Metric 11 - % of tenants would recommend EHA to family and friends	90%	95%	90%	97.2%	Introduced from April 2018	n/a
Metric 12 - Bad Debt Indicator	£230,000	£189,436	£230,000	£221,593	£220,243	n/a

* Metric 1b introduced by EHA Board for measurement in 2019/20 to capture significant area of spend.

** Metric 9 prior to 2019/20 measured as % of rent debit collected. EHA Board concluded pattern of rent payments received led to misleading result when contrasted with our current rent arrears performance and agreed the new measurement requirement.

*** EHA targets for 202/21 were set and agreed by the Board prior to lockdown for Covid-19.

Our metrics like many similar organisations, reflect a snapshot of where we are in our own journey whilst the backward look trend is helpful to provide context. Generally we compare well with the sector and against the provider subset based on size (i.e. providers with less than 2,500 units, however the proportion of debt being carried relative to our size means we are more highly geared than the sector generally. This is something the Board is aware of and was a crucial part of its decision not to take out further debt from April 2019. The association has reached peak debt and is now in the repayment phase agreed with our main funder, Barclays Bank PLC.

Further explanation of performance against our VFM metrics follows;

Metrics 1a – Reinvestment and 1b Major Repairs %: Capital investment is in line with target. Acquisition of new affordable rented homes (6 units at Penrith and 5 units at Plumpton) have been delivered along with three property purchases on the open market. The completion of 7 new units at William Street (Penrith) was days away and forecast for the end of March when lockdown due to Covid-19 intervened. However, spend against work in progress is included in this calculation and hence this has not had a negative impact on this metric.

Our lower target for the year ahead recognises our planned investment in our existing stock but that we expect not to acquire or build new homes in the next 12 months. A pipeline in line with our unused loan facility is being developed and we are optimistic that this will incur expenditure from 2021/22.

Some of the previous year's existing stock underspend was caught up however, we are conducting a pilot of new air source heat pump central heating installations before committing to a full roll out of a further 90 installations. It is unknown at the time of writing the impact of Covid-19 on rolling out the heating installations and other internal planned maintenance during 2020/21.

No none-social housing (NSH) supply was undertaken last year and there are no plans to do so.

Metric 2 – New Supply of Social Housing (SH): The Association budgeted to deliver 18 new affordable rented units during the financial year. Fourteen properties were delivered by the end of March 2020 at Fairhill, Penrith 6 units, Plumpton 5 units, plus 3 open market purchases. The pausing of works at William Street due to the Covid-19 pandemic meant that our target was not reached.

Our financial plans include an average of 9 new units a year over the next five years with 8 new units forecast in the year ahead.

Metric 3 – Gearing: The increase in the valuation of housing properties has had a positive impact on this ratio. After allowing for this, results were in line with target, net debt and assets in line with expectations.

The Association drew down its full loan facility at the end of the previous year, but due to underspend in 2018/19 and reduced expenses, cash holding was more than anticipated. Thus gearing at the end of the previous year was lower than planned. We have made comment in previous years that we recognise we are an outlier on this metric as a factor of our size and historic Transfer Debt model. However, we are focussed on repaying debt over the next few years to unlock future financial capacity. Our pre-Covid forecasts result in an improved gearing indicator of 49% in 5 years' time.

Metric 4 – Earnings Before Interest, Tax and Depreciation Amortization – Major Repairs Included (EBITDA MRI): EBITDA MRI Interest Cover ratio ended marginally below target. We continue to monitor performance closely, controlling costs across the business and reducing waste where possible.

Metric 5 – Headline Social Housing Cost Per Unit: Our Headline Social Housing Cost Per Unit for the year was higher than in the previous 2 years but very close to our target for the year of £3,324 and the profile we set out in our business plan.

We set out last year that the previous results on this indicator were not representative of our forecast profile. Maintenance underspends due to 'lag' from our major organisation review in 2017/18 combining with difficulties procuring volumes of work contributed to underspends rather than savings. We have recovered some of this ground in the last year. Additional spend has been made in the area of safety compliance arising from increased fire and other safety expectations. During the year we mitigated against future increased pension contributions and liabilities, when following consultation with staff we moved to a future of offering Defined Contribution pension schemes only.

Metric 6(a) – Operating Margin (Social Housing Lettings only): Our margin at 30.2% was marginally below target. Income and expenditure were broadly in line with budget but additional depreciation was incurred due to the accelerated replacement of certain assets, mainly kitchens. Our margin was tighter than in the previous couple of years due to delayed planned maintenance investment. This year's result is much closer to our Corporate Plan target of achieving consistent margins of around 33.3% as we catch up and complete delayed works and planned investment in our existing stock is maintained.

Metric 6 (b) – Operating Margin – (overall): The Operating Margin (all operations) was 29.8%, marginally below target. This calculation of margin includes additional activity, non-social housing works included here. These additional activities (such as our Homeless and Housing Options contract) do not generate significant margins and hence reduce the overall margin calculated.

Metric 7 – Return on Capital Employed: The resulting ROCE for the Association was 4.3%, marginally below the full year target of 4.6%, the operating surplus and above the sector median, return broadly in line with expectations.

Metric 8 - Management Cost per Unit: At £1,134 per unit, Management costs are in line with target. We continue to look at controlling costs across our business, reducing these where possible, but in a sustainable way. This year we have achieved savings on many areas of management costs, particularly staffing, to keep costs in check.

Metric 9 – % of Rent Debit Collected: We altered the method for calculation for 2019/20 to a current year only figure from a previous rolling 12 months figure. This change was made with the aim that figures would tie in correctly with all other financial reporting. However, the resultant figure at 93.9% does not accurately reflect our performance in managing rent arrears and our Board has agreed to replace the % of Rent Debit Collected with the % of Current Tenant Arrears as a % of rent debit from 2020/21. Expressed as a percentage of the rent debit, current arrears came in at 1.30% at year end. These two figures don't immediately add up, however this is explained when we understand that the new method of calculating the rent debit has resulted in the anticipated housing benefit and Universal Credit housing costs being excluded as they have not yet been posted to accounts by the year end (they are paid in various degrees of arrears). The Association continues to achieve a low level of arrears and bad debts by working early with tenants and providing welfare, benefit and budgeting support through our hosted independent partner Cumbria Law Centre.

Metric 10a - % of Void Rent Loss and 10b Out of Management Voids: At 0.97% this is comfortably in target at year end. Considerable effort has gone in over the last 12 months to improve our performance from the previous year. A significant factor was our divestment during the year of our Assisted Living Scheme in Alston, where we had experienced very low demand for the last few years. In addition we reorganised our internal resources to introduce a dedicated voids team resulting in speedier void turnarounds by undertaking a greater proportion of necessary works within periods of occupation. It is anticipated that the present Covid-19 pandemic will have a material impact on the void rent loss figure in 2020/21. Out of Management properties at the year-end numbered three. A leased for rental property in Penrith being taken out of management pending being returned to the landlord. The remaining two properties will be brought back in to management as we complete structural works.

The divestment of our non-decent Assisted Living Scheme explaining the significant reduction from last year.

Metric 11 - % of tenants would recommend EHA to family and friends: We aim to contact up to 50 service users every month to gain insight and understanding from customers about their latest experience with us. These are results from 477 tenants undertaking the telephone survey over the course of the financial year.

Metric 12 - Bad Debt Indicator: Bad debts were reduced on the last two years and within the target set. We anticipate there is the potential for a rise in the coming years as a legacy of Covid-19 but too early to accurately predict.

Benchmarking

The Regulator for Social Housing published its annual Global Accounts for 217 registered provider groups in December 2019. These accounts are a rich data source for benchmarking purposes, though of course they need to be approached with consideration, the accounts reported on one year only, with results potentially affected by many unknown factors. We have used the Global Accounts data to provide context for our work, to aid us to look in closer detail at our performance against the upper / lower quartile and against some local and out of county rural operators.

The following table highlights current year results for the Association compared with data published in the Regulator for Social Housing published 2019 Global Accounts;

Registered Provider & (no. of units)	Financial Year End	Re-Invest. %	New Supply (Social) %	Gearing %	EBITDA MRI Interest Rate Cover %	Headline Social Housing Cost per unit, £k	Op Margin (SHL) %	Op Margin (Overall) %	ROCE %
Broadacres HA Ltd (6,316)	31/03/2019	5.7	2.7	40.7	203.6	3.77	28.2	22.5	3.0
Castles & Coasts HA Ltd (6,723)	31/03/2019	3.5	0.8	29.3	235.6	3.36	26.7	27.7	3.9
Eden HA Ltd	**31/03/2020**	**5.1**	**0.8**	**51.1**	**141**	**3.36**	**30.2**	**29.8**	**4.3**
North Devon Homes (3,302)	31/03/2019	4.9	2.1	59.9	142.3	2.67	30.0	28.2	3.1
South Lakes Housing (3,160)	31/03/2019	8.4	0.6	28.0	198.4	4.39	39.4	40.8	4.7
Providers with less than 2,500 units (48)	31/03/2019	4.3	0.6	34.1	194	4.88	23.3	20.3	3.1

Lower Quartile	**Global Accounts 2019**	**4.2%**	**0.6%**	**32.6%**	**139%**	**£3.18**	**23.1%**	**20.0%**	**3.0%**
Median		**6.2%**	**1.5%**	**43.4%**	**184%**	**£3.69**	**29.2%**	**25.8%**	**3.8%**
Upper Quartile		**8.7%**	**2.5%**	**53.9%**	**238%**	**£4.69**	**34.6%**	**30.8%**	**4.7%**

Reinvestment – The Association is below the median overall, but still above those of a similar size. Our Board has taken a decision to pay off debt which will limit investment in new development in the short term whilst prioritising investment in our existing stock.

New Supply (social housing) – Our financial capacity over the next few years following peak debt is tight and our forecasts suggest we will continue to develop at modest levels below the sector median.

Gearing – We remain highly geared, in the upper quartile within the sector. This high gearing is mainly a legacy of our original LSVT set-up and financial model and our size. This impacts upon our borrowing capacity. Our Board last year decided to fix down on our debt facility and to focus on a period of repayment in order to unlock financial capacity in the medium term.

EBITDA MRI Interest Rate Cover – We are below the sector median and compared with registered providers of less than 2,500 units, but still demonstrate satisfactory interest cover, importantly to the satisfaction of our funder. Our proposed investment plans in sustaining and improving our existing stock in future years will continue to adversely impact on this measure. This will continue to be an area of focus given its significance to loan covenants and our financial business plan forecasts are to achieve greater cover (200%+) on a consistent basis from year 3 onwards, above the industry median.

Headline social housing cost per unit – Our cost per unit is only slightly above lower quartile. Our Headline cost is significantly above the last two years results but very much in line with our forecast and target for the year. This is in large part due to our increased planned maintenance spend compared with the year before.

Operating Margin (Social Housing Lettings & Overall) – Strong margins continue to be reported, in line with our corporate plan target.

Return on Capital Employed – Outturn at the year-end indicates strong return and within top quartile.

Global Accounts 'Best in Class' – Last year we committed to looking at more meaningful comparisons for effective learning. We analysed the Global Accounts to identify the best performing similar organisations and seek to learn from them as part of our drive for continuous improvement.

We analysed data for the following metrics and identified four organisations of similar size, complexity etc. to Eden Housing Association where further investigation is proposed. The metrics were selected following discussion with Board on risk and pro-actively managing the danger of these 'slow burn' issues increasing and becoming critical over time.

- Bad Debts
- Void Rent Loss
- Gross Current Tenant Arrears

We have informal relationships with these organisations through our membership of Placeshapers and the Rural Housing Alliance.

As a pilot we established contact and trust with North Devon Homes and agreed to share and explore an efficient and effective way of sharing our practice and learning from each other.

Unfortunately resource identified for this was sucked into dealing with the urgent and critical issue presented by our primary contractor serving its intention of adopting the break-clause in our repairs and voids maintenance contract. Whilst this issue was eventually resolved our benchmarking intentions were traded off. Our Board has instructed that this be prioritised during 202/21.

Summary of how we did on what we promised last year

In last year's self-assessment we set out our intentions for 2019/20. The following is a progress report on how we got on;

- Investigate the feasibility of introducing a new 'caretaker service' as part of our developing a business case for the organic growth of Eden Works (our in-house repairs team). This potentially would see an estimated £80k phased saving and improved service to tenants.
    - This project was severely hampered by our primary repairs contractor serving notice in the autumn of last year, of its intention to use the break-clause to end its contract as a result of financial difficulties. This required us to prepare and plan for the immediate continuation of a repairs and voids service by other means. A protracted but constructive process eventually resulted in a renegotiation with our contractor, however this has come at increased average repair cost. This project will now be incorporated into this year's plan which will to consider our strategic options for maintenance when the current contract ends in 2021.
- Seek to extricate the Association from a long lease and any liabilities around an Assisted Living Scheme and working with our remaining tenants find alternative suitable accommodation.
    - Divestment of our low demand Assisted Living Scheme in Alston was achieved by a surrender of the long lease to Cumbria County Council. This resulted in savings on void loss and future maintenance liabilities.
- Review options on our Market Rented properties, with a view to potentially divesting these properties and reinvesting in better value ways.
    - We have two locations where we have market rented properties. Historically our units in Carlisle have consistently been fully let whereas properties in Penrith this was not the case. In the last 12 months we have worked in partnership with the local authority to let these properties as temporary supported accommodation bringing in increased rental and service charge income and reduced void rent loss. We will continue to keep these units under review.
- Source grant funding for installation of new energy efficient and heating schemes and improve comfort and affordability of running costs for tenants in less energy efficient homes.
    - We were successful in a bid for Warm Homes Fund grant (£350k). An Air Source Heat Pump heating system pilot scheme is now on site with 10 volunteer households. A potential further 90 installations can be funded following a successful pilot. Part of our funding on these installations will come from the Renewable Heat Incentive revenue funding which will provide an estimated further £400k of income over the next 7 years.
- Continue investment in digital services, such as an interactive website, at the same time improving self-service options for customers.

  - We have made significant progress during the last 12 months, involving tenants at every step along the way. The ‘soft live’ of the tenants portal enabling self-reporting / self-service was due to be piloted by the end of March. The onset of the pandemic has inevitably hindered this, however the new ways of working forced into by the virus will likely accelerate completing this project going forward.

- Continue our Pilot Benchmarking opportunity with North Devon Homes (NDH) and seek to extend this to other ‘top of the class’ organisations and take any learning.
  - A consequence of dealing with the instigation of a break-clause in our responsive and voids repairs contract by our primary maintenance contractor meant that we were unable to pursue our intended project with NDH.

Continuous Improvement

An important element to our VFM strategy has been further developing a culture of controlling costs within our business.

A VFM item is discussed on every Management Team meeting and a register maintained that captures VFM ‘quick wins’ and more detailed projects. Below as an example is a selection of the cost savings made over the last 12 months;

- Ongoing membership to NHC to benefit from procurement frameworks - Annual savings from various frameworks = £8,020.
- EHA ceased the SHPS DB Scheme and implemented differing tiers in the SHPS DC Scheme - Reduction in costs estimated at £41k p/a.
- Return of the pool car - Savings through fuel costs, monthly rental, insurance costs and staff costs, results in an approximate saving = £3.8k p/a.
- Two new photocopiers purchased with print management software - Expected cost saving over 5 years = £2,153.
- Successful application to Microsoft for charity donations, resulted in EHA purchasing the maximum number of donated licences through the charity exchange scheme - Year 1 saving = £3,506. Saving over 2 years = £8,531.
- 6 additional Units of Supported Accommodation. Enables increased income and contributes to tenancy sustainability – Additional income = £6,802 plus reduced void period for previously hard-to-let properties.
- Merging separate groups of properties in finance system removing the need for separate coding and reporting - Approximate saving of £650 in staff time, Allpay fees saving = £155 and efficiencies in rent and budgeting process.
- Finance journals and Ledger efficiencies = Resource savings estimated at £1200 pa.
- Void Project Review resulted in specification savings on each void property – review results in £234 saving on each void property.
- As part of the void review tenants asked EHA to consider local decorating firms rather than issuing decorating vouchers - unclear whether this will produce cost saving however considered VFM as meets tenant preference and better use of money.
- Review of Aids and Adaptation policy with tenants. Resulted in consultation and agreement with Local Authority to fund reasonable low cost requests through Disabled Facilities Grant – this will kick in next year but would have resulted in a saving to EHA this year of £13,166.40.
- ‘To Let’ signs – changed supplier - Cost Saving last 12 months = £2,157.
- Renegotiation of contract with Cumbria Law Centre (Independent welfare advisor) that delivers benefits to tenants - Reduction of £15k p/a without diminution of service provided.

Going forward in a Covid-19 environment

The extent of the impact that Covid-19 will have on our plans and forecasts for the years ahead remains to be seen. Business contingency plans have been evoked ensuring critical services are maintained, operational risks managed throughout the pandemic. We are currently incurring short-term increased direct costs to respond to the pandemic and this will no doubt continue through the recovery phase.

Although Covid-19 has caused serious disruption and a short-term financial impact, at the time of writing the association continues to operate as a going concern. It looks like the pandemic is here for some time to come and significant economic downturns are predicted. We will continue to pro-actively monitor the event to ensure this situation continues to be managed effectively. At the time of writing potential section 106 acquisitions are now looking less likely because of the developer reviewing viability of its proposed future developments. Regular updating of forecasts and stress testing of our financial business plan has been undertaken to take account of a range of potential scenarios and Board alerted to additional financial risks.

Whilst this will present significant challenges there will be opportunities too and it is likely that an eventual return to a new normal will embrace the technological advances that have become more widespread during this time and provide potential to reduce costs and increase service effectiveness and productivity.

Brexit

There is still uncertainty around the implementation and impact of Brexit. The Association operates within the UK and thus is not directly exposed to import/export risk, although recognises Brexit could impact the supply chain causing delays or costs to increase. We have sufficient funding in place for the next few years with modest development plans and no aspiration to develop properties for resale, thus have reduced risk in this area compared with other providers in the sector. The greatest concern to the business will likely flow from any downturn in the economy, alongside risks presented by the Covid pandemic which could impact tenants' welfare and their ability to meet rent payments. The Association's exposure to potential risks here is considered low and thus currently no additional provisions have been established.

Composition and Role of the Board

The present Board Members are listed on page 3 of this report and each elected member holds a £1 share.

Board Members are drawn from a wide background and bring a range of skills in keeping with those required to run the association.

The Board has a formal schedule of matters reserved for its decision, which includes setting, monitoring and reviewing the Group's and Association's aims, objectives and policies. Responsibility for day to day operations is delegated to the Chief Executive.

The Association's Board now operates with one Committee to assist its governance and internal control, the Audit and Risk Management Committee, which operates within defined terms of reference. The Independent Living Committee was closed upon the successful transfer of this activity.

In addition, a Chairs' Group consisting of the Chair, Vice Chair and Chair of Audit and Risk Management Committee meets with the Chief Executive monthly. Terms of Reference approved by the Board exist for this forum. The Chairs Group is not a decision making forum.

Internal Controls

The Board of Management has overall responsibility for establishing and maintaining the system of internal control and reviewing its effectiveness. This applies to the Association and its subsidiary.

The Board of Management recognises that no system of internal control can provide an absolute assurance against material misstatement or loss or eliminate all risk of failure to achieve business objectives. The system of internal control is designed to manage key risks and to provide reasonable assurance that planned business objectives and outcomes are achieved. It also exists to give reasonable assurance on both the preparation and reliability of financial and operational information and the safeguarding of the Association's assets and interests.

In meeting its responsibilities, the Board of Management has adopted a risk-based approach to internal controls, which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Association is exposed.

The process adopted by the Board of Management in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework includes:

Identification and Evaluation of Key Risks

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. A new Risk Management and Board Assurance Framework was established in July 2018. An independent internal audit recently conducted has provided substantial assurance to the Board of the risk framework's effectiveness.

Risks and their controls/mitigations are reported to every Audit & Risk Management Committee meeting and annually to Board. The key strategic risks currently facing the Association are currently,

- A range of risks presented by the Covid-19 pandemic
- Concerns as to future pension costs/liabilities
- Unsustainable Assisted Living Schemes
- Financial capacity limiting Board ambitions
- Keeping abreast of emerging issues and legislation.

These items are currently within the Board's risk appetite and are being actively managed, further controls and mitigation underway to strengthen governance and reduce these risks.

Monitoring and Corrective Action

A process of control, self-assessment and regular management reporting on control issues provides assurance to management and to the Board. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those that may have a material impact on the financial statements and delivery of our services.

Environment and Control Procedures

The Board of Management retains responsibility for a defined range of issues covering strategic, operational, and financial and compliance issues including treasury strategy and new investment projects.

The Board of Management has adopted and disseminated to all employees a Code of Conduct for Members and Employees.

This sets out the Association's policies with regard to the quality, integrity and ethics of its people. It is supported by a framework of policies and procedures with which Members and employees must comply. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection.

Information and Financial Reporting Systems

Financial reporting procedures include detailed budgets for the year ahead, detailed management accounts produced monthly and forecasts for the remainder of the financial year and for subsequent years. These are reviewed in detail by the Executive Team and are considered and approved by the Board of Management. The Board of Management also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

Internal Audit Assurance

The internal audit framework and the risk management process are subject to regular review by Internal Audit who advise the executive directors and report to the Audit and Risk Management Committee. The Audit and Risk Management Committee considers internal control and risk at each of its meetings during the year.

The Audit and Risk Management Committee conducts an annual review of the effectiveness of the system of internal control and takes account of any changes that may be needed to maintain the effectiveness of the risk management and control process. The Audit and Risk Management Committee makes an annual report to the Board of Management. The Board of Management has received this report.

Information for Auditors

The Board Members who held office at the date of approval of this board report confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditors are unaware; and each Board Member has taken all the steps that they ought to have taken as a Board Member to make themselves aware of any relevant audit information and to establish that the association's auditors are aware of that information.

Statement of Compliance

The Board confirms that this Strategic Report has been prepared in accordance with the principles set out in Para 4.9 of the 2018 SORP for Registered Social Housing Providers.

By Order of the Board:

Signed: Beth Furneaux **Date:** **18 August 2020**

Statement of the Board's Responsibilities in Respect of the Accounts

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the association and of the Income and Expenditure for the period of account.

In preparing these financial statements, the Board is required to:

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

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Society Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It has general responsibility for taking reasonable steps to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

Corporate Governance

The Board has adopted the National Housing Federation's (NHF) Code of Governance 'Excellence in Governance' (2015).

The Board is committed to integrity and accountability in the stewardship of the Group's affairs and considers that the Group has complied throughout the year under review with the provisions of the NHF's Code of Governance.

The Board has also adopted the NHF Voluntary Merger, Group Structure and Partnerships Code.

Governance and Financial Viability Standard

The Board assessed its compliance with this regulatory standard as part of its annual review of Internal Controls. We hereby confirm our compliance with this standard.

Whilst in full compliance with the standard, in the interest of transparency, it is reported that we currently have 18 units not meeting the Decent Homes Standard (DHS). Seventeen units relate to acquired Grade 2* listed buildings with the remaining unit un-inhabitable for structural reasons. Improvement works are ongoing in the listed buildings and we anticipate they will meet DHS as works are completed. Additionally, we currently have four properties where gas safety certificates have expired. We continue to work with tenants and other agencies to remedy this situation.

Executive Team

The Executive Team comprises of the Chief Executive, Director of Finance & Corporate Resources and Director of Operations. They hold no interest in the Association's share capital. They act as executives within the authority delegated by the Board and make up the Executive Team. The detailed scrutiny of performance, the development of policy and procedures and expenditure approvals within budget, are carried out by the Executive Team.

Opinion

We have audited the financial statements of Eden Housing Association Limited (the Association) and its subsidiary (the Group) for the year ended 31 March 2020 which comprise the consolidated and Association Statement of Comprehensive Income, the consolidated and Association Statement of Financial Position, the consolidated and Association Statement of Changes in Reserves, the consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters 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:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; 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 Statement of Board's Responsibilities set out on page 16, 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 the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Group or the 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.

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

Use of our report

This report is made solely to the Association, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association 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 for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

Beever and Struthers, Statutory Auditor
St George's House
215/219 Chester Road
Manchester
M15 4JE
Date: 24 August 2020

Statement of Comprehensive Income

	Notes	Year Ended 31 Mar 2020 Consolidated £'000	Year Ended 31 Mar 2020 Association £'000	Year Ended 31 Mar 2019 Consolidated £'000	Year Ended 31 Mar 2019 Association £'000
Turnover	2	10,402	10,402	10,193	10,193
Operating expenditure	2	(7,368)	(7,368)	(6,511)	(6,511)
Other income	2	96	91	85	85
Gain/loss on disposal of property, plant and equipment (fixed assets)	5	548	548	373	373
Operating surplus		3,678	3,673	4,140	4,140
Interest receivable		50	50	5	5
Interest and financing costs	6	(2,070)	(2,070)	(1,991)	(1,991)
(decrease)/Increase in valuation of investment properties		(15)	(15)	90	90
Increase in valuation of Housing Properties		5,628	5,628	2,690	2,690
Surplus before tax	7	7,271	7,266	4,934	4,934
Taxation	8	-	-	-	-
Surplus for the year after tax		7,271	7,266	4,934	4,934
Unrealised deficit on opening SHPS pension scheme	11	-	-	(175)	(175)
Actuarial gain / (loss) in respect of pension schemes	11	785	785	(245)	(245)
Unrealised surplus on Revaluation		1,943	1,943	-	-
Total comprehensive income for the year		9,999	9,994	4,514	4,514

The financial statements on pages 19 to 49 were approved and authorised for issue by the Board on 18 August 2020 and were signed on its behalf by:

Board Member: Beth Furneaux ……………………………

Board Member: ……………………………

Secretary: ……………………………

The consolidated and parent results relate wholly to continuing activities and the notes on pages 23 to 49 form an integral part of these accounts.

Statement of Financial Position

	Notes	Year ended 31 Mar 2020 Consolidated £'000	Year ended 31 Mar 2020 Association £'000	Year Ended 31 Mar 2019 Consolidated £'000	Year Ended 31 Mar 2019 Association £'000
Fixed assets					
Tangible fixed assets	12	81,303	81,303	71,431	71,431
Investment properties	13	675	675	690	690
Homebuy loans receivable	13	-	-	-	-
Investment in subsidiaries	14	-	-	-	-
		81,978	81,978	72,121	72,121
Current assets					
Trade and other debtors	15	648	642	526	520
Investments	16	3,231	3,231	-	-
Cash and cash equivalents	17	1,741	1,736	6,346	6,345
		5,620	5,609	6,872	6,865
Less: Creditors: amounts falling due within one year	18	(1,475)	(1,469)	(1,819)	(1,812)
Net current assets		4,145	4,140	5,053	5,053
Total assets less current liabilities		86,123	86,118	77,174	77,174
Creditors: amounts falling due after more than one year	19	(46,416)	(46,416)	(46,949)	(46,949)
Provisions for liabilities					
Pension provision	11	(3,009)	(3,009)	(3,526)	(3,526)
Total net assets		36,698	36,693	26,699	26,699
Reserves					
Non-equity share capital	23	-	-	-	-
Income and expenditure reserve		34,755	34,750	26,699	26,699
Revaluation reserve		1,943	1,943	-	-
Total reserves		36,698	36,693	26,699	26,699

The financial statements on pages 19 to 49 were approved and authorised for issue by the Board on 18 August 2020 and were signed on its behalf by:

Board Member: ………………………………

Board Member: …………………………………

Secretary: …………………………………

The notes on pages 23 to 49 form an integral part of these accounts.

Consolidated Statement of Change in Reserves

Group	Notes	Year ended 31 Mar 2020 Income and expenditure reserve £'000	Year ended 31 Mar 2020 Revaluation reserve £'000	Year ended 31 Mar 2019 Income and expenditure reserve £'000	Year ended 31 Mar 2019 Revaluation reserve £'000
Balance as at 1 April		**26,699**	**-**	**22,185**	**-**
Surplus from Statement of Comprehensive Income		**7,271**	**-**	**4,934**	**-**
Restatement of SHPS Pension Liabilities		**-**	**-**	**(175)**	**-**
Actuarial (loss) / gain in respect of pension schemes		**785**	**-**	**(245)**	**-**
Unrealised surplus on revaluation of properties		**-**	**1,943**	**-**	**-**
Balance at 31 March		**34,775**	**1,943**	**26,699**	**-**

Association	Notes	Year ended 31 Mar 2020 Income and expenditure reserve £'000	Year ended 31 Mar 2020 Revaluation reserve £'000	Year ended 31 Mar 2019 Income and expenditure reserve £'000	Year ended 31 Mar 2019 Revaluation reserve £'000
Balance as at 1 April		**26,699**	**-**	**22,185**	**-**
Surplus from Statement of Comprehensive Income		**7,266**	**-**	**4,934**	**-**
Restatement of SHPS Pension Liabilities		**-**	**-**	**(175)**	**-**
Actuarial (loss) / gain in respect of pension schemes		**785**	**-**	**(245)**	**-**
Unrealised surplus on revaluation of properties		**-**	**1,943**	**-**	**-**
Balance at 31 March		**34,750**	**1,943**	**26,699**	**-**

The notes on pages 23 to 49 form an integral part of these accounts.

Consolidated Statement of Cash Flows

	Notes	**Year ended 31 Mar 2020 £'000**	Year ended 31 Mar 2019 £'000
Net cash inflow from operating activities	**Note a**	**4,115**	5,208
Investing activities	**Note b**	**(6,334)**	(1,606)
Financing activities	**Note c**	**(2,386)**	2,399
Net change in cash and cash equivalents		**(4,605)**	6,001
Cash and cash equivalents at start of the year		**6,346**	345
Net change in cash and cash equivalents		**(4,605)**	6,001
Cash and cash equivalents at end of the year		**1,741**	6,346
Note a - Reconciliation of operating profit			
Total comprehensive income for the year		**9,999**	4,514
Adjustments for non-cash items			
Depreciation charges & write-off of fixed assets		**1,775**	1,570
Dec/(inc) in valuation of investment properties		**15**	(90)
Change in debtors		**(122)**	61
Change in creditors		**(365)**	20
Non cash pension adjustments		**(785)**	548
Adjustments for investing & financing activities			
Surplus on property sale		**(548)**	(373)
Interest paid		**2,070**	1,991
Interest received		**(50)**	(5)
Realised inc in valuation of housing properties		**(5,628)**	(2,690)
Unrealised inc in valuation of housing properties		**(1,943)**	-
Grant received		**(303)**	(337)
Net cash inflow from operating activities		**4,115**	5,208
Note b- Cashflow from investing activities			
Purchase of tangible fixed assets		**(4,034)**	(2,504)
Sale of fixed assets		**699**	598
Grant received		**232**	300
Investments		**(3,231)**	-
Investing activities		**(6,334)**	(1,606)
Note c - Cashflow from financing activities			
Interest paid		**(2,175)**	(2,141)
Interest received		**48**	5
Loans secured		**-**	4,600
Loans repaid		**(259)**	(65)
Financing activities		**(2,386)**	2,399

The notes on pages 23 to 49 form an integral part of these accounts.

Legal Status

Eden Housing Association Limited is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a Private Registered Provider of Social Housing. The registered office is Blain House, Bridge Lane, Penrith, Cumbria CA11 8QU.

Principal Activity

Eden Housing Association Limited is a not for profit organisation, the principal activity of which is to provide affordable accommodation to those in need in the local community.

Group Structure

The group comprises the following entities:

Name	Incorporation	Registered/Non-registered
Eden Housing Association Ltd	Co-operative and Community Benefit Societies Act 2014	Registered
Eden Property Developments Ltd	Companies Act 2006	Registered

1. Principal Accounting Policies

Basis of Accounting

The Group's financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2018. The Group is required under the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 to prepare consolidated Group financial statements.

The financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. The financial statements are prepared on the historical cost basis of accounting as modified by the revaluation of housing and investment properties and are presented in sterling £'000 for the year ended 31 March 2020.

The Group's financial statements have been prepared in compliance with FRS 102. The Group meets the definition of a public benefit entity (PBE).

Public Benefit Entity

As a public benefit entity, Eden Housing Association has applied the public benefit entity 'PBE' prefixed paragraphs of FRS102.

Parent Company Disclosure Exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS102: No cash flow statement has been presented for the parent company.

The consolidated financial statements incorporate the results of Eden Housing Association Limited and all of its subsidiary undertakings as at 31 March 2020 using the acquisition method of accounting as required. The results of subsidiary undertakings are included from the date of acquisition, being the date the Group obtained control.

1. Principal Accounting Policies (continued)

Basis of Consolidation

Going Concern

The Group's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. Disruption caused by the Covid-19 pandemic post year end has been minimal with no significant, adverse impact on the financial viability of the Association. Business contingency plans have been evoked to ensure critical services are maintained with operational risks managed.

The pandemic has not impacted key judgements or estimates made in the financial statements, the organisation continuing to operate as a going concern. The Association continues to monitor the situation to ensure this situation continues to be managed effectively.

Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. There were no key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

a. **Development Expenditure.** The Group capitalises development expenditure in accordance with the accounting policy (see Capitalisation of interest and administration costs below). Initial capitalisation of costs is based on management's judgement that development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

b. **Categorisation of Housing Properties.** The Group has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Group has considered if the asset is held for social benefit or to earn commercial rentals. The Group has determined that market rented property are investment properties.

c. **Impairment.** The Group identifies and assesses impairment at a property scheme level. The impact of Covid-19 was reviewed by management as a trigger event and an impairment review took place. As the association's stock is accounted for at valuation, the impact of the pandemic is allowed for in this review process.

Other Key Sources of Estimation and Assumptions:

a. **Tangible Fixed Assets.** Other than investment properties, tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

b. **Revaluation of Investment Properties.** The Group carries its investment property at market value, with changes in market value being recognised in profit and loss. The Group engaged independent valuation specialists to determine market value at each year end. The valuer used a valuation technique based on a discounted cash flow model using assumptions that include the potential impact of the Covid-19 pandemic. The determined market value of the investment property is most sensitive to the estimated yield as well as the long term vacancy rate. The key assumptions used to determine the fair value of investment property are further explained in note 13a. The valuation therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently less certainty and a higher degree of caution should be attached to the valuation than would normally be the case. Given this, our valuers have stated that market values could fluctuate by up to 10%, say £68k.

1. **Principal Accounting Policies (continued)**

   c. **Pension and Other Post-Employment Benefits.** The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about assets valuations (including properties), discount rates, future salary increases, mortality rates and future pension increases.

      Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases and pension increases are based on expected future inflation rates for the respective sector. Further details are given in note 11.

   d. Impairment of Non-Financial Assets. Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified.

Turnover and Revenue Recognition

Turnover represents rental income receivable, capital grant, revenue grants from local authorities and the Homes England, income from the sale of shared ownership and other properties developed for outright sale and other income and are recognised in relation to the period when the goods or services have been supplied.

Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion. Supporting People Income is recognised under the contractual arrangements.

Any sales of properties developed for outright sale are included in Turnover and Cost of Sales.

Support Income and Costs Including Supporting People Income and Costs

Supporting People (SP) contract income received from Administering Authorities is accounted for as SP income in the Turnover as per note 2. The related support costs are matched against this income in the same note. Support charges included in the rent are included in the Statement of Comprehensive Income from social housing lettings note 2 and matched against the relevant costs.

Service Charges

Service charge income and costs are recognised on an accruals basis. The Group operates both fixed and variable service charges on a scheme by scheme basis in full consultation with residents. Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered they are held as creditors or debtors in the Statement of Financial Position.

Where periodic expenditure is required a provision may be built up over the years, in consultation with the residents; until these costs are incurred this liability is held in the Statement of Financial Position within long term creditors.

Loan Interest Costs

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and amount of maturity of the related loan.

Loan Finance Issue Costs

These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income account in the year in which the redemption took place.

1. Principal Accounting Policies (continued)

Taxation

The society became an exempt charity on 2 April 2015 and is therefore only liable to corporation tax on non-charitable surpluses.

Value Added Tax

The Group charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. All amounts disclosed in the accounts are inclusive of VAT to the extent that it is suffered by the Group and not recoverable.

Tangible Fixed Assets and Depreciation

Housing Properties

Completed housing properties have been valued on the Existing Use Valuation for Social Housing (EUV-SH) basis and are revalued annually. A full revaluation takes place every five years, with 'desktop' valuations being completed in intervening years. The aggregate surplus on revaluation is the difference between the cost of the property less Social Housing Grant and the amount of the valuation. The cost of properties is their purchase price and construction costs together with capitalised repairs and incidental costs of acquisition and construction including interest payable. Interest payable is capitalised by applying the Association's average interest rate payable on borrowing used to fund development during the course of construction of the property up to the date of practical completion.

Housing properties in the course of construction are stated at cost and are transferred into housing properties when completed.

Housing properties in the course of construction are not depreciated. Housing properties are transferred to completed properties when they are ready for letting. Market rental properties are stated at open market valuation.

Impairment

All properties are reviewed for impairment annually, and where housing properties have suffered a permanent diminution in value, the fall in value is recognised after taking into account any relevant capital grants.

Depreciation of Fixed Assets Including Housing Properties

Depreciation is charged on all assets on a straight-line basis over the expected useful economic life of the asset at the following annual rates:

Housing Structure	100 years	(1%)
Bathrooms	30 years	(3.33%)
Heating systems	15years	(6.66%)
Kitchens	25 years	(4%)
Windows	25 years	(4%)
Plant and machinery	20 years	(5%)
Furniture and equipment	10 years	(10%
Office	50 years	(2%)
Aids and adaptations	10 years	(10%)
Digital TV upgrades	10 years	(10%)
Office equipment	4 to 10 years	(10% - 25%)
Computer equipment	3 to 5 years	(20% - 33$^{1}/_{3}$%)
Septic Tank	20 years	(5%)
Roof	60 years	(1.66%)

Freehold land, Shared ownership properties and Garages are not depreciated.

Useful economic lives of all tangible fixed assets are reviewed annually.

Where possible, certain elements of housing properties such as septic tanks, digital TV aerials and aids and adaptations, have been accounted for and depreciated separately from the connected housing property.

1. Principal Accounting Policies (continued)

Low Cost Home Ownership Properties

The costs of low cost home ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset and subsequent sales treated as sales of fixed assets.

Capitalisation of Interest and Administration Costs

Interest on loans financing development is capitalised up to the date of the completion of the scheme and only when development activity is in progress.

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.

Leasing and Hire Purchase

Where assets are financed by hire purchase contracts and leasing agreements that give rights approximating to ownership (finance leases), they are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as obligations to the lessor in creditors. They are depreciated over the shorter of the lease term and their economic useful lives.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit and loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

Other leases are treated as operating leases and payments are charged to the Statement of Comprehensive Income on a straight line basis over the term of the lease.

Reverse premiums and similar incentives received on leases to enter into operating lease agreements are released to Statement of Comprehensive Income over the term of the lease.

Investment Property

Investment property includes commercial and other properties not held for the social benefit of the Group. Investment property is measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure, and subsequently at fair value at the reporting date. Fair value is determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive income.

HomeBuy

The Group operates this scheme by lending a percentage of the cost to home purchasers, secured on the property. The loans are interest free and repayable only on the sale of the property. On a sale, the fixed percentage of the proceeds is repaid. The loans are financed by an equal amount of SHG. On redemption:

- The SHG is recycled,
- The SHG is written off, if a loss occurs,
- The Group keeps any surplus.

Homebuy loans are treated as concessionary loans and are initially recognised at the amount paid to the purchaser and reviewed annually for impairment. The associated Homebuy grant from the Homes England is recognised as deferred income until the loan is redeemed.

1. Principal Accounting Policies (continued)

Valuation of Investments

Investments in subsidiaries are measured at cost less accumulated impairment. Investments in unlisted company shares have been classified as fixed asset investments as the Group intends to hold them on a continuing basis.

Current Asset Investments

Current asset investments include cash and cash equivalents invested for periods of more than 24 hours. They are recognised initially at cost and subsequently at fair value at the reporting date. Any change in valuation between reporting dates is recognised in the statement of comprehensive income.

Stock and Properties Held for Sale

Stock of materials Stocks are stated at the lower cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

Properties developed for outright sale are included in current assets as they are intended to be sold, at the lower of cost or estimated selling price less costs to complete and sell.

At each reporting date, stock and properties held for sale are assessed for impairment. If there is evidence of impairment, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in Statement of Comprehensive Income.

Short-Term Debtors and Creditors

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

Grants

Grants received are recognised under the performance model. If there are no specific performance requirements the grants are recognised when received or receivable. Where grant is received with specific performance requirements it is recognised as a liability until the conditions are met and then it is recognised as Turnover.

When Social Housing Grant (SHG) in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

SHG must be recycled by the Group under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by Homes England and Greater London Authority. However, SHG may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as Turnover. In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

Recycling of Capital Grant

Where Social Housing Grant is recycled, as described above, the SHG is credited to a fund which appears as a creditor until used to fund the acquisition of new properties, where recycled grant is known to be repayable it is shown as a creditor within one year.

Disposal Proceeds Fund (DPF)

Historical receipts from the sale of SHG funded properties less the net book value of the property and the costs of disposal were credited to the DPF up until the year ended 31 March 2017 when due to de-regulatory measures there are no longer requirements to show new proceeds from relevant disposals in the DPF. This creditor is carried forward until it is used to fund the acquisition of new social housing.

1. Principal Accounting Policies (continued)

Holiday Pay Accrual

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

Retirement Benefits

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services.

The Group is a member of two defined benefit pension schemes, the Social Housing Pension Scheme ('SHPS') and the Local Government Pension Scheme. SHPS is a defined benefit multiemployer pension scheme administered by TPT Retirement Solutions ('TPT'), now closed to active membership. The Group also participates in LGPS, a funded defined-benefit scheme with assets held in separate funds administered by Cumbria County Council. Defined benefit accounting is applied to both scheme.

Revaluation Reserve

The revaluation reserve represents the difference on transition between the fair value of social housing properties and other assets and the historical cost carrying value, where deemed cost transitional relief was taken.

Financial Instruments

Financial assets and financial liabilities are measured at transaction price initially, plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs the entity may incur on sale or other disposal:

Debt instruments that meet the conditions in paragraph 11.8(b) of FRS102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.

Financial Instruments Held by the Group are Classified as Follows:

- Financial assets such as cash, current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method,
- Financial liabilities such as bonds and loans are held at amortised cost using the effective interest method,
- Loans to or from subsidiaries including those that are due on demand are held at amortised cost using the effective interest method,
- Commitments to receive or make a loan to another entity which meet the conditions above are held at cost less impairment,

1. Principal Accounting Policies (continued)

- An investment in another entity's equity instruments other than non-convertible preference shares and non-puttable ordinary and preference shares are held at fair value,

Impairment of Financial Assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

The following financial instruments are assessed individually for impairment:

(a) All equity instruments regardless of significance; and

(b) Other financial assets that are individually significant.

Impairment of Financial Assets (continued)

Other financial instruments are assessed for impairment either individually or grouped on the basis of similar credit risk characteristics.

An impairment loss is measured as follows on the following instruments measured at cost or amortised cost:

(a) For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

(b) For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. The reversal cannot result in a carrying amount (net of any allowance account) which exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of the reversal is recognised in profit or loss immediately.

Categorisation of Debt

The company's debt has been treated as "basic" in accordance with paragraphs 11.8 and 11.9 of FRS102.

2a. Turnover, cost of sales, operating expenditure and operating surplus

Group	Turnover	Other Income	Operating expenditure	Operating surplus
	2020			
	£'000	**£'000**	**£'000**	**£'000**
Social Housing Lettings	**9,493**	**-**	**(6,628)**	**2,865**
Other Social Housing Activities				
Charges for Support Services	**131**	-	**(131)**	**-**
Other:				
Other Social Housing Income	**12**	-	**(12)**	**-**
Managed Associations	**136**	-	**(136)**	**-**
Activities other than Social Housing				
Supporting People	**404**	-	**(346)**	**59**
Lettings	**35**	-	**(18)**	**18**
Independent Living Service	**-**	-	**(2)**	**(2)**
Other	**189**	**96**	**(95)**	**190**
Total	**10,402**	**96**	**(7,368)**	**3,130**

	2019			
	£'000	£'000	£'000	£'000
Social Housing Lettings	9,301	-	(5,782)	3,519
Other Social Housing Activities				
Charges for Support Services	131	-	(131)	-
Other:				
Managed Associations	133	-	(133)	-
Other Social Housing Income	11	-	(11)	-
Activities other than Social Housing				
Supporting People	275	-	(241)	34
Lettings	40	-	(20)	20
Independent Living Service	94	-	(90)	4
Other	208	85	(103)	190
Total	10,193	85	(6,511)	3,767

2b. Turnover, cost of sales, operating expenditure and operating surplus

Association	2020 Turnover	Other Income	Operating expenditure	Operating surplus
	£'000	£'000	£'000	£'000
Social Housing Lettings	**9,493**	**-**	**(6,628)**	**2,866**
Other Social Housing Activities				
Charges for Support Services	**131**	-	**(131)**	**-**
Other:				
Other Social Housing Income	**12**	-	**(12)**	**-**
Managed Associations	**136**	-	**(136)**	**-**
Activities other than Social Housing				
Supporting People	**404**	-	**(346)**	**59**
Lettings	**35**	-	**(18)**	**18**
Independent Living Service	**-**	-	**(2)**	**(2)**
Other	**189**	**91**	**(95)**	**185**
Total	**10,402**	**91**	**(7,368)**	**3,125**

	2019			
	£'000	£'000	£'000	£'000
Social Housing Lettings	9,301	-	(5,782)	3,519
Other Social Housing Activities				
Charges for Support Services	131	-	(131)	-
Other:				
Other Social Housing Income	11	-	(11)	-
Managed Associations	133	-	(133)	-
Activities other than Social Housing				
Supporting People	275	-	(241)	34
Lettings	40	-	(20)	20
Independent Living Service	94	-	(90)	4
Other	208	85	(103)	190
Total	10,193	85	(6,511)	3,767

3. Turnover and operating expenditure

Group & Association	General Housing £'000	Supported Housing and Housing for Older People £'000	Low Cost Home Ownership £'000	Total 2020 £'000	Total 2019 £'000
Income					
Rent receivable net of identifiable service charge	**7,986**	**685**	**153**	**8,824**	8,623
Service charge income	**63**	**283 +**	**20**	**366**	341
Government grants taken to income	**303**	**-**	**-**	**303**	337
Turnover from Social Housing Lettings	**8,352**	**968**	**173**	**9,493**	9,301
Operating expenditure					
Management	**(2,078)**	**(176)**	**-**	**(2,253)**	(1,983)
Service charge costs	**(181)**	**(376)**	**(1)**	**(557)**	(522)
Routine maintenance	**(1,358)**	**(25)**	**-**	**(1,383)**	(1,318)
Planned maintenance	**(586)**	**(8)**	**-**	**(594)**	(344)
Major repairs expenditure	**-**	**-**	**-**	**-**	-
Bad debts	**(64)**	**(1)**	**-**	**(66)**	(46)
Depreciation	**(1,397)**	**(280)**	**-**	**(1,677)**	(1,460)
Loss on disposal of components	**(97)**	**-**	**-**	**(97)**	(109)
Operating expenditure on Social Housing Lettings	**(5,761)**	**(866)**	**(1)**	**(6,628)**	(5,782)
Operating Surplus/(Deficit) on Social Housing Lettings	**2,591**	**102**	**172**	**2,865**	3,519
Void losses (being rental income lost as a result of property not being let, although it is available for letting)	**76**	**15**	**-**	**91**	130

4. Accommodation owned, managed and in development

Group & Association	2020 No. of properties Owned	2020 No. of properties Managed	2019 No. of properties Owned	2019 No. of properties Managed
Under management at end of year:				
Social Housing				
General needs housing social rent	**1,442**	**138**	1,465	148
General needs housing affordable rent	**129**	**12**	99	12
Supported housing	**78**	**-**	89	-
Housing for older people	**68**	**-**	68	-
Low-cost home ownership	**103**	**14**	103	14
Key worker housing				
Temporary social housing	**3**	**-**	3	-
	1,823	**164**	1,827	174
Non-Social Housing				
Under management at end of year:				
Market rented	**9**	**-**	9	-
	1,832	**164**	1,836	174
Under development at end of year:				
Social Housing				
General needs housing social rent	**-**		11	
General needs housing affordable rent	**7**		7	
	7	**-**	18	-
Movement in Social Housing Stock				
Number of properties at the start of the year	**1,827**	**174**	1,820	174
Additions:				
New properties developed/purchased	**14**	**-**	14	-
Disposals				
Compulsory sales (Right to Buy/Acquire)	**(4)**	**-**	(4)	-
Disposal of underperforming stock	**(14)**	**(10)**	(3)	-
Number of properties at the end of the year	**1,823**	**164**	1,827	174

5. Gain on disposal of property, plant and equipment (Housing Properties)

Group & Association Housing Property Sales	2020 £'000 General Needs	2019 £'000 General Needs
Proceeds of sales	**699**	598
Less: Costs of sales	**(152)**	(193)
Surplus	**548**	405
Capital grant recycled (Note 20)	**-**	(32)
Total gain on disposal of property, plant and equipment (Housing Properties)	**548**	373

6. Interest and financing costs

	Group		Association	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Deferred benefit pension charge (LGPS & SHPS)	**90**	84	**90**	84
On loans repayable within five years	**360**	360	**360**	360
On loans wholly or partly repayable in more than five years	**1,889**	1,816	**1,889**	1,816
Costs associated with financing	**(116)**	(115)	**(116)**	(115)
	2,223	2,145	**2,223**	2,145
Less: interest capitalised on housing properties under construction	**(153)**	(154)	**(153)**	(154)
Total interest and financing costs	**2,070**	1,991	**2,070**	1,991

The weighted average interest on borrowings of 4.75% (2019: 4.82%) was used for calculating capitalised finance costs.

7. Surplus/(deficit) on ordinary activities

Group & Association	**2020**	2019
	£'000	£'000
The operating surplus is stated after charging/(crediting):-		
Auditors remuneration (excluding VAT):	**13**	13
Fees payable to the company's auditor and its associates for other services to the group: Taxation compliance services	**1**	3
Operating lease rentals:		
- Motor Vehicles	**10**	12
- Land and buildings	**19**	24
- Office equipment	**3**	3
Depreciation of housing properties	**1,419**	1,395
Depreciation of other fixed assets	**258**	65
Depreciation on write off of fixed assets	**96**	95
Surplus on sale of other fixed assets	**1**	14

8. Tax on Surplus/(deficit) on ordinary activities

	Group		Association	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Current tax				
UK corporation tax on surplus for the year	**-**	-	**-**	-
Tax on Surplus/(deficit) on ordinary activities	**-**	-	**-**	-

The society became an exempt charity on 2 April 2015 and is therefore only liable to corporation tax on non-charitable surpluses.

9. Directors' remuneration

Group & Association

	2020 £'000	2019 £'000
The aggregate emoluments paid to or receivable by executive Directors and former executive directors	**274**	260
The aggregate compensation paid to or receivable by Directors (key management personnel)	**-**	-
The emoluments paid to the highest paid Director excluding pension contributions	**98**	95

The Chief Executive is an ordinary member of the LGPS pension scheme. The LGPS pension scheme is a final salary scheme funded by annual contributions by the employer and employee. No enhanced or special terms apply. There are no additional pension arrangements. A contribution by Eden Housing Association of £13k (2019: £13k) was paid in addition to the personal contributions of the Chief Executive.

Directors (key management personnel) are defined as members of the Board, the Chief Executive and any other person who is a member of the Executive Team or its equivalent. Non-Executive Members of the Board are not remunerated.

10. Employee information

	Group		**Association**	
	2020 No.	2019 No.	**2020 No.**	2019 No.
The average number of persons employed during the year expressed in full time equivalents (37 hours per week) was:				
Office staff	**44**	43	**44**	43
Wardens, caretakers and cleaners	**10**	14	**10**	14
	£'000	£'000	**£'000**	£'000
Staff costs				
Wages and salaries	**1,732**	1,610	**1,732**	1,610
Social Security costs	**145**	141	**145**	141
Other pension costs	**241**	244	**241**	244
	2,118	1,995	**2,118**	1,995

Aggregate number of full time equivalent staff whose remuneration exceeded £60,000 in the period:

	No.
£60,000 - £70,000	**0**
£70,000 - £80,000	**1**
£80,000 - £90,000	**1**
£90,000 - £100,000	**0**
£100,000 - £110,000	**0**
£110,000 - £120,000	**1**

11. Pension obligations

Eden Housing Association Limited participates in two schemes, the Social Housing Pension Scheme (SHPS) and the Local Government Pension Scheme (LGPS) administered by Cumbria County Council. Both schemes are both multi-employer defined benefit schemes. The Schemes are funded and are contracted out of the state scheme. The scheme available for all new employees is the SHPS defined contribution scheme.

The total pension liability at the year-end amounted to £3,009k, comprising £164k in relation to SHPS and £2,845k in relation to LGPS (total liability 2019 £3,526k, £292k SHPS plus £3,234k LGPS).

Social Housing Pension Scheme

The Group participates in the Social Housing Pension Scheme ('SHPS'), a defined benefit multi-employer pension scheme administered by TPT Retirement Solutions ('TPT'). The accounting policy in relation to SHPS is set out on page 25.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 March 2020 by a qualified independent actuary.

	At 31 March 2020	At 31 March 2019
	%	%
Rate of increase in salaries	**2.47**	3.19
Rate of increase for pensions in payment / inflation	**2.47**	3.19
Discount rate for scheme liabilities	**2.31**	2.40
Inflation assumption (CPI)	**1.47**	2.19
Commutation of pensions to lump sums	**-**	-

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 March 2020
	Years
Retiring today	
Males	**21.5**
Females	**23.3**
Retiring in 20 years	
Males	**22.9**
Females	**24.5**

Analysis of the amount charged to operating costs in the Statement of Comprehensive Income	**At 31 March 2020 £'000**	At 31 March 2019 £'000
Employer service/admin cost (net of employee Contributions)	**2**	(70)
Past service cost	**-**	-
Total operating charge	**2**	(70)
Analysis of pension finance income / (costs)		
Expected return on pension scheme assets	**18**	18
Interest on pension liabilities	**(24)**	(25)
Amounts charged/credited to financing costs	**(6)**	(7)
Amount of gains and losses recognised in the Statement of Comprehensive Income		
Actuarial gains(/losses) on pension scheme assets	**20**	25
Actuarial gains/(losses) on scheme liabilities	**66**	(46)
Actuarial gain/(loss) recognised	**86**	(21)

Movement in surplus/(deficit) during year	At 31 March 2020 £'000	At 31 March 2019 £'000
Surplus/(deficit) in scheme at 1 April 2019	**(292)**	(261)
Movement in year:		-
Employer service cost/admin (net of employee Contributions)	**(2)**	(74)
Employer contributions	**50**	71
Past service cost	**-**	-
Net interest/return on assets	**(6)**	(7)
Remeasurements	**86**	(21)
Effect of curtailments	**-**	-
(Deficit) in scheme at 31 March 2020	**(164)**	(292)

Asset and Liability Reconciliation	At 31 March 2020 £'000	At 31 March 2019 £'000
Reconciliation of liabilities		
Liabilities at start of period	**(1,017)**	(944)
Service cost	**(2)**	(74)
Interest cost	**(24)**	(25)
Employee contributions	**(2)**	(6)
Remeasurements	**66**	(46)
Benefits paid	**11**	78
Past Service cost	**-**	-
Reconciliation of assets	**(968)**	(1,017)
Assets at start of period	**725**	683
Return on plan assets	**18**	18
Remeasurements	**20**	25
Employer contributions	**50**	71
Employee contributions	**2**	6
Benefits paid	**(11)**	(78)
Assets at end of period	**804**	725
Actual return on plan scheme assets	**72**	33

Asset Allocation		
Absolute Return	**42**	63
Alternative Risk Premia	**56**	42
Corporate Bond Fund	**46**	34
Credit Relative Value	**16**	13
Distressed Opportunities	**22**	13
Emerging Markets Debt	**24**	25
Fund of Hedge Funds	**-**	3
Global Equity	**118**	122
Infrastructure	**60**	38
Insurance-Linked Securities	**25**	21
Liability Driven Investment	**267**	265
Long Lease Property	**14**	11
Net Current Assets	**3**	1
Private Debt	**16**	10
Property	**18**	16
Risk Sharing	**27**	22
Secured Income	**31**	26
Opportunistic Illiquid Credit	**19**	-
Total assets	**804**	725

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by Cumbria County Council. The total contributions made for the year ended 31 March 2020 were £155,000, of which employer's contributions totalled £121,000 and employees' contributions totalled £34,000. The agreed contribution rates for future years are 18.7% for employers and range from 5.5% to 10.5% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 March 2020 by a qualified independent actuary.

	At 31 March 2020	At 31 March 2019
	%	%
Rate of increase in salaries	**3.60**	3.70
Rate of increase for pensions in payment / inflation	**2.20**	2.30
Discount rate for scheme liabilities	**2.30**	2.50
Inflation assumption (CPI)	**2.10**	2.20
Commutation of pensions to lump sums	**-**	-

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 March 2020	At 31 March 2019
	Years	Years
Retiring today		
Males	**22.6**	23.3
Females	**25.2**	25.9
Retiring in 20 years		
Males	**24.2**	25.6
Females	**27.1**	28.6

Analysis of the amount charged to operating costs in the Statement of Comprehensive Income	**At 31 March 2020** **£'000**	At 31 March 2019 £'000
Employer service cost (net of employee contributions)	**(157)**	(155)
Past service cost	**(186)**	-
Total operating charge	**(343)**	(155)
Analysis of pension finance income / (costs)		
Expected return on pension scheme assets	**216**	(219)
Interest on pension liabilities	**(300)**	(296)
Amounts charged/credited to financing costs	**(84)**	(515)

Amount of gains and losses recognised in the Statement of Comprehensive Income		
Actuarial gains(/losses) on pension scheme assets	**(430)**	311
Actuarial gains/(losses) on scheme liabilities	**1,129**	(535)
Actuarial gain/(loss) recognised	**699**	(224)

Movement in surplus/(deficit) during year

	At 31 March 2020 £'000	At 31 March 2019 £'000
Surplus/(deficit) in scheme at 1 April 2019	**(3,234)**	(2,894)
Movement in year:		
Employer service cost/admin (net of employee contributions)	**(161)**	(158)
Employer contributions	**121**	119
Past service cost	**(186)**	-
Net interest/return on assets	**(84)**	(77)
Re-measurements	**699**	(224)
Effect of curtailments	**-**	-
(Deficit)/Surplus in scheme at 31 March 2020	**(2,845)**	(3,234)

Asset and Liability Reconciliation	At 31 March 2020 £'000	At 31 March 2019 £'000
Reconciliation of liabilities		
Liabilities at start of period	**(11,855)**	(11,008)
Service cost	**(157)**	(155)
Interest cost	**(300)**	(296)
Employee contributions	**(34)**	(34)
Remeasurements	**1,129**	(535)
Benefits paid	**112**	173
Past Service cost	**(186)**	-
Reconciliation of assets	**(11,291)**	(11,855)
Assets at start of period	**8,621**	8,114
Return on plan assets	**216**	219
Re-measurements	**(430)**	311
Employer contributions	**121**	119
Employee contributions	**34**	34
Benefits paid	**(112)**	(173)
Administration expenses	**(4)**	(3)
Assets at end of period	**8,446**	8,621
Actual return on plan scheme assets	**239**	(530)
Asset Allocation		
Equities	**3,911**	4,095
Government Bonds	**1,546**	1,543
Other Bonds	**557**	543
Property	**498**	802
Cash	**405**	414
Other	**1,529**	1,224
Total assets	**8,446**	8,621

12. Tangible fixed assets

Group & Association	Social Housing Properties for Letting Completed £'000	Social Housing Properties for letting under Construction £'000	Low cost home ownership Properties completed £'000	Total Housing Properties £'000	Freehold offices £'000	Furniture and office equipment £'000	Total fixed assets £'000
Valuation							
At start of the year	**83,357**	**434**	**3,846**	**87,637**	**1,108**	**334**	**89,079**
Additions to properties acquired	**-**	**2,446**	**-**	**2,446**	**-**	**70**	**2,516**
Works to existing properties	1,518	-	-	**1,518**	-	-	**1,518**
Interest capitalised	153	-	-	**153**	-	-	**153**
Schemes completed	1,511	(1,511)	-	**-**	-	-	**-**
Disposals	(1,380)	-	-	**(1,380)**	-	(65)	**(1,445)**
Revaluation movement in the year	7,003	-	568	**7,571**	-	-	**7,571**
At end of the year	**92,162**	**1,369**	**4,414**	**97,945**	**1,108**	**339**	**99,392**
Depreciation and impairment							
At start of the year	**17,203**	**-**	**-**	**17,203**	**296**	**149**	**17,648**
Charge for the year	1,420	-	-	**1,420**	21	76	**1,517**
Disposals	(1,011)	-	-	**(1,011)**	-	(65)	**(1,076)**
At end of the year	**17,612**	**-**	**-**	**17,612**	**317**	**160**	**18,089**
Net book value at the end of the year	**74,550**	**1,369**	**4,414**	**80,333**	**791**	**179**	**81,303**
Net book value at the start of the year	66,154	434	3,846	70,434	812	185	71,431

Housing Properties comprise:

	2020 £'000	2019 £'000
Freeholds	**80,333**	70,434

Historical cost of Housing Properties before valuation				
NBV at start of the year	67,584	434	8,044	76,062
Net movement during the year	1,394	935	-	2,329
NBV at end of the year	**68,978**	**1,369**	**8,044**	**78,391**

13(a). Investment properties held for letting

	Group 2020 £'000	Group 2019 £'000	Association 2020 £'000	Association 2019 £'000
At start of year	**690**	600	**690**	600
Additions	**-**	-	**-**	-
(Loss)/Gain from adjustment in value	**(15)**	90	**(15)**	90
At end of year	**675**	690	**675**	690

Housing properties and investment properties were valued at 31 March 2020 by Savills (UK) Limited, professional qualified external valour. The valuation of properties was undertaken in accordance with the Royal Institute of Chartered Surveyors Valuation Standards. In valuing the properties, the following significant assumptions were used:

	2020 / 2021	2021 / 2022	2022 / 2023	2023 / 2024 in perpetuity
Discount rate	5.15%	5.15%	5.15%	5.15%
Annual Inflation rate	1.50%	1.75%	1.75%	2.00%

For year 2019/2020, rent reductions of 1% per annum has been forecast, then CPI onwards.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. The valuation therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently less certainty and a higher degree of caution should be attached to the valuation than would normally be the case.

13(b). Homebuy loans

	Group 2020 £'000	Group 2019 £'000	Association 2020 £'000	Association 2019 £'000
At start of year	**577**	614	**577**	614
Loans issued in the year	**-**	-	**-**	-
Loans repaid in the year	**(10)**	(37)	**(10)**	(37)
Provisions against non-recoverable loans	**(567)**	(577)	**(567)**	(577)
At end of year	**-**	-	**-**	-

14. Fixed asset investments

Group Companies

The group comprises the following entities, all registered in England:

Name	Incorporation and ownership	Regulated/ non-regulated	Nature of Business
Eden Property Developments Limited (Registered number 4048736)	Company – 100%	Non-regulated	Build Contractor

At 31 March 2020 the Group has the following interests in the subsidiary:

	2020 £'000	2019 £'000
Share of current assets	**11**	7
Share of liabilities – due within one year	**(6)**	(7)
Share of liabilities – due after more than one year	**-**	-
Share of net assets	**5**	-
Share of capital commitments	**227**	1,709

15. Trade and other debtors

	Group		Association	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Tenant arrears	**340**	301	**340**	301
Less: provision for bad debts	**(140)**	(172)	**(140)**	(172)
Amounts due from group undertakings	**-**	-	**-**	7
Other debtors	**140**	137	**134**	124
Prepayment and accrued income	**308**	260	**308**	260
Total trade and other debtors	**648**	526	**642**	520

Debtors are all due within one year

16. Investments

Group & Association	**2019 £'000**	2018 £'000
Time deposit investments > 3 months	**3,231**	-

17. Cash and cash equivalents

	Group			Association
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Money Market Investments	**554**	5,257	**554**	5,257
Cash at bank	**1,186**	1,089	**1,181**	1,088
Total cash and cash equivalents	**1,741**	6,346	**1,736**	6,345

18. Creditors: amounts falling due within one year

	Group		Association	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Loans & overdrafts	**-**	-	**-**	-
Trade creditors	**241**	279	**96**	279
Rents and service charges paid in advance	**70**	72	**70**	72
Other taxation and social security payable	**37**	25	**37**	25
Accruals and deferred income	**492**	862	**486**	855
SHPS pension agreement plan (Note 11)	**-**	-	**-**	-
Deferred Capital Grant (Note 19)	**313**	81	**313**	81
Recycled capital grant fund (Note 20)	**126**	94	**126**	94
Disposal proceeds fund (Note 21)	**155**	395	**155**	395
Other creditors	**44**	11	**44**	11
	1,479	1,819	**1,471**	1,813

19(a). Creditors: amounts falling due after more than one year

	Group		Association	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Loans (Note 19b)	**46,001**	46,259	**46,001**	46,259
Recycled capital grant fund (Note 21)	**142**	311	**142**	311
SHPS pension agreement plan (Note 11)	**-**	-	**-**	-
Disposal proceeds fund (Note 22)	**-**	-	**-**	-
Unamortised loan fee	**(208)**	(218)	**(208)**	(218)
Refinancing costs	**481**	597	**481**	597
	46,416	46,949	**46,416**	46,949

19(b). Debt analysis

	Group		Association	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Loans repayable by instalments:				
Within one year	**-**	-	**-**	-
In one year or more but less than two years	**-**	10	**-**	10
In two years or more and less than five years	**-**	-	**-**	-
In five years or more	**1,201**	1,249	**1,201**	1,249
Loans not repayable by instalments:				
Within one year	**-**	-	**-**	-
In one year or more but less than two years	**-**	-	**-**	-
In two years or more and less than five years	**5,000**	5,000	**5,000**	5,000
In five years or more	**39,800**	40,000	**39,800**	40,000
Total loans	**46,001**	46,259	**46,001**	46,259

Loans are secured by specific charges on the organisations individual housing properties. The loans are repayable monthly/quarterly at varying rates of interest and are due to be repaid by 2039.

The interest rate profile of the organisation at 31 March 2020 was:

	Total £'000	Variable Rate £'000	Fixed rate £'000	Weighted Average rate %
Instalment loans	**1,201**	**600**	**601**	**3.11%**
Non-instalments loans	**44,800**	**8,300**	**36,500**	**4.87%**
	46,001	**8,900**	**37,101**	**4.75%**

At 31 March 2020 the PRP has the following borrowing facilities:	£'000
Undrawn committed facilities	**-**
Drawn facilities	**46,001**
Total facility	**46,001**

19c. Analysis of changes in net debt

Group	Year Ended 31 March 2019	Cash Flows	Year Ended 31 March 2020
Cash & Cash equivalents	**6,346**	(4,605)	1,741
Investments	**0**	3,231	3,231
Loans falling due after more than one year	**(46,259)**	258	(46,001)
	(39,913)	(1,116)	(41,029)

Association	Year Ended 31 March 2019	Cash Flows	Year Ended 31 March 2020
Cash & Cash equivalents	**6,345**	(4,609)	1,736
Investments	**0**	3,231	3,231
Loans falling due after more than one year	**(46,259)**	258	(46,001)
	(39,912)	(1,116)	(41,034)

20. Deferred capital grant

	Group		Association	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
At start of the year	**81**	118	**81**	118
Grant received in the year	**232**	300	**232**	300
Released to income in the year	**-**	(337)	**-**	(337)
At the end of the year	313	81	313	81

	£'000	£'000	**£'000**	£'000
Amount due to be released < 1 year	**313**	81	**313**	81
Amount due to be released > 1 year	**–**	-	**–**	-
	313	81	**313**	81

21. Recycled capital grant fund

	2020	2019
	£'000	£'000
At the start of the year	**405**	311
Inputs: Grants recycled – Property sales	**27**	-
Grants recycled – Other	**22**	92
Interest accrued	**2**	2
Recycling: New build	**-**	-
At the end of the year	**266**	405
Aged Recycled capital grant fund		
Due within one year	**124**	94
Due over one year but less than three	**142**	311
Amount three years or older where repayment may be required	**-**	-
Total Recycled capital grant fund	**266**	405

22. Disposal proceeds fund

	2020	2019
	£'000	£'000
At start of year: Funds recycled	**395**	395
Inputs: Grants recycled	**(240)**	-
At end of year	**155**	395
Amounts three years old or older where repayment may be required	**155**	316

23. Non-equity share capital

Group and Association	2020 £'000	2019 £'000
Allotted Issued and Fully Paid		
At the start of the year	**11**	11
Issued during the year	**3**	**2**
Cancelled in the year	**(3)**	**(2)**
At the end of the year	**11**	11

The par value of each share is £1. The shares do not have a right to any dividend or distribution in a winding-up, and are not redeemable. Each share has full voting rights. All shares are fully paid.

24. Capital commitments

	2020 £'000	2019 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	**227**	1,709
Capital expenditure that has been authorised by the Board but has not yet been contracted for	**-**	-
	227	1,709
The organisation expects these commitments to be financed with:		
DPF	**81**	51
Proceeds from the sales of properties	**-**	-
Committed loan facilities	**146**	1,658
	227	1,709

The above figures include the full cost of shared ownership properties contracted for.

25. Operating leases

The organisation holds properties and office equipment under non-cancellable operating leases. At the end of the year the company had commitments of future minimum lease payments as follows:-

	Group		Association	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Land and buildings:				
Not later than one year	**10**	20	**10**	20
Later than one year and not later than five years	**12**	22	**12**	22
Later than five years	**-**	-	**-**	-
	22	42	**22**	42
Others:				
Not later than one year	**8**	10	**8**	10
Later than one year and not later than five years	**7**	15	**7**	15
Later than five years	**-**	-	**-**	-
	15	25	**15**	25
	42	67	**42**	67

The lease agreements do not include any contingent rent or restrictions.

26. Contingent liability

There were no contingent liabilities at the end of the year..

27. Grant and financial assistance

	2020 £'000	2019 £'000
The total accumulated government grant and financial assistance received or receivable at 31 March 2020	**27,375**	27,143
Held as deferred capital grant	**(313)**	(81)
Recognised as income in statement of Comprehensive Income	**27,062**	27,062

28. Related parties

Eden Housing Association Limited is the Parent entity in the Group and ultimate controlling party.

The subsidiary, Eden Property Developments Limited, is contracted by Eden Housing Association Limited on a design and build basis to carry out housing development projects on its behalf. All development costs are recharged to the Association on a cost plus basis, fees charged on a fixed basis relative to development costs incurred. The quantum and basis of those charges is set out below.

	2020 £'000	2019 £'000
Eden Property Developments Limited		
During the year		
Transactions from subsidiary:		
Property costs for letting under Construction	**1,035**	1,175
At the year end		
Amounts owed to / (from) subsidiary	**145**	(7)

Eden Housing Association Limited also holds a minority voting interest in Cumbria Housing Partnership Limited, a related company limited by guarantee, which acted as a joint procurement vehicle for its housing association members. This company is no longer trading and is in the process of being dissolved, a more effective procurement vehicle being progressed with other local housing association partners.

	2020 £'000	2019 £'000
Cumbria Housing Partnership Limited		
During the year		
Transactions from subsidiary:		
Property maintenance costs	**45**	36
Dividends received in the year	**35**	-
At the year end		
Amounts owed to / (from) subsidiary	**145**	(7)

At 31 March 2020 there were no other related party transactions and the Board currently had no tenant members.

29. Legislative provisions (Association and Group)

The Association is registered as a Co-operative and Community Benefit Society and is registered with the Regulator for Social Housing as a Registered Housing Provider (RHP) as defined by the Housing and Regeneration Act 2008.

Eden Property Developments Limited is a company limited by shares registered with the Registrar of Companies. It is not a Registered Social Landlord.

30. Post Balance Sheet Event

The Association has assessed the impact of the coronavirus pandemic (COVID-19) on the business. Although this has caused disruption, to date there has been no significant impact to key judgements or estimates made in the financial statements, business contingency plans evoked ensuring critical services maintained with operational risks managed.

The impact to the future financial position has been assessed. There will potentially be some reduction in operating margin due to loss of income, but this is forecast to be low with no significant impact to the business. The Association will continue to monitor the situation to ensure this continues to be managed effectively, the organisation continuing to operate as a going concern.