C&C
LONDON HOMES
SINCE 1926

Central & Cecil Housing Trust
Annual Financial Statements

Year ended 31 March 2022

C&C Annual Financial Statements 2021-22

Contents

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Legal and administrative details

President	**Vice Presidents**
Harriet Bowes-Lyon	Ian Henderson CBE
	Nicholas Moore

Board of Management

Non-executive directors

All Resigned on 31 December 2021	
Peter Walters	Chairman
Phil Insuli	
Bruce Matthews	
Trevor McClymont	
Paul Shipley	
Janine-Nicole Desai	
Nichola Wilden	
Stephen Burns	
All Appointed on 1 January 2022	
Mike Biles	Chairman
Clive Barnett	
Andrew Kluth	
Mike McCullen	
Tracey Peters	Senior Independent Director
Caroline Wehrle	
Claire Whitaker	

Executive directors

All Resigned 1 January 2022	
Julia Ashley	Chief Executive Officer
Jo Teare	Chief Financial Officer
All Appointed 1 January 2022	
Bjorn Howard	Group Chief Executive Officer
Chris Benn	Chief Financial Officer
Amanda Williams	Chief Development Officer

Executive Team

All Resigned on 1 January 2022 (unless stated otherwise)	
Julia Ashley	Chief Executive Officer
Jo Teare	Chief Financial Officer
Howard Dawson – resigned July 2021	Interim Director of Housing
Sam Sharf – appointed September 2021	Director of Housing
Sharon Bye – appointed May 2021	Director of Care
Deb Thomas	Director of Property and Development
Steve Tree – resigned June 2021	Director of People

All Appointed on 1 January 2022

Bjorn Howard	Group Chief Executive Officer
Chris Benn	Chief Financial Officer
Amanda Williams	Chief Investment Officer
Dawn Fowler-Stevens	Chief Strategy Officer
Emma O'Shea	Chief Operating Officer
Rachel Credidio	Chief Transformation Officer

Company Secretary
Liam Dawson resigned 1 January 2022
David Betteridge appointed 1 January 2022

Registrations

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

Advisors

Auditor
KPMG LLP
Gateway House, Tollgate
Chandlers Ford, Eastleigh SO53 3TG

Banker
Lloyds
39 Piccadilly, London,
W1V 0AA

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

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

Report of the Board

Overview

The Board presents its report and financial statements for the year ended 31 March 2022.

Principal activities

The association's principal activities are to provide affordable homes and residential care homes as a Registered provider.

Acquisition

On 1 January 2022, the association became a subsidiary company of the Aster Group.

This decision to proceed with the acquisition was taken after consultation with residents, colleague engagement and shareholder approval. As part of the larger Aster Group Limited the association will be able to accelerate investment in our housing properties, care homes and services and also to respond better to current and future challenges and opportunities.

Results for the year

The deficit for the year was £6.1 million (2021: £0.4 million surplus). This deficit includes:

- non-cash pension buy-out costs of £2.8 million which are offset by the release of a credit to reserves; and
- costs of £3.0 million in relation to the association's merger with Aster Group - more detail is set out in the operational performance section below.

The Board

The members of the Board are listed on pages 2-3. No members of the board held, at any time in the year, any beneficial interest in the share of the association.

Directors' indemnities

The association is a member of the Aster group which has made qualifying third-party indemnity provisions for the benefits of its directors and officers (which extend to the performance of any duties as a director or officer of an associated company or subsidiary). The provisions have been in place since 1 January 2022 and remain in force at the date of this report. Before 31 December the directors and officers of the association were covered by similar third-party indemnity provisions from the association.

Going concern

The directors, after reviewing the association's budgets for 2022/23 and the Aster group's medium term financial position as detailed in the 30-year business plan, are of the opinion that, taking account of severe but plausible downsides, the association will have sufficient funds to meet its liabilities as they fall due for a period of 12 months from the date of the approval of the financial statements. The directors therefore continue to adopt the going concern basis in preparing the annual financial statements.

Reduced reporting disclosures

Section 1.12 of FRS 102 allows qualifying subsidiaries to take advantage of certain disclosure exemptions in their financial statements. The following exemptions have been taken:

a) A Statement of Cash Flows as outlined in Section 7 of FRS 102;

b) The requirement to disclose key management personnel compensation outlined in paragraph 33.7 of FRS 102;

The association has taken advantage of some of these exceptions this year as set out in note 2 – but has disclosed key management personnel compensation up to the point of merger. A full set of disclosures is included in the group's consolidated financial statements.

Paragraph 4.4 of the Housing SORP 2018 allows registered providers that are subsidiaries of a group exemption from providing a Strategic Report. The association has taken this exemption and not produced a strategic report. The group's strategic report, including Central & Cecil Housing Trust, is accordingly represented in the financial statements of Aster Group Limited.

Review of the Association's business

The association owns and manages approximately 2,000 affordable housing and residential care homes and beds.

Operational performance

Turnover increased by £1.8 million to £22.2 million. Care income increased by £0.5 million reflecting improved occupancy in the second year of the Covid-19 pandemic. Service charge income increased by £1.2 million following the comprehensive review into the application of the of variable service charge regime. Lettings income increased by £0.2 million reflecting the expansion of the 55 London portfolio and rent increases.

Operating costs increased by £6.2 million to £26.5 million. The majority of this increase related to one-off and merger related costs. The largest of which was a pension scheme cost increase of £2.8 million reflecting the purchase of a buy-in insurance policy as the scheme is prepared for closure – this cost was offset by the release of a credit via reserves. The association also made provisions of £1.5 million on merger to align accounting policies in relation to development schemes and survey costs to bring asset condition information up to the level of the rest of the group.

The association made a profit on disposal of housing properties of £0.3 million (20/21: £0.7 million). A further impairment charge of £1.3 million (20/21: £0.7 million) was taken against the intercompany loan to the association's subsidiary Central & Cecil Innovations Limited. This reflects the delayed sales at the Ridgmount development site where the Covid-19 pandemic continued to slow the over 55s market – at the end of the year 7 of the 20 units had been sold (20/21: 5).

Excluding these one-off items, operating costs increased by £1.8 million resulting in an operating surplus (before asset sales and impairment charges) of £0.05 million (20/21: £0.06 million). This result reflects the impact of higher energy costs and provisions for the non-recovery of related service charge increases resulting in a net increase of £0.6 million. Additional fire remedial works added £0.3 million. Finally, repairs and maintenance costs increased by £0.8 million – as a fuller programme of repairs was conducted following the first year of the pandemic.

Housing services

Social housing void performance at 3.0% was a deterioration in comparison to 20/21 – 2.4%. In the first part of the year void turnaround times were impacted by contractor performance, further contractors have been appointed and a review of the void process has identified a number of issues that are being addressed and will improve performance. The target for 22/23 is 2%.

The Association has continued to support its residents though the Covid pandemic adapting its practices throughout the year to reflect government guidance. Many colleagues participated in our second Winter Watch to ensure our residents' wellbeing over the colder months – this culminated in the publication of our second Isolation & Loneliness report. Due to the ongoing Covid restrictions, six online Resident Assemblies were held to engage our residents on wider business issues.

Resident satisfaction remains strong at 83.3% (20/21: 76.2%) and 89.4% (20/21: 84.2%) of our residents would recommend C&C as a place to live. Our in-house repairs service C&C Direct is fully operational and in the year 95% of residents were satisfied with how C&C Direct handled their repair.

Following the acquisition, the association is aligning with Aster Group's approach to monitoring satisfaction and is integrating its approach to resident engagement with the wider Aster Group.

Care Services

Care occupancy improved significantly - averaging 88% in the second year of the Covid pandemic in comparison with 20/21 occupancy of 81%. Following low levels of occupancy at the start of the year due to Covid outbreaks, occupancy was built and 94% of beds were occupied in the final quarter. Occupancy remains a key focus and a 95% target has been set for 22/23.

Three of the care homes had Care Quality Commission (CQC) infection control inspections during the year and were assured in all areas. All care homes remain rated as "Good" overall.

All care homes achieved 100% satisfaction ratings from residents with surveys undertaken on a monthly basis.

Cecil Court was commended for use of technology in the national Care Home Awards 2021 and Homemead was a finalist in the same category for the Markel Awards in 2022.

Use of agency staff has been significantly reduced across all homes and virtually eliminated other than during lockdown protocols – this is both financially beneficial as well as maintaining high standards of care.

Colleague Involvement

Over the past year there has been a continued focus on colleague wellbeing in the work-place with many working practices, staff facilities and training sessions changing to reflect this. The employee offer is now being integrated with the Aster Offer which is provided to all colleagues across the Aster Group.

Communication with colleagues continues to be strong and the Inspirational Leadership Group (to which all senior colleagues are invited) has been used extensively over the period running up to and after the merger. Regular on-line All Colleague Calls have been well received. The Colleague Engagement Group set up in 2020/21 continues to play a role in ensuring involvement from every part of C&C and is playing a key role in the integration of C&C into the Aster Group.

Through planned communication and a strong offer C&C continued to record high levels of satisfaction (70.2%) and experience lower staff turnover (24%) than the industry average. In late 2021, C&C was awarded the gold accreditation from Investors in People which is a testament to performance in this area during the challenging period of Covid-19 and the run-up to merger with Aster Group.

Development

During the year, significant progress has been made on our flagship redevelopment scheme in St John's Wood. A total of £30.6 million was invested in the year to deliver 170 units (153 affordable rent; 17 market rent). The development is on track to be delivered at the end of summer 2022 and to start to welcome new and returning residents to their new homes. The development has won International Property Awards within the Best Social Housing category for London, UK and Europe.

The over 55 scheme Ridgmount Apartments in Wimbledon which has been developed by our subsidiary company Central & Cecil Innovations Ltd, continued to experience slow sales reflecting the impact that Covid-19 has had on that age-group and their propensity to view properties in person, a further impairment provision £1.3 million (20/21 £0.7 million) has been taken against the loan from the association to its subsidiary.

Financing

At the end of March, the association repaid its external loans resulting in break costs of £1.5 million. Repayment of the loans using a £25 million intra group facility from within the Aster Group was a key step following the merger. Repayment of these loans releases the association from banking covenants which were constraining its ability to accelerate investment in fire safety works to existing stock. This is now being expedited in the enlarged group.

Pensions

In late 2021, the association's pension scheme purchased a buy-in insurance policy for £16.1 million covering all non-insured benefits in the Fund. The £2.8 million cost of this transaction and the on-going running costs of the Scheme were fully funded by assets held by the scheme. The scheme is now in the process of being closed in consultation with the beneficiaries.

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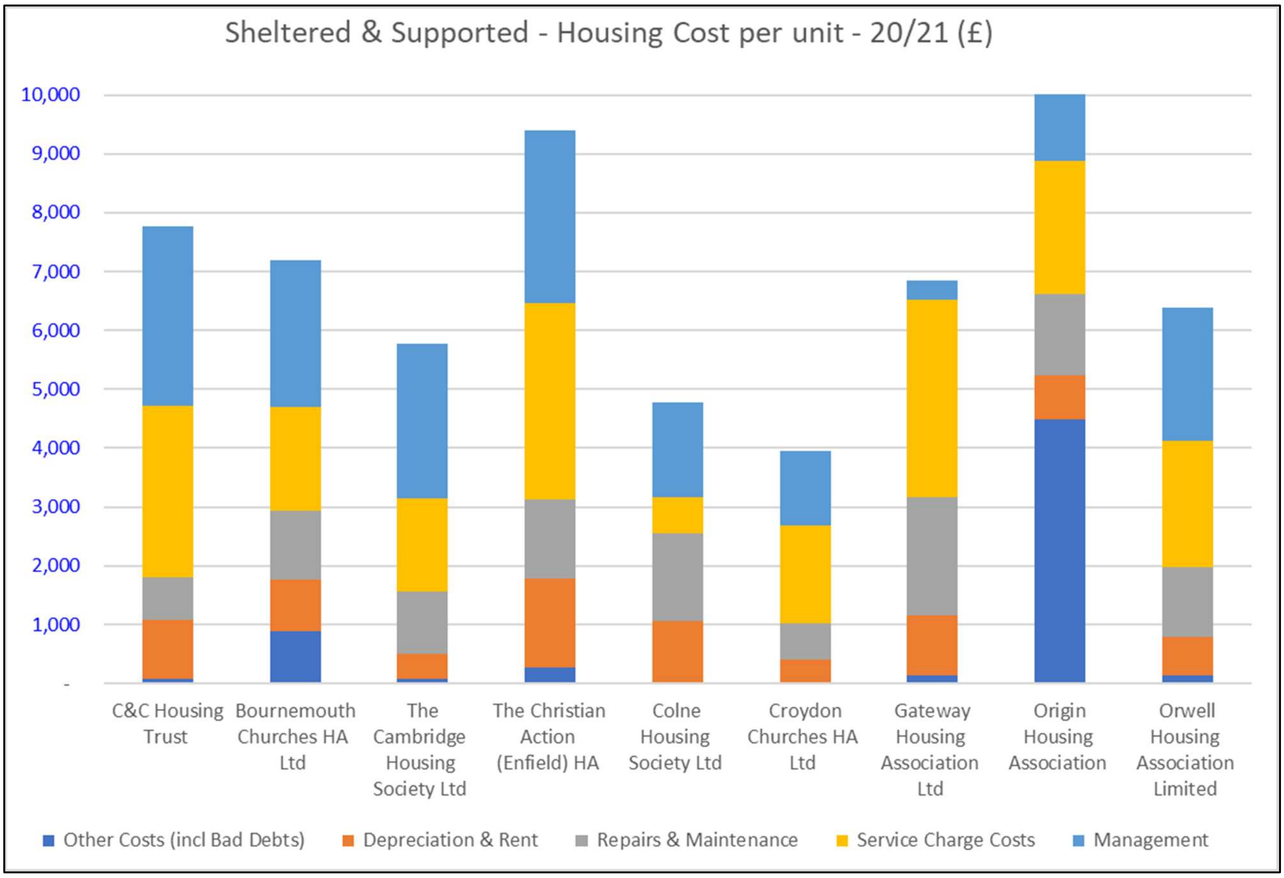
Value for Money Statement

Value for Money (VfM) has been embedded in the Association's Fit Future Strategy 2017-27 (Fit Future Strategy).

1. Overview

C&C has analysed its financial position and benchmarked performance against comparable organisations. C&C is a specialist provider and it is recognised that specialist providers have lower than average margins when compared to "housing only" based housing associations. To make the analysis below comparable, sheltered and supported housing performance excluding residential care and general needs is set out below. In relation to specialist Housing, this analysis shows that costs are in line with the peer group. Differences in property type, service provision and location also result in cost profile differences.



Source: 2020-21 Annual Financial Statements (Peer Group)

Up to the point of merger, C&C's Board had set a target operating margin of 15% - formulated from analysis of our peer group in specialist housing and care home benchmark data. Now that C&C has merged with Aster group, the over 55s strategy is being reviewed across the whole group – which will include setting new targets.

2. Our approach to Value for Money

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

What we do

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

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

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

3. Cost / Income benchmarking

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

Housing

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

Care Homes

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

4. How we measure ourselves

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

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

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

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

Report:

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

Understand our performance:

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

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

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

5. Sector Scorecard

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

Using the sector Scorecard, performance is compared against a peer group which has a substantial proportion of sheltered and supported housing.

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

Metric		2020/21 Actual	Peer	Sector	2021/22 Actual	Adjusted
1	Reinvestment %	22.3%	6.6%	5.7%	**24.4%**	**N/a**
2A	New supply of social housing delivered %	0.0%	1.3%	1.2%	**0.0%**	**N/a**
2B	New supply of non-social housing delivered %	0.0%	0.2%	0.0%	**0.0%**	**N/a**
3	Gearing %	12.0%	42.0%	44.8%	**11.2%**	**N/a**
4	EBITDA MRI - Interest cover %	117.6%	175.7%	186.3%	**(187.2%)**	**160.8%**
5	Headline social housing cost per unit (£)	£11,077	£6,544	£3,675	**£12,991**	**£7,777**
6A	Operating margin on social housing lettings %	(0.9%)	27.3%	26.9%	**(6.3%)**	**4.1%**
6B	Operating margin overall %	(3.3%)	22.5%	25.1%	**(25.3%)**	**5.3%**
7	Return on capital employed (ROCE)	0.0%	2.6%	3.4%	**(3.6%)**	**1.0%**

Notes

CCHT's VfM metrics are set out in the table above; metrics that are impacted by merger provisions, one-off items and financial asset impairments have been recalculated to show the underlying performance and are set out in the "Adjusted" column.

Sector & peer values are obtained from the Global Accounts as published by the Regulator for Social Housing.

Explanatory Scorecard notes:

1&2 Re-investment exceeded the level of our peer group. This reflects the St John's Wood redevelopment – where 170 units are under construction and due to complete in 2022.

3&4 C&C has gearing and interest cover capacity to borrow and to fund development. The adjusted EBITDA-MRI ration of 160.8% shows underlying performance after merger provisions, one-off items and financial asset impairment costs of £6.4 million.

5 C&C's headline social housing cost per unit is distorted as it includes the costs of residential care units – excluding residential care units and merger provisions and one-off items from the calculation, reduces the average cost per unit for C&C in 2021/22 to £7,777 (2020/21: £7,306)

6 C&C has lower than average margins which reflect the higher mix of Sheltered and Supported units in C&C's portfolio (which at 75% is much higher than that of its peer group - 20%). Adjusted operating margins have been calculated excluding provisions, one-off items and financial asset impairment costs.

C&C's target margin of 15% reflects the margins on General Needs and Sheltered and Supported Housing in its Peer Group but C&C's target margin is lower than the average due to the amount of Sheltered Housing and the inclusion of Residential Care Homes in its mix of operations.

7 ROCE is low which reflects the low operating margin. The adjusted ROCE at 1% excludes merger provisions, one-off items and financial asset impairment costs.

C&C's 30-year Financial Plan set out ambitious plans for improving and growing our housing stock. These plans would drive improved performance from the amounts invested and new units delivered in future years. However, the decision to join the Aster Group reflected the Board's desire to accelerate and maximise investment in and development of C&C's housing stock. The merger plans for C&C within the Aster Group show margin improvements from the introduction of additional units at an earlier point than if C&C had stayed independent. Operating margins also improve from operational scale efficiencies from merging C&C's central services with those of Aster Group.

6. Value for Money objectives and achievements

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

Value for Money benefits generated in the year include:

- We implemented the findings of our comprehensive review into the application of our variable service charge and reset service charges for 2021/22 that increased cost recovery in the year by over £1.0 million – the original benefit was projected to be £400,000 but the lower use of the hardship fund and increased charges resulting from higher energy prices have resulted in a more significant benefit.
- We improved our care occupancy throughout the year, despite the impact of the Covid-19 pandemic and finished the year with average occupancy of 88% (20/21: 81%).
- 36 additional properties were rented in 55 London.
- C&C have partnered with Procure Public and established its own procurement framework. Fees were received for the first time in 2021/22 and should develop into a regular fee income stream as the framework is used by other organisations.
- Within the Aster Group, we will continue to review our costs and overheads and will plan to add scale to the organisation to spread our establishment costs over greater volumes of units.

Financial targets

Our VfM performance in 2021/22 and our targets for 2022/23 are:

	2021/22 target	2021/22 performance	2022/2023 target
1	Care Occupancy 90%	We achieved average occupancy of 88%. Occupancy was lower than target due to reduced occupancy at the start of 21/22 due to outbreaks of Covid-19 in our care homes.	95% over 22/23
2	2.5% Voids in Housing – stretch target 2%	Housing voids were 3.1% on average in the year, a deterioration from the 2.4% achieved in 2020/21. Turnarounds were slower due to contractor issues and a process review has identified other areas for improvement.	2% over 22/23
3	55 London - 37 additional units let by the end of 2021/22	An additional 36 units were let during the year, this compares to 42 units let during 2020/21.	The programme will be reduced in 22/23 following a post merger review.
4	Procurement savings - £100k	£120k procurement savings and fee income were achieved.	Savings of £100,000

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

	Service area objective	**Performance**
1	All our homes are safe	Target 100% FLAGE compliance. In 2021-22, achieving 100% compliance with all surveys continued to be challenging due to Covid-19 however we have achieved high levels of compliance and expect to be 100% compliant across all areas shortly. We continue our commitment to provide a safe home for residents through demonstrating our compliance standards.
2	Care Home CQC rating 100% "Good"	Target 100% Good. All of our Residential Care Homes are rated "Good" and our Cecil Court Care Home has one "Outstanding" rating in the area of "Well Led".
3	Employee satisfaction	Target 80%. At 70% (20/21 72%) this represented a highly creditable performance given the uncertainty generated by the merger and the ongoing impact of the COVID pandemic.
4	Housing resident satisfaction	Target 90%. Satisfaction for the end of the year was 83.2% (20/21 76.2%), and 89.4% (20/21 84.2%) of residents would recommend C&C as a place to live.
5	Care Home Resident satisfaction	Target 90%. Satisfaction in April 22 was 100% (20/21 100%) with the standard of care provided.

Principal Risks

Up to the point of merger the Association had a risk management framework which set out how corporate risk was considered, assessed and mitigated through the organisation's hierarchy, from project level, to senior management, Executive Management Team and the Board. Under this framework, the Strategic Risk Register was reviewed monthly by the Executive Management Team, quarterly by the Group Risk and Audit committee and every six months by the Board

The four key risks in 2021/22 mirrored the issues identified in 2020/21:

1. Funding – where reduced financial performance and/or falling property values could lead to a breach of loan covenants
2. Ridgmount sales values are impacted and/or delayed by Covid-19
3. Health & Safety / Business Continuity – where a major incident / disruption could impact residents and the operation of the business
4. A lack of financial resilience to meet the long-term investment needs of our homes through the Future Estates & Asset Management Strategies

Risks 1&4 have been addressed by the merger with Aster Group; risks 2&3 have been incorporated within similar risks already identified within the Aster Group risk register. Going forward the Association's risks will continue to managed under the Aster Group risk management framework.

Aster Group's Principal risks

During 2021/22, the Board regularly reviewed the threats which it believes could adversely impact on the achievement of objectives or impact on the effectiveness and efficiency of core services. The board also focused on the uncertainties which could present opportunity to further deliver the group's vision and purpose. The following list provides an overview of the principal risks to the group at the end March 2022. The list is not exhaustive or set out in order of priority and is continually subject to change.

Risk	External factors	
	Potential impact	**Aster's response**
Global and economic operating environment (inc. Brexit) Any change which may affect the operating environment in the UK, could negatively impact profitability or negatively impact on operational delivery and services.	The impact would depend on the event. However, a key consideration following any significant world event, for instance, is the impact it might have on the group's funders and key stakeholders directly, the labour market available to the group or the view of the sector by investors, stakeholders, employees and customers.	Horizon scanning is undertaken, with emerging concerns or case studies reported to relevant governing bodies. Ensuring our corporate structure, operational structure, service delivery model, contracting and supply chain approach are resilient to external change. A living business plan is produced on a quarterly basis that uses prudent assumptions in the long-term, with stress testing, scenario analysis and contingency planning. A treasury management plan is overseen by the Group Treasury Committee with key metrics reported.
Changes in Legislation,	The Financial Plan may be	There is regular monitoring for emerging

Risk	External factors Potential impact	Aster's response
Regulation and Government Policy Any change which may impact negatively on the Financial Plan.	impacted due to increasing cost of delivering housing management and property maintenance and investment, reduced rental income and/or impact on the programme of new home delivery.	consultations and indication of policy review, with analysis and research undertaken to give context to the implications.
Sales risk The property market experiences a slowdown in sales and/or a reduction in property prices, impacting on the ability to sustain a viable development programme across all tenures.	A delay (e.g. sales taking longer than planned) or reduction (e.g. a fall in sales price) to the projected cashflow may result in additional costs to fund the liquidity shortfall, may result in covenant breach and could impact on the development capacity of the group. A fall in sales price would result in a reduced income and therefore profit, impacting on the funding of further development.	Transactional sales data is monitored weekly at operational level and reported monthly to operational leadership meetings. Performance and expected performance are reported against the development strategy quarterly with a suite of performance indicators with agreed tolerances and escalation trigger points. Sales pipeline risk monitoring and regional housing market intelligence reports are reviewed regularly. Construction pace is monitored to consider speeding up or slowing down development and build rate.
Health and Safety A health and safety compliance issue leads to serious injury or ill health.	Any impact would be dependent on the severity of the issue. However, in addition to the impact on the individuals concerned, it could ultimately result in a negative financial impact and detriment to the relationship with key stakeholders, e.g. regulators, customers and funders.	Operational management scrutinise live performance data with dedicated roles ensuring cyclical maintenance, inspections and servicing of components within homes and communal areas. A suite of performance measures is reported monthly relating to gas, electrical, fire risk assessments and actions, asbestos, lifts and water hygiene. The measures have a defined tolerance reflective of the critical nature and potential consequences. The group applies the three lines of assurance model in all areas of safety monitoring. The group has a clear 'Safety First' culture and a diverse wellbeing programme for colleagues as well as a comprehensive set of policies and operational procedures to ensure safety of homes, customers and communities and of employees.

Risk	External factors	
	Potential impact	**Aster's response**
Skilled workforce Loss of critically skilled talent or an inability to recruit to skill gaps.	The group requires a wide range of skills to deliver its services and strategic aims. A local or national shortage of skilled trades challenges the ability to deliver some frontline services. Without the appropriate skilled workforce, key change programmes may be frustrated and delivery of strategic ambitions compromised.	The Aster Offer for colleagues is kept under continuous review to ensure it is a competitive and attractive employment package. The group is focusing on creating a clear employee value proposition and ensuring roles are attractive and inclusive to a diverse workforce.

Donations and fundraising

Donations were received from a variety of charitable trusts and companies as well as from a number of individual supporters generating a total of £22,000. This included £7,000 from Richmond Parish Land Charity for our Richmond care homes.

During January and February 2022, C&C ran a "Move for Care" fundraising initiative. This saw housing and care residents, their family members, and staff at C&C record a combined 14 million step count, significantly exceeding the 9.5 million target set out in recognition of C&C's 95th anniversary. Funds raised by Move for Care contributed to us reaching our £25,000 target (£16,000 was recognised in the 2021/22 year), from multiple sources, which will enable us to build sensory gardens at each of our four care homes. In particular, C&C would like to thank its sponsors Regal London for their generosity in supporting this initiative.

Treasury policy

Aster Group operates a centralised Treasury Management function whose primary purpose is to manage liquidity, funding, investment and the group's financial risk, including risk from volatility in interest rates and liquidity. The Group Treasury Committee reviews and approves the Group Treasury Policy before recommending it to the Group Board. Details of the policy are included in the Aster Group's Consolidated Financial Statements.

Viability Statement

The directors have assessed the viability of the Aster group and have selected a period of seven years for the assessment. The group has a property development programme that runs for a rolling seven-year period. This programme forms the basis of the group's financial plan that covers the seven-year period and is then extrapolated over a further 23 years, resulting in a 30-year plan. For these reasons the group uses a seven-year strategic planning cycle and the directors have determined that seven years is also an appropriate period over which to provide its viability statement.

The financial plan considers the group's future financial stability, property development strategy and the viability of future expense reduction programmes by measuring the operating margin, exposure to the property market, asset cover, interest cover and net worth ratios over the seven-year period.

Based on the results of this analysis, the directors confirm that they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the next seven years.

Throughout the year the group has complied with the RSH's Governance and Financial Viability Standard in full and has maintained its G1/V1 rating following an in-depth assessment during the year. Full details of the group's viability statement are included in the Aster Group's Consolidated Financial Statements.

National Housing Federation (NHF) Code of Governance 2015

Central & Cecil Housing Trust adopted the 2015 NHF Code of Governance and is fully compliant with the NHF code. The code aims to help Boards in all sectors to achieve a set of standards in order to be well governed. From April 2022 CCHT adopted the UK Corporate Governance Code.

Statement of Directors' responsibilities in respect of the Report of the Board and the financial statements

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the association and of its income and expenditure for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

At the start of 2022, C&C merged with Aster Group. C&C's board members resigned and were replaced by the Aster Group board members as set out on pages 2-3. Full details of the Aster Group corporate governance arrangements are disclosed in the Aster Group accounts.

Statement of Directors' responsibilities in respect of the Report of the Board and the financial statements (continued)

In the nine months ended 31 December the fees earned and the meeting attended by each of the board members is set out in the table below:

	Board meetings		Fees (£)
	Possible	**Attended**	
Non-executive directors			
Peter Walters	8	8	7,500
Bruce Matthews	8	7	2,667
Phil Insuli	8	8	4,125
Trevor McClymont	8	8	4,125
Paul Shipley	8	6	3,000
Janine Desai	8	8	4,125
Nicky Wilden	8	8	4,125
Stephen Burns	8	5	3,000

Executive directors			
Jo Teare	8	8	N/A
Julia Ashley	8	8	N/A

In the final three months of the year the attendance of board meetings was

	Board meetings	
	Possible	**Attended**
Non-executive directors		
Mike Biles	2	2
Clive Barnett	2	2
Andrew Kluth	2	2
Mike McCullen	2	1
Tracey Peters	2	2
Caroline Wehrle	2	2
Claire Whitaker	2	2
Executive directors		
Bjorn Howard	2	2
Chris Benn	2	2
Amanda Williams	2	2

Note: Compensation paid to key management personnel after merger is set out in the Aster group accounts.

Statement of Directors’ responsibilities in respect of the Report of the Board and the financial statements (continued)

Auditor

Following the merger with Aster Group Limited, BDO LLP resigned office as auditor and KPMG LLP were appointed as the auditor of Aster Group Limited.

Disclosure of information to auditor

So far as the board is aware, there is no relevant information of which the association’s auditor's are unaware. The board has taken all reasonable steps that ought to have been taken to make itself aware of any relevant audit information, and to establish that the association’s auditor's are aware of that information.

This Report was approved by order of the Board on 9 August 2022.

David Betteridge

Company Secretary

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

Opinion

We have audited the financial statements of Central & Cecil Housing Trust ("the association") for the year ended 31 March 2022 which comprise the Association Statement of Comprehensive Income, Association Statement of Financial Position, Statement of Changes in Reserves and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the state of affairs of the association as at 31 March 2022 and of its income and expenditure for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been prepared in accordance with 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 are described below. We have fulfilled our ethical responsibilities under and are independent of the association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. The association is classified as a Public Benefit Entity under FRS 102.

Going concern

The association's Board has prepared the financial statements on the going concern basis as they do not intend to liquidate the association or to cease its operations, and as they have concluded that the association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Board's conclusions, we considered the inherent risks to the association's business model and analysed how those risks might affect the financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Board's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the association's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the association will continue in operation.

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of board, the audit committee and internal audit as to the Association's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Association's channel for "whistleblowing, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and audit committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition in particular:

- the risk that income from property sales and non-social housing income is recorded in the wrong period; and
- the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of the Group wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts involving a fraud risk, unusual combinations of journal posting to cash and borrowings, journal entries made to unrelated accounts and post close journals.
- Assessing whether the judgements made in the accounting estimates are indicative of potential bias including assessing the assumptions used in the value of properties developed for sale held in current assets and in the valuation of the defined benefit obligation.

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

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Association's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The association is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related co-operative & community benefit society legislation), pensions legislation, specific disclosures required by housing legislation, and requirements imposed by the Regulator for Social Housing and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the association is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance allow could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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

Other information

The association's Board is responsible for the other information, which comprises the Board's Annual Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

We have nothing to report in these respects.

Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

- the association has not kept proper books of account; or
- the association has not maintained a satisfactory system of control over its transactions; or
- the financial statements are not in agreement with the association's books of account; or
- we have not received all the information and explanations we need for our audit.

We have nothing to report in these respects.

Board's responsibilities

As explained more fully in their statement set out on page 18, the association's Board is responsible for: the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing 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 it either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association those matters we are required to state to it 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.

Harry Mears
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Gateway House
Tollgate
Chandlers Ford
Eastleigh
SO53 3TG

27 September 2022

Association Statement of Comprehensive Income

For the year ended 31 March 2022.

	Note	2022 £000	2021 £000
Turnover	4	22,218	20,410
Operating expenditure	4	(26,508)	(20,350)
Impairment of intercompany loan		(1,336)	(737)
Gain on disposal of housing properties	12	268	696
Loss on changes in fair value of investment property		(75)	(50)
Operating deficit	8	**(5,433)**	**(31)**
Interest receivable	13	803	449
Interest and financing costs	14	(1,486)	(40)
(Deficit)/surplus before tax		**(6,116)**	**378**
Taxation	15	-	-
(Deficit)/surplus for the year		**(6,116)**	**378**
Actuarial gain in respect of pension schemes	26	2,896	87
Total comprehensive (loss) / income for the year		**(3,220)**	**465**

The notes on pages 29 to 60 form part of these financial statements. All activities relate to continuing operations.

Association Statement of Financial Position
As at 31 March 2022

	Note	2022 £000	2021 £000
Fixed assets			
Tangible fixed assets	16	133,790	103,190
Other Tangible fixed assets	17	4,946	5,633
Investment properties	18	775	850
Investments	19	-	-
		139,511	**109,673**
Non-current assets			
Trade and other debtors - greater than one year	20	706	8,963
Current assets			
Trade and other debtors - less than one year	20	15,537	34,111
Cash and cash equivalents		2,228	5,624
		17,765	**39,735**
Less: Creditors: amounts falling due within one year	21	(8,706)	(5,590)
Net current assets		**9,059**	**34,145**
Total Assets less current liabilities		**149,276**	**152,781**
Creditors: amounts falling due after more than one year	22	(53,537)	(53,822)
Total net assets		**95,739**	**98,959**
Reserves			
Called up share capital	27	-	-
Income and expenditure reserve		95,422	98,642
Restricted reserve		317	317
Total Reserves		**95,739**	**98,959**

The notes on pages 29 to 60 form part of these financial statements. All activities relate to continuing operations.

The financial statements were approved by the Board of Directors and authorised for issue on 9 August 2022.

Mike Biles	Bjorn Howard	David Betteridge
Board Chair	**Group Chief Executive Officer**	**Company Secretary**

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

Statement of Changes in Reserves
For the year ended 31 March 2022

	Income and expenditure reserve £'000	Restricted reserve £'000	Total £'000
Balance at 1/4/2020	**98,177**	**317**	**98,494**
Surplus for year	378	-	378
Actuarial gain on Pension	87	-	87
Balance at 31/03/2021	**98,642**	**317**	**98,959**
Deficit for year	(6,116)	-	(6,116)
Actuarial gain on Pension	2,896	-	2,896
Balance at 31/3/2022	**95,422**	**317**	**95,739**

The notes on pages 29 to 60 form part of these financial statements.

Notes to the financial statements for the year ended 31 March 2022

1. Legal Status

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

2. Accounting Policies

Basis of Preparation

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

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

Reduced reporting disclosures

The association has elected not to produce a strategic report, statement of cashflows, detailed disclosures of financial instruments and disclosure relating to key management compensation (however key management compensation is disclosed up to the point of merger) within the individual subsidiary financial statements in line with exemptions available within FRS 102 and the Housing SORP 2018.

These disclosures are included in the group’s consolidated financial statements.

The association has not prepared consolidated financial statements as it is a wholly owned subsidiary of Aster Group limited and its results are included within the consolidated financial statements of the group. The details of which can be seen in note 32.

2. Accounting Policies (continued)

Going Concern

The directors, after reviewing the association's budgets for 2022/23 and the group's medium term financial position as detailed in the 30 year business plan, are of the opinion that taking account of severe but possible downsides, the association will have sufficient funds to meet its liabilities as they fall due for a period of 12 months from the date of approval of the financial statements. The directors therefore continue to adopt the going concern basis in preparing the annual financial statements.

The following principal accounting policies have been applied:

Income

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

- Rental income receivable (after deducting lost rent from void properties available for letting);
- Service charges receivable; and
- Grants income reflects the release of grants received from government organisations which are released (amortised) to income over the expected life of the underlying property.

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

Supported Housing Schemes

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

Service charges

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

Notes to the financial statements for the year ended 31 March 2022

2. Accounting Policies (continued)

Management of units owned by others

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

Schemes managed by agents

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

Current and deferred taxation

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

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

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

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

Notes to the financial statements for the year ended 31 March 2022

2. Accounting Policies (continued)

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

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

Value Added Tax

The financial statements include VAT to the extent that it is borne by the association and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year end is included as a creditor or current asset as appropriate.

Finance costs

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

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

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

Pension Costs

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

In 2021/22, the pension scheme was "bought in" which means assets were used to purchase an insurance policy that will meet all future benefits payable from the Scheme. The carrying value of the resulting surplus remains restricted on the basis that this will primarily be used to meet expenses needed for the eventual wind-up of the pension scheme. There are ongoing discussions about the use of any remaining surplus, and so any surplus refund to the employer remains uncertain and unrecognised.

Notes to the financial statements for the year ended 31 March 2022

2. Accounting Policies (continued)

Holiday pay accrual

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

Tangible fixed assets – Housing properties

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

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

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

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

Depreciation of housing property

Housing land and property is split between land, structure and other major components that are expected to require replacement over time.

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

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

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

Housing properties are split between the structure and the major components which require periodic replacement.

Notes to the financial statements for the year ended 31 March 2022

2. Accounting Policies (continued)

The costs of replacement or restoration of these components are capitalised and depreciated over the determined average useful economic life as follows:

Description	Economic useful life (years)
Structure (freehold property)	100
Structure (leasehold property)	Life of the lease
Offices (freehold)	33-50
Kitchen	20
Bathroom	25
Roof	45
Boiler	15
Electrics	20
External windows	35
Mechanical systems	20
Communal	20
Lifts	20
Flooring	12 ½
Aerial	10

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

Tangible fixed assets – Other

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

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

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

Notes to the financial statements for the year ended 31 March 2022

2. Accounting Policies (continued)

Depreciation of other tangible fixed assets

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

The estimated useful lives range as follows:

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

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

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

Government grants

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

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

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

Notes to the financial statements for the year ended 31 March 2022

2. Accounting Policies (continued)

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

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

Recycled Capital Grant Fund

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

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

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investment property is valued at fair value as determined by an independent, professionally qualified valuer.

Impairment of fixed assets

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

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

Notes to the financial statements for the year ended 31 March 2022

2. Accounting Policies (continued)

Debtors and creditors

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

Recoverable amount of rental and other trade receivables

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

Rent and service charge agreements

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

Loans, investments and short-term deposits

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

Cash and cash equivalents

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

Leased assets: Lessee

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

Notes to the financial statements for the year ended 31 March 2022

2. Accounting Policies (continued)

Reserves

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

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

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

- whether there are indicators of impairment of the association's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. Management have considered the measurement basis to determine the recoverable amount of an asset or cash generating unit is the higher of its value in use and fair value less cost to sell. Under the SORP the value in use may be estimated with depreciated replacement cost unless the service potential of the asset is impaired due to construction delays or significant voids.

- the anticipated costs on a development scheme based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, they then determine the recoverability of the cost of properties developed for outright sale and/or land held for sale. This judgement is also based on the member's best estimate of sales value based on economic conditions within the area of development.

- whether leases entered into by the group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

- the categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset

- what constitutes a cash generating unit when indicators of impairment require there to be an impairment review.

- Other key sources of estimation uncertainty.

Notes to the financial statements for the year ended 31 March 2022

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

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

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

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

Investment property

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

Rental and other trade receivables (debtors) (see note 20)

The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

Pensions (see note 26)

The discount rate used in the calculation of the pension scheme liability and insurance policy asset has been derived from an AAA rated corporate bond yield curve whereas prior to 1 April 2016 a AA rated corporate bond 15-year index yield was used to measure the pension scheme liability. Whilst the use of an AAA rated bond is unusual, the accounting guidance in FRS 102 section 28 states that pension obligations should be discounted by reference to market yields of a high quality corporate bond but is not prescriptive as to the rating of those bonds. The application of the discount rate derived from the AAA rated corporate bond is within the accounting guidance and is a matter of management judgement. Management have used their judgement in this matter, as a valuation based on AAA corporate bonds gives a more realistic view of the pension scheme liability with the scheme buy out and eventual wind-up in mind. This was discussed and agreed with the pension scheme actuaries prior to the change in approach post 1 April 2016 and a consistent approach has been adopted at subsequent year-ends.

Notes to the financial statements for the year ended 31 March 2022

4. Particulars of turnover, cost of sales, operating costs and operating deficit

	2022 Turnover £000	2022 Operating Costs £000	2022 Operating (deficit)/surplus £000
Social Housing Lettings (see note 5)	**20,945**	**(22,262)**	**(1,317)**
Other Social Housing Activities			
Supporting People	65	(65)	**-**
	21,010	**(22,327)**	**(1,317)**
Non-Social Housing Activities			
Other lettings	1,120	(1,000)	**120**
Other	88	(3,181)	**(3,093)**
	1,208	**(4,181)**	**(2,973)**
	22,218	**(26,508)**	**(4,290)**
Surplus on disposal of property			**268**
Impairment			**(1,336)**
Loss on changes in fair value of investment properties			**(75)**
Operating deficit			**(5,433)**

	2021 Turnover £000	2021 Operating Costs £000	2021 Operating (deficit)/surplus £000
Social Housing Lettings (see note 5)	**19,426**	**(19,601)**	**(175)**
Other Social Housing Activities			
Supporting People	184	(186)	**(2)**
	19,610	**(19,787)**	**(177)**
Non-Social Housing Activities			
Other lettings	679	(451)	**228**
Other	121	(112)	**9**
	800	**(563)**	**237**
	20,410	**(20,350)**	**60**
Surplus on disposal of property			**696**
Impairment			**(737)**
Loss on changes in fair value of investment properties			**(50)**
Operating deficit			**(31)**

Notes to the financial statements for the year ended 31 March 2022

5. Income and Expenditure from Social Housing Lettings

	General Needs	Supported Housing	Sheltered Housing	Residential Care Homes	Agency Managed	2022 TOTAL	2021 TOTAL
	£	£	£	£	£	£'000	
Turnover from Social Housing lettings							
Rent receivable net of identifiable service charges	1,647	265	5,526	7,033	1	14,472	14,250
Service charges receivable	542	175	3,825	-	(1)	4,541	3,360
Amortised government grants	145	11	114	33	62	365	370
Other income	-	194	10	358	1,005	1,567	1,433
Scheme fundraising & Other revenue grants	-	-	-	-	-	-	13
Total turnover from Social Housing lettings	2,334	645	9,475	7,424	1,067	20,945	19,426
Expenditure on Social Housing lettings							
Management	(793)	(221)	(3,922)	(2,212)	(372)	(7,520)	(6,680)
Services	(603)	(206)	(4,176)	(4,903)	(256)	(10,144)	(9,267)
Routine maintenance	(259)	(80)	(909)	(67)	(235)	(1,550)	(1,355)
Planned maintenance	3	-	(67)	2	-	(62)	(27)
Major repairs expenditure	(62)	(16)	(141)	(81)	(66)	(366)	(87)
Bad debts	(97)	(38)	(659)	-	19	(775)	(139)
Recycled grant	-	5	74	-	-	79	42
Accelerated depreciation of housing properties	(31)	(10)	(95)	(1)	(2)	(139)	(139)
Depreciation of housing properties	(505)	(59)	(948)	(192)	(81)	(1,785)	(1,949)
Operating costs on Social Housing lettings	(2,347)	(625)	(10,843)	(7,454)	(993)	(22,262)	(19,601)
Operating (deficit) / surplus on Social Housing lettings	(13)	20	(1,368)	(30)	74	(1,317)	(175)
Rent losses	47	21	317	949	(2)	1,332	1,582

Notes to the financial statements for the year ended 31 March 2022

6. Particulars of Turnover from Non-Social Housing Lettings

	2022 £'000	2021 £'000
Other	88	121

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

7. Units of Housing Stock

Association	2021	Additions	Disposals	Tenure & Other Changes	2022
Care Homes - Social Housing	124	-	-	-	124
Supported Housing	100	-	(4)	(21)	75
General needs - Social rent	290	-	-	-	290
Sheltered Housing - Social rent	1,034	-	-	(36)	998
Total Social Housing Units Owned	**1,548**	**-**	**(4)**	**(57)**	**1,487**
Accommodation managed by other Agents	164	-	-	21	185
Total Social Housing Units Managed	**1,712**	**-**	**(4)**	**(36)**	**1,672**
Sub Market Rental - Non Social Housing	64	-	-	36	100
Total Owned & Managed	**1,776**	**-**	**(4)**	**-**	**1,772**
Units - Other	46	-	-	-	46
Units under construction	170	-	-	-	170
Total	**1,992**	**-**	**(4)**	**-**	**1,988**

Notes to the financial statements for the year ended 31 March 2022

8. Operating deficit

	2022 £000	2021 £000
This is arrived at after charging / (crediting)		
Depreciation of Housing properties		
- annual charge	1,785	1,949
- accelerated depreciation	139	139
Depreciation on other assets	964	972
Grant amortisation	(366)	(370)
Operating lease charges - other	98	107
Auditor's remuneration		
- audit	60	54
- non audit	-	13
Defined contribution pension	313	290
Defined benefit pension	2,896	87

Notes to the financial statements for the year ended 31 March 2022

9. Employees

	2022 £000	2021 £000
Wages and salaries	8,399	7,957
Social security costs	778	718
Defined contribution pension	313	290
	9,490	**8,965**

Included within the figures above is an amount of £623,000 (2021: £512,000) which has been capitalised as development costs and included within housing property additions in note 16.

An additional £172,000 (2021: £136,000) has been capitalised in relation to major works on properties and is included within additions in note 16.

Included within the figures above is £167,000 (2021: £212,000) for staff costs relating to major IT related projects and is included within other tangible fixed asset additions in note 17.

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

	2022 No.	2021 No.
Administration	67	65
Development	5	5
Housing, Support and Care	162	170
	234	**238**

Notes to the financial statements for the year ended 31 March 2022

10. Directors Remuneration

The directors are defined as the members of the Board of Management, the Chief Executive and the Executive Management Team disclosed on pages 2-3.

	9 months to 31 December 2021 £'000	2021 £'000
Executive directors' emoluments	488	537
Amounts paid to non-executive directors	44	60
Contributions to money purchase pension schemes	39	48
	571	**645**

Directors remunerated by the association resigned on 31 December 2021. New appointees are remunerated within Aster Group Limited and reported in the consolidated accounts. The current year figures are therefore for 9 months, and comparatives 12 months.

The total amount payable to the Chief Executive, who was also the highest paid director in respect of emoluments was £112,000 (2021: £123,000). The comparatives are for 12 months, and the current year are for 9 months. Pension contributions of £12,000 (2021: £13,000) were made to a money purchase scheme on their behalf.

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

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

Salary Bandings

	2022 No	2021 No
£120,000 - £129,999	1	1
£110,000 - £119,999	1	-
£100,000 - £109,999	1	1
£90,000 - £99,999	2	4
£80,000 - £89,999	4	2
£70,000 - £79,999	3	5
£60,000 - £69,999	5	7

11. Board Members

Board and committee membership of Central & Cecil Housing Trust is set out on pages 2-3.

Notes to the financial statements for the year ended 31 March 2022

12. Surplus on Disposal of Fixed Assets

	2022 **£000**	**2021** **£000**
Disposal proceeds	621	3,125
Cost of disposal	(353)	(2,429)
Surplus	**268**	**696**

In 2022, C&C disposed of 1 property (2021; 2 properties) generating funds for re-investment.

13. Interest Receivable and Income from Investments

	2022 **£000**	**2021** **£000**
Gift aid from group undertakings	603	185
Interest and similar income from group undertakings	200	264
Total	**803**	**449**

14. Interest Payable and Similar Charges

	2022 **£000**	**2021** **£000**
Bank loans and overdrafts	892	960
Bank loan break costs upon redemption	1,486	-
	2,378	**960**
Interest capitalised	(892)	(920)
Total	**1,486**	**40**

Bank loans were redeemed in full in March 2022 resulting in break costs of £1.5 million.

The group has capitalised interest relating to development projects of £892,000 (2021: £920,000) during the year.

Notes to the financial statements for the year ended 31 March 2022

15. Taxation On Surplus On Ordinary Activities

	2022 £'000	2021 £'000
UK corporation tax		
Current tax on surplus for the year	-	-
Taxation on surplus on ordinary activities	**-**	**-**

Factors affecting tax charge/(credit) for the year:

	2022 £'000	2021 £'000
(Loss)/Surplus on ordinary activities before tax	(6,116)	378
Surplus on ordinary activities at the standard rate of corporation tax in the UK of 19%	1,162	72
Effects of:		
Surplus subject to charitable exemption	(1,162)	(72)
Total tax charge for period	**-**	**-**

No provision has been made for deferred tax on gains recognised on revaluing property to its market value as in the case of the investment property. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total un-provided amount is £69,000 (2021: £67,000).

Notes to the financial statements for the year ended 31 March 2022

Balance Sheet Related Notes

16. Tangible Fixed Assets – Housing Properties

	Completed housing properties held for letting £'000	Properties under development £'000	Total £'000
Cost			
At 1 April 2021	**92,924**	**37,509**	**130,433**
Additions:			
- construction costs	-	30,572	**30,572**
- replaced components	2,034	-	**2,034**
Reclassification of spend	(612)	612	**-**
Disposals:			**-**
- property	(103)	-	**(103)**
- replaced components	(1,094)	-	**(1,094)**
At 31 March 2022	**93,149**	**68,693**	**161,842**
Depreciation			
At 1 April 2021	**27,243**	**-**	**27,243**
Charge for year	1,785	-	**1,785**
Disposals - Property	(21)	-	**(21)**
Disposals - Components	(955)	-	**(955)**
At 31 March 2022	**28,052**	**-**	**28,052**
Net book value			
At 31 March 2022	**65,097**	**68,693**	**133,790**
At 31 March 2021	**65,681**	**37,509**	**103,190**

Notes to the financial statements for the year ended 31 March 2022

16. Tangible Fixed Assets – Housing Properties (continued)

	2022 £'000	2021 £'000
The net book value of housing properties may be further analysed as:		
Freehold	121,478	90,808
Long leasehold	4,002	4,025
Short leasehold	8,310	8,357
	133,790	**103,190**
Interest capitalisation		
Interest capitalised in the year	892	920
Cumulative interest capitalised	3,140	2,220
	4,032	**3,140**
Rate used for capitalisation	5.0%	5.1%

	2022 £'000	2021 £'000
Works to properties		
Improvements to existing properties capitalised	2,034	1,216
Major repairs expenditure to income and expenditure account	807	135
	2,352	**1,351**
Total Social Housing Grant received or receivable to date is as follows:		
Capital grant – Housing Properties	43,966	44,116
Recycled Capital Grant	685	468
Revenue grant – I&E	(366)	(370)
Revenue grant - reserves	(7,895)	(7,525)
	36,390	**36,689**

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

Impairment

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

During the current year, the group and association have not identified a need to recognise an impairment loss on fixed assets (2021: £Nil).

Properties held for security

At 31 March 2022 all loans with banks had been discharged and property pledged as security against the loans was in the process of being released. (2021: £16.2 million).

Notes to the financial statements for the year ended 31 March 2022

17. Other Tangible Fixed Assets

	Other Properties £'000	Fixtures, Fittings & Equipment £'000	Total £'000
Cost			
At 1 April 2021	3,747	11,489	15,236
Additions	7	270	277
Disposals	-	(4,054)	(4,054)
At 31 March 2022	**3,754**	**7,705**	**11,459**
Depreciation			
At 1 April 2021	1,375	8,228	9,603
Charge for year	79	885	964
Disposals	-	(4,054)	(4,054)
At 31 March 2022	**1,454**	**5,059**	**6,513**
Net book value			
At 31 March 2022	**2,300**	**2,646**	**4,946**
At 31 March 2021	**2,372**	**3,261**	**5,633**

The net book value of office buildings may be further analysed as:	2021 £'000	2021 £'000
Freehold	**2,300**	**2,372**

18. Investment Properties

	2021 £'000	Revaluation £'000	2022 £'000
At 31 March	850	(75)	775

The association's investment property was valued at fair value effective 31 March 2022 as determined by an independent, professionally qualified valuer. The valuations was undertaken in accordance with the Royal Institution of Chartered Surveyors' Valuation - Professional Standards (2014) ["The Red Book"] published by the Royal Institution of Chartered Surveyors. Details of the assumptions made and the key sources of estimation uncertainty are given below. In valuing the investment properties, the methodology was adopted with the following key assumptions:

18. Investment Properties (continued)

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

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

	2022 £'000	2021 £'000
Historic cost	498	498
Accumulated depreciation	(371)	(355)
	127	**143**

19. Fixed Asset Investments

Details of subsidiary undertakings

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

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

Notes to the financial statements for the year ended 31 March 2022

20. Debtors

	2022 £000	2021 £000
Due within 1 year		
Rent and service charge arrears	2,766	1,752
Less: Provision for doubtful debts	(1,200)	(629)
	1,566	**1,123**
Amounts owed by group undertakings*	6,832	10,043
Other debtors	5,686	22,338
Prepayments and accrued income	1,453	607
	15,537	**34,111**
Due in more than one year		
Other debtors**	706	8,963
Total	**16,243**	**43,074**

* Units held for re-sale by a subsidiary company were valued as at 31 March 2022. The projected proceeds from these sales have been compared to the intercompany loan facility balance and a provision for £2.8 million (2021: £1.4 million) recognised.

** Represents £0.7 million (2021: £8.7 million) held in Escrow in relation to the sale at St John's Wood Road, Westminster.

21. Creditors: Amounts falling within one year

	2022 £000	2021 £000
Loans and borrowings (note 24)	-	637
Trade creditors	495	316
Deferred capital grant (note 23)	366	378
Recycled capital grant (note 23a)	685	468
Rent and service charges received in advance	1,526	682
Taxation and social security	258	202
Amounts owed to group undertakings	1,235	442
Other creditors	115	115
Accruals and deferred income	4,026	2,350
Total	**8,706**	**5,590**

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

	2022 £000	2021 £000
Loans and borrowings	-	17,406
Amounts owed to parent undertaking	17,250	-
Deferred capital grant (note 23)	35,339	35,843
Recycled capital grant fund (23a)	948	573
Total	**53,537**	**53,822**

Amounts owed to parent undertakings represent an unsecured revolving credit facility with Aster Group Limited with floating interest rates at Bank of England Base rate plus a margin of 1.5%.

Notes to the financial statements for the year ended 31 March 2022

23. Deferred Capital Grant

	2022 2022 £000	2021 2021 £000
At 1 April 2021	36,221	36,931
Grants released to income during the year	(366)	(370)
Grants released on property disposal	28	-
Grants transferred to RCGF	(273)	(384)
Previously amortised grant reinstated	95	44
At 31 March 2022	**35,705**	**36,221**
Recognised in:		
Creditors: Amounts falling within one year	366	378
Creditors: Amounts falling due after more than one year	35,339	35,843
	35,705	**36,221**

As at 31 March 2022 deferred capital grant included £8.5 million (2021: £8.5 million) of SHG for schemes under development.

23a. Recycled Capital Grant

	2022 £000	2021 £000
At 1 April 2021	1,041	648
Inputs:		
Additions during the year	591	393
Interest	1	-
At 31 March 2022	**1,633**	**1,041**
Analysis of maturity:		
In less than one year	685	468
In one to two years	364	217
In more than two years	584	356
	1,633	**1,041**

24. Loans and Borrowing

Maturity of debt:

Bank Loans	**2022 £'000**	**2021 £'000**
In one year or less, or on demand	-	637
In more than one year but not more than two years	-	9,678
In more than two years but not more than five years	-	2,300
In more than five years	-	5,428
Total	**-**	**18,043**

In the prior year the association had revolving credit facilities with Santander and RBS and both these loans were repaid during the year. The association's loan funding has been replaced by group treasury facilities.

Notes to the financial statements for the year ended 31 March 2022

25. Financial Instruments

The Association financial instruments may be analysed as follows:

	2022 £000	2021 £000
Financial assets		
Measured at historical cost		
Net Rent debtor (note 20)	1,566	1,123
Other debtors (note 20)	14,677	41,951
Cash	2,228	5,624
Total financial assets	**18,471**	**48,698**
Financial liabilities		
Measured at amortised cost		
Loans payable (notes 21 and 22)	-	18,043
Trade Creditors (note 21)	495	316
Other Creditors (note 21)	7,161	3,791
Total financial liabilities	**7,656**	**22,150**

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

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

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

26. Pensions

Several pension schemes are operated by the group.

Defined benefit pension scheme

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

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

Notes to the financial statements for the year ended 31 March 2022

26. Pensions (continued)

The scheme funding valuation as at 31 March 2020 revealed a funding surplus of £188,000. In accordance with the Schedule of Contributions dated 29 March 2021 the Association is expected to pay no contributions over future accounting periods. With the effect from 1 September 2020, except to the extent agreed otherwise in writing, the Association is not expected to meet any expense payments in relation to administering the Fund. These will instead be met out of the Fund's surplus assets. Over the period the Fund disinvested the majority of its invested assets and purchased a buy-in insurance policy with Legal and General to meet all future Fund benefit payments. As at 31 March 2022 the Fund holds the value of that insurance policy and surplus funds held as cash.

The liabilities of the Fund are based on the current value of expected benefit payment cashflows to members approximately over the next 60 years. The average duration of the liabilities is approximately 17 years.

A full actuarial valuation of the Fund was carried out as at 31 March 2020 and has been updated to 31 March 2022 by a qualified independent actuary.

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

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

	As at 31/3/22 %	**As at 31/3/21 %**
Discount rates	2.40	1.60
Inflation assumption (RPI)	3.90	3.50
Inflation assumption (CPI)	3.40	3.00
Salary growth	3.90	3.50
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	3.40	3.00
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.90	3.50
Allowances for commutation of pension for cash at retirement	No allowance	No allowance
Assumed life expectancies on retirement at age 65 are:	Years	Years
Retiring today - males	21.8	21.7
Retiring today - females	23.8	23.8
Retiring in 20 years time - males	23.8	23.7
Retiring in 20 years time - females	25.6	25.5

Notes to the financial statements for the year ended 31 March 2022

26. Pensions (continued)

The assets in the Fund were:

	As at 31/3/22 £000's	As at 31/3/21 £000's
Equity	-	-
Index Linked	-	1,724
Fixed Interest	-	6,182
Property	-	-
Insured annuities	11,698	239
Cash & other	1,462	8,351
Fair value of Fund assets	**13,160**	**16,496**

The actual return on the assets over the period was:	(97)	(247)

	31/3/22 £000's	31/3/21 £000's
Present value of funded obligations	11,698	13,052
Fair value of Fund assets	13,160	16,496
Surplus in funded scheme	**1,462**	**3,444**
Present value of unfunded obligations	-	-
Unrecognised actuarial gains (losses)	-	-
(Irrecoverable surplus)	(1,462)	(3,444)
Net liability in balance sheet	**-**	**-**

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

	31/3/22 £000's	31/3/21 £000's
Benefit obligation at beginning of year	13,052	13,296
Current service cost	-	-
Interest cost	206	236
Contributions by Fund participants	-	-
Actuarial (gains)	(1,217)	(259)
Benefits paid	(343)	(221)
Benefit obligation at end of year	**11,698**	**13,052**

Notes to the financial statements for the year ended 31 March 2022

26. Pensions (continued)

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

	31/3/22 £000's	31/3/21 £000's
Fair value of Fund assets at beginning of year	16,496	17,051
Interest income on Fund assets	259	304
Return on assets, excluding interest income	(356)	(551)
Contributions by employers	-	-
Contributions by Fund participants	-	-
Settlements	(2,599)	-
Scheme administration costs	(297)	(87)
Benefits paid	(343)	(221)
Fair value of Fund assets at end of year	**13,160**	**16,496**

	31/3/22 £000's	31/3/21 £000's
Service cost - inc. current & past service costs, settlements	2,599	-
Service cost - administrative cost	297	87
Net interest on the net defined benefit liability	-	-
Total expense	**2,896**	**87**

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

	31/3/22 £000's	31/3/21 £000's
Return on assets, excluding interest income	356	551
Interest income as a result of unrecognised surplus	(53)	(68)
Experience gains and losses arising on the Fund liabilities	184	(117)
Changes in assumptions underlying the present value of the Fund liabilities	(1,401)	(142)
Change in the amount of surplus that is not recoverable (excluding interest income)	(1,982)	(311)
Remeasurement of net defined benefit (asset) shown in OCI	**(2,896)**	**(87)**

Sensitivity analysis

	Impact on Liabilities 31/03/22 £000's	31/03/21 £000's
Discount rate – increase by 0.25%	(491)	(587)
Inflation linked assumptions – increase by 0.25%	217	241
Assumed life expectancy at age 65 – increase by 1 year	668	778

Note that there would be no impact on the unrecognised or recognised surplus position from these changes because the Scheme purchased a buy-in insurance policy to meet future benefit payments and so similar changes would be expected in the valuation of the insurance policy held.

Note that extrapolation of the sensitivity analysis beyond the ranges shown may not be appropriate.

Notes to the financial statements for the year ended 31 March 2022

26. Pensions (continued)

Defined Contribution Scheme

A defined contribution pension scheme is also operated by the group. The assets of the scheme are held separately from those of the association in an independently administered fund. The pension charge represents contributions payable by the group to the fund and amounted to £313,000 (2021: £290,000) Contributions totaling £52,000 (2021: £41,000) were payable to the fund at the year end and are included in creditors.

27. Share Capital

	2022 £	2021 £
At 1 April	26	26
Shares issued in the year	7	1
Shares cancelled in the year	(13)	(1)
At 31 March	**20**	**26**

The share capital of the association consists of shares with a nominal value of £1 each, which carry no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. When a shareholder ceases to be a member, that share is cancelled and the amount paid thereon becomes the property of the association. Therefore, all shareholdings relate to non-equity interest.

28. Operating Leases

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

	2022 £000	2021 £000
Less than 1 year	29	98
Between 1 and 5 years	2	33
Over 5 years	-	-
	31	**131**

Notes to the financial statements for the year ended 31 March 2022

29. Capital Commitments

	2022 £000	2021 £000
Approved and contracted	8,030	34,953
Approved not yet contracted	8,694	6,896
	16,724	**41,849**

Capital commitments for the association will be funded as follows:

	2022 £000	2021 £000
Sales of property	12,837	30,641
Social housing grant	2,225	2,225
Existing reserves	1,662	8,983
	16,724	**41,849**

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

30. Related Party Disclosures

The Accounting Direction for Private Registered Providers requires disclosure of material recharges for services between non-regulated and regulated entities during the year and the balance outstanding as at the year end. The recharges and year end balances are:

		Annual recharges		**Balance as at 31 March**	
With non-regulated entity	**Nature of supply**	**2022 £000**	**2021 £000**	**2022 £000**	**2021 £000**
55 London	Management services	1,029	610	(20)	(51)
CCIL	Management services and loan facility	321	365	9,583	10,043
CCCS	Construction services and management services	30,151	19,931	(1,212)	(391)

Construction services from CCCS to its parent CCHT include a 2% mark up on cost. All other services are at cost.

Notes to the financial statements for the year ended 31 March 2022.

31. Capital and Reserves

Restricted reserves comprise a legacy of £317,000 (2021: £317,000) that was received in 2012 from a deceased resident at Cecil Court. These funds have been left for the specific benefit of the Cecil Court care home.

32. Ultimate Parent Company

Central & Cecil Housing Trust is a wholly owned subsidiary of Aster Group Limited, the ultimate parent entity and controlling party, and whose consolidated financial statements may be obtained from the following address:

The Company Secretary, Sarsen Court. Horton Avenue, Cannings Hill, Devizes, Wiltshire, SN10 2AZ.

Aster Group Limited is the only group entity to consolidate the association’s financial statements.