

Annual Return (AR30) form

Society Name: Church of England Soldiers' Sailors' and Airmen's Housing Association Limited

Society Num: 21222 R

An Annual Return must be completed by all societies registered under the Co-operative and Community Benefit Societies Act 2014 ('the Act') (including any societies previously registered under the Industrial and Provident Societies Act 1965). The Annual Return must include:

- this form;
- a set of the society's accounts; and
- where required, an audit report or report on the accounts.

A society must submit the Annual Return within 7 months of the end of the society's financial year. Failure to submit on time is a prosecutable offence.

Please note that this form, including any details provided on the form, will be made available to the public through the Mutuels Public Register.

For guidance on our registration function for societies, which includes guidance on the requirement to submit an Annual Return, please see [here](#)

2.1 What date did the financial year covered by these accounts end?

31/12/2020

3.1 Please provide the names of the people who were directors of the society during the financial year this return covers.

Some societies use the term 'committee member' or 'trustee' instead of 'director'. For ease of reference, we use 'director' throughout this form.

| Name of Director | Month of Birth | Year of Birth |
|------------------|----------------|---------------|
| Alan Rymer | Apr | 1958 |
| Charles Ackroyd | May | 1954 |
| Andrew Cobb | Nov | 1953 |
| Anthony Mizen | Mar | 1946 |
| Amanda Rodgers | Jan | 1953 |
| Simon Snowball | Aug | 1960 |

| | | |
|----------------|-----|------|
| Jeremy Simpson | Jun | 1943 |
| Ian Currie | Mar | 1948 |
| David Foster | Apr | 1965 |

3.2 All directors must be 16 or older. Please confirm this is this case:

☒ All directors are aged 16 or over

3.3 Societies are within the scope of the Company Director Disqualification Act 1986 (CDDA). Please confirm that no director is disqualified under that Act:

☒ No director is disqualified

3.4 Please state any close links which any of the directors has with any society, company or authority.

'Close links' includes any directorships or senior positions held by directors of the society in other organisations.

Mr Cobb is a Director of Two Saints HA & a Trustee of Tadley District Citizens Advice Bureau.
Mr Mizen is a Director of Muircroft HA.

3.5 Please provide the name of the person who was secretary at the end of the financial year this return covers.

Societies must have a secretary

Name of Secretary

Month of Birth

Year of Birth

| | | |
|---------------|-----|------|
| Patrick Keefe | Mar | 1959 |
|---------------|-----|------|

4.1 Please confirm that:

☒ accounts are being submitted with this form

☒ the accounts comply with relevant statutory and accounting requirements

☒ the accounts are signed by two members and the secretary (3 signatures in total)

4.2 Based on the accounts, please provide the information requested below for the financial year covered by this return.

Number of members

24

Turnover

1151610

Assets

1957994

Number of Employees

14

Share Capital

24

**Highest rate of interest
paid on shares**

0

4.3 What Standard Industrial Classification code best describes the society's main business?

Where more than one code applies, please select the code that you feel best describes the society's main business activity. You will find a full list of codes [here](#)

SIC Code

**Renting and operating of Housing Association
real estate (68201)**

*

Societies are required to appoint an auditor to audited unless they are small or have disapplied this requirement. For further guidance see chapter 7 of our guidance:

<https://www.fca.org.uk/publication/finalised-guidance/fg15-12.pdf>

5.1 Please select the audit option the society has complied with:

- ☒ Full Professional Audit
- ☐ Auditor's report on the accounts
- ☐ Lay Audit
- ☐ No audit

5.2 Please confirm the audit option used by the society is compliant with the society's own rules and the Act

☒ We have complied with the audit requirements

5.3 Please confirm any audit report (where required) is being submitted with this Annual Return

- ☒ Yes
- ☐ Not applicable

5.4 Is this society accepted by HM Revenue and Customs (HMRC) as a charity for tax purposes?

- ☒ Yes
- ☐ No

5.5 If the society is registered with the Office of the Scottish Charity Regulator (OSCR) please provide your OSCR registration number.

- ☐ Registered
- ☒ Not applicable

5.6 Is the society a housing association?

- ☐ No
- ☒ Yes

5.7 Please confirm which housing regulator you are registered with, and provide the registration number they have given you:

- ☒ Homes and Communities Agency
- ☐ Scottish Housing Regulator
- ☐ The Welsh Ministers

Homes and Communities
Registration Number

L0104

6.1 Is the society a subsidiary of another society?

- ☐ Yes
- ☒ No

6.2 Does the society have one or more subsidiaries?

(As defined in sections 100 and 101 of the Act)

☐ Yes

☒ No

All societies are registered meeting one of two conditions for registration. These are that the society is either:

- a bona fide co-operative society ('co-operative society'); or
- are conducting business for the benefit of the community ('community benefit society').

You must answer the questions set out in in the next section of this form, depending on which condition for registration you meet.

If you are not sure which condition for registration applies to the society please see chapters 4 and 5 of our guidance [here](#).

7.1 Condition for Registration

☐ Co-operative society

☒ Community Benefits society

Community benefit societies must answer the following questions in relation to the financial year covered by this return.

7B.1 What is the business of the society?

For example, did you provide social housing, run an amateur sports club etc.

Provided sheltered social housing.

7B.2 Please describe the benefits to the community the society delivered?

Here we are looking to see what the benefits to the community were. Community can be said to be the community at large. For example, did you relieve poverty or homelessness through the provision of social housing.

Relieved poverty and homelessness through the provision of social housing.

7B.3 Please describe how the society's business delivered these benefits?

The business of the society must be conducted for the benefit of the community. Please describe how the society's business (as described in answer to question 7B.1) provided benefit to the community.

Rents remain on average 14% below the Formula Rent allowed by the Government. Each scheme has a manager, 30% of whose time is funded by the Association to facilitate support for tenants, including social activities. Each scheme is provided with a Careline service, controlled access, lifts, communal lounge with kitchen, guest room, hearing induction loop, laundry facilities, garden, salon for visiting hairdresser/other practitioner, age-appropriate

7B.4 Did the society work with a specific community, and if so, please describe it here?

For instance, were the society's activities confined to a specific location; or to a specific group of people? Please note that in serving the needs of any defined community, the society should not inhibit the benefit to the community at large.

The Association principally offers flats for ex Armed Forces personnel or their immediate families over the age of 60. Sheltered housing benefits the tenants by reducing loneliness and improving their health, which is beneficial for the whole community by reducing the requirements for the NHS etc as well as freeing up general needs properties for younger families.

7B.5 What did the society do with any surplus or profit?

For instance, did you pay a dividend to members (and if so, on what basis); did money get reinvested in the business; put into reserves; used for some other purpose?

As a charitable Association, any surplus is reinvested in the buildings or services, whether immediately or through accumulating the reserves required for major projects. For example, in 2020 a 2-year remodelling project was progressed at the last scheme with bedsits, which cost about £240k that year with the balance of £70k in 2021. £72k was spent on improvements at other schemes.

7B.6 Please state any significant commercial arrangements that the society has, or had, with any other organisation that could create, or be perceived as creating, a conflict of interest.

Please tell us how you ensured that any such conflict of interest did not prevent the society from acting for the benefit of the community.

The Association does not have any significant commercial arrangement with another organisation, but does reduce its costs by sharing its office and some staff with a charity. There are no un-managed conflicts of loyalty or interest.

Financial Conduct Authority registration number 21222R
Registered Provider number L0104

**CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S
HOUSING ASSOCIATION LIMITED**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

INFORMATION

Directors Rear Admiral A R Rymer CEng (Chairman)
Colonel C E H Ackroyd TD RD DL (Vice
Chairman)
Mr A J Cobb FCiH
Commander A E Mizen RN
Mrs A C Rodgers FCA
Commander J F J Simpson RN
Commander S J Snowball RN
Mr I H Currie FCA
Mr D F Foster FCA

Secretary Commander P C Keefe RN

FCA registration number 21222R

Registered Provider number L0104

Registered office 1 Shakespeare Terrace
126 High Street
Portsmouth
Hampshire
PO1 2RH

Auditors Jones Avens Limited
Piper House
4 Dukes Court
Bognor Road
Chichester
West Sussex
PO19 8FX

Bankers Lloyds Bank Plc
38 London Road
North End
Portsmouth
Hampshire
PO2 0LR

Solicitors Blake Morgan LLP
Harbour Court
Compass Road
North Harbour
Portsmouth
Hampshire
PO6 4ST

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

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CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors of CESSA Housing Association Limited (hereinafter referred to as CESSA HA or the association) present the strategic report and financial statements for the year ended 31 December 2020.

Fair review of the business

The key financial results for the year are set out on pages 17 & 18. CESSA HA continues to perform well and is on track in accordance with its business plan. The Association delivers value for money to tenants and its annual assessment by erosh improved from "Good" to "Outstanding" in 2020. It was fully expected that the HA's financial surplus would be reduced from normal years due to the planned expenditure on the remodelling project at Dhekalia Court. This work started in May 2019 and finished at the end of February 2021. There was nevertheless a small operating surplus of £19k and the only reason for the negative comprehensive income of £42k were actuarial losses on the defined benefit pension scheme.

Other information and explanations

The association and its sister charity, CofE Soldiers', Sailors' & Airmen's Clubs (CESSAC) share a Head Office and staff, each contributing the appropriate proportion of employee and other expenses. It is for this reason that such costs shown in the association's accounts are low. A significant portion of these result from CESSAC's agreement with Greenwich Hospital to manage the latter's three sheltered housing schemes, which contain a further 91 flats. This fine example of collaborative working provides Greenwich Hospital with appropriately qualified & sympathetic housing management at reduced costs, as well as benefitting all parties including the pensioner tenants. The relationship between the association and CESSAC was thoroughly reviewed in 2019 and its symbiotic nature found to provide compelling evidence for its continuance.

Principal Risks and Uncertainties

COVID-19. The effects of the unforeseen Coronavirus pandemic naturally generated the largest risk and uncertainty in 2020 – the response by staff was magnificent, as well as from residents in supporting each other. The ability to work from home had long been possible for Head Office staff, although not all had previously used it, but it had never even been envisaged for Scheme Managers. Nevertheless, with significant effort, everyone who needed remote access was provided with the means to work from home before the first lockdown came into force. Meanwhile, cleaning and maintenance staff have worked hard and followed the changing rules and requirements for PPE. All quickly adopted new ways of working, with Scheme Managers starting their days on site for essential tasks before working from home again. Instead of ensuring they have physically seen residents on an agreed periodicity, they have ensured they have contacted each of them at least twice a week, daily for the more vulnerable. Additionally, they have helped tenants with external contacts, including email exchanges, altogether amounting to an average of over 3 interactions for each flat every week. All the above, and providing written updates when the public health restrictions have changed, has more than used up any time unused on normal work.

Between the efforts of staff and tenants, there were no cases of the virus until December and no transmission within any scheme. One the most significant casualties of the pandemic has been the limit on tenant social activity, which has been a great disappointment. The main impact on the association so far has simply been deferment of non-essential maintenance inside occupied flats, including some inevitable delay in the remodelling project. In consultation with residents, once permitted, the latter was restarted in June with additional safety measures (at some cost). There was no significant change in void losses or rent arrears, therefore no long-term effects for the association have been yet identified. 2021 has already seen most tenants and front-line staff vaccinated and there is an expectation of a gradual easing of the restrictions. It is therefore hoped the year should see improvement over 2020 in this regard.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Political risks. The Government made some announcements affecting housing, including its 10-point green plan and the Housing White Paper. However, the latter was only published in mid-November. It largely reflected what had been expected from the Green Paper and therefore many actions had already been taken by the sector in anticipation (e.g. NHF's Together with Tenants and the Housing Ombudsman's new Code announced in the summer, with which the association is now compliant – see later).

Other risks. One cost outside the association's direct control is the level of deficit recovery payments to the SHPS Defined Benefit scheme, largely for historic pension entitlements. These payments are driven by the inter-action between the fund's performance and changing calculations as assessed triennially. The association has chosen not to cease offering this scheme since it has calculated the penalty for doing so outweighs the likely risk of increasing its exposure. This is because no staff have opted for it in nearly a decade because of the high level of individual contributions and the lack of control over increases. It is for this reason that the majority of staff are now enrolled in the Defined Contribution scheme instead, minimising the association's exposure to cost increases in the long term. The latter is supported by the result of the change in accounting for SHPS in 2019. Apart from those, the most significant risk is assessed to be the loss of CESSAC's contract with Greenwich Hospital, because the efficiency of shared overheads would be lost and unit costs would therefore increase. This is mitigated by continually demonstrating that an excellent service is being provided. This was externally verified in 2015, and annually from 2019 (by e-rosh as already highlighted). A rolling one-year agreement with Greenwich Hospital is being developed from 2021. The association holds a portion of its cash reserves not required for immediate use in Listed Investments of medium to low risk with Charles Stanley as discretionary manager. Despite the cautious approach these still represent a higher level of risk than bank deposits, but have the potential to give a rate of return above inflation in the medium to long term, something which deposit accounts are not currently offering. Performance is reviewed at every meeting. Risk is also mitigated by spreading deposits between several FSCS-eligible institutions. There was an initial downturn in the value of investments in March due to the pandemic, but these recovered during the year.

Development and Performance

The association priority is the sustainability of its current schemes and to this end it has spent over £4.5m on remodelling and upgrading since 2005. Applications remain buoyant and void rates very low, so development will be considered in 2021.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Strategic Objectives

Our short-term objective for 2021 is, following completion of remodelling at the last scheme with a majority of studio flats (Dhekelia Court), to review the strategy.

Our medium-term objective is to improve the service and VfM offered to all beneficiaries.

Our long-term objectives (5 years) are: to identify demand and opportunities to expand our provision and to implement the recommendations from our carbon footprint report.

Note: the association's focus is to provide sheltered housing for ex-Services personnel and their dependants in suitably-sized schemes that support the provision of a Scheme Manager. Like for many housing associations of similar scale there are practical reasons for focussing on a specific geographic area within sensible reach of the Head Office. Sheltered accommodation implicitly meets the needs of older people, who have an increased risk of health and mobility issues. The association's schemes foster a sense of community to combat loneliness and are dementia-friendly. There has also been a programme of improving the ratio of double to single flats, to reflect increased longevity and its effect on the number of couples seeking accommodation, as well as providing some flats suitable for wheelchair users.

On behalf of the board



Rear Admiral A R Rymer CEng (Chairman)

Director

14 April 2021

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Principal activities

The association is a Private Registered Provider of Social Housing and a charitable housing association for elderly ex-Service personnel and their families. Owning fewer than 1,000 properties, it is defined as 'small' by the Regulator of Social Housing. Its principal activities are the rental and management of 191 sheltered flats (reduced by 3 since 2019 as 3 pairs of bedsits have been remodelled into 3 double-flats) situated in 5 locations in Portsmouth, Southsea, Gosport & Fareham.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Rear Admiral A R Rymer CEng (Chairman)
Colonel C E H Ackroyd TD RD DL (Vice
Chairman)
Mr A J Cobb FCIH
Air Commodore D J Hamilton-Rump RAF (Resigned 24 June 2020)
Commander A E Mizen RN
Mrs A C Rodgers FCA
Commander J F J Simpson RN
Commander S J Snowball RN
Mr I H Currie FCA
Mr D F Foster FCA

All directors except Mrs Rodgers (co-opted) hold one share in the association.

Results

The results for the year are set out on page 17.

Directors' insurance

The association maintains insurance policies on behalf of all the directors against liability arising from negligence, breach of duty and breach of trust in relation to the association.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Auditor

A quinquennial review of the auditor was conducted by the directors in 2018 and a resolution proposing that Jones Avens Limited be reappointed as auditor of the association will be put to the Annual General Meeting.

Code of governance

The association has adopted the National Housing Federation's (NHF) new Code of Governance 2020 and will report on its compliance with that next year. Meanwhile, it is satisfied that it complies with the both the spirit of the 2015 code and the principles set out in it.

Board's annual review of internal control

Board members routinely undertake internal audit activity and monitor the result of staff's compliance checks. Specific risks are scheduled for review at each meeting so that every risk identified is covered at least once a year and any mitigation required is instigated. Stress testing has been undertaken against a combination of identified risks, but for a small sheltered housing association without mortgages or a development programme, there are few existential short-term threats not covered by insurance. Longer terms threats included in the stress testing also are: unsustainable price inflation/wage growth or a drying up of the existing pool of applicants. The former would not be unique to the organisation (and would affect it later) and the latter could be addressed by extending the eligibility criteria. Any potential effect of the UK's agreement with the EU from 1 January 2021 is being kept under review.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the association's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the association's auditor is aware of that information.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Statement of directors' responsibilities

The board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the association and of 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019. It has general responsibility for taking reasonable steps to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

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

Assessment of compliance with the Governance and Financial viability Standard

CESSA HA is governed by its volunteer, unpaid non-executive directors in a Committee of Management, in accordance with its rules. The NHF's code of governance checklist is reviewed annually and was last completed in April 2020. The only issues from the checklist are:

- Allocation of properties and recruitment of staff are compliant with equality legislation and the Board strives to be as inclusive and diverse as possible in its membership. However, the latter is challenging to achieve for a small association based in Portsmouth whose client group are elderly ex-service. Subject to the usual ebb and flow of representation in a relatively small organisation, gender balance overall has been satisfactory. In order to maximise the opportunity for minority participation in future, recruitment criteria, advertising and procedures will be reviewed.
- The code permits the absence of a separate Finance or Audit Committee for small non-developing associations, so an FCA-qualified director supports the board in undertaking these roles. Much of the detailed performance monitoring is conducted by a sub-committee (which has tenant representation).

The Board met 5 times in 2020 (4 times via Microsoft Teams due to the pandemic) with 94% attendance. The Chairman co-ordinates Board and individual performance assessment and involves all directors in this process. The Board oversees the association's compliance with the Regulator's Economic & Consumer standards. The Board certifies its compliance with the Governance & Viability standard and asserts that the association remains a going concern. The Asset & Liability Register was updated in February 2021. Regarding the Rent Standard, all of CESSA HA's tenants have Assured Tenancies. Service charges are set to meet actual costs and therefore in 2020, as in previous years, some of the charges decreased slightly rather than increased.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Complaint Handling. The association has long subscribed to the Housing Ombudsman Service and follows its Complaint Handling Code. That Code was updated in 2020, so the association's policy and procedures have been changed (and placed on the website). The inclusion of this section in the Annual Report reflects another requirement of the revised Code, as do the following:

- a. Result of the self-assessment. Following the steps taken after receipt of the revised Code, the association confirms its compliance therewith. Most issues are resolved informally, indeed of the only 21 issues raised in 2020 saw 19 resolved that way and only 2 even reached Stage 1.
- b. Ombudsman's yearly landlord performance report. The 2019/20 report was studied and it was noted repairs remained the largest category of complaint HOS received at 38%.
- c. Issues and trends arising from internal complaint handling. Unlike HOS, the association rarely has comments about repairs and the only trend in issues raised in 2020 related to the effects of public health restrictions.
- d. Organisational learning. There have been many changes to the recording of complaint information as a result of the new Code. This also revealed that the single Stage 1 complaint had not been acknowledged or replied to within the timescale required – the response had been written but had not actually been sent. This was immediately redressed to the complainant's satisfaction. The learning from this was to create a central complaint database, accessible by key management, so that oversight could be provided and calendar reminders set to ensure responses had been made or extensions sought where justified.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Assessment of how the association is achieving value for money

Overall, the directors consider CESSA HA meets the VfM standard, and have a strategic approach to VfM championed by one of its members as the Chairman of the Housing Committee, which leads on the detailed implementation and oversight. VfM is therefore embedded in the Board and cascaded down the association to grow a culture of efficiency, effectiveness and economy. CESSA HA aims to deliver the best possible use of the resources by ensuring the following are taken into account:

- Economy - careful use of resources to save expense, time or effort (whether in the interests of CESSA HA (rent) or its tenants (service charge));
- Efficiency - delivering the same level of service for lower cost, less time or effort;
- Effectiveness - delivering a better service or getting a higher return for the same amount of expense, time or effort.

The importance of ensuring that how it delivers VfM is optimised by:

- Doing the right things – having a business strategy that focuses resources on the right activities by making informed choices to achieve its priorities.
- Ensuring it has the right physical and human assets for the right cost.
- Delivering efficiently and effectively, especially with regard to property improvements and enhancing service delivery. It is important that it upgrades its properties in order to remain attractive for applicants, but to do so with the minimum disruption to tenants and at costs that deliver best value. Effective delivery of services means that it includes tenants' views in all major issues that may affect them.
- Using the right tools to evaluate success and apply learning – to check it has delivered the right outcomes, including any annual surpluses and efficiency gains for reinvestment in its aims and objectives.

CESSA HA aims to provide a choice of high quality sheltered housing for its beneficiaries as charitably as possible, while promoting tenant well being, independence and mutual support. Accordingly it wants to produce as much value as possible for the money and resources at its disposal. For a number of years, CESSA HA's Strategic Plan has been based on the fact that the ex-Service community is shrinking and that there is poor information about likely demand for sheltered housing, especially by location. For this reason CESSA HA had not been planning to expand the number of flats it offers so has not set basic rents as high as permitted by the Formula. Instead it has focussed on delivery of the social benefit it seeks by improving:

- the quality of its schemes. About £4.5m has been spent on remodelling since 2005 to: provide flats for the disabled; eliminate most single bedsits; and improve the proportion of doubles,
- the quality and breadth of services offered to its tenants,
- the resourcing of its staff including their training.

Assets. Our schemes and their flats are the foundations of the association so we must manage these effectively in order to provide the most efficient operational performance and enable both the provision of great services to our residents as well as to invest in the future. We take a strategic approach to managing our schemes to make sure we're consistent in our investment decisions. The basis of this approach is having a clear understanding of the performance of our flats/schemes from a financial, resident and social perspective, and using this information to make the right investment choice to improve the overall value. This led to the recent careful analysis of the future of Dhekelia Court (including the use of external advisors) resulting in the decision to remodel 5 pairs of the 13 bedsits into 5 double flats between 2019 and the beginning of 2021.

Procurement. Supplier relationship and contract management is a key driver to delivering additional savings, as well as lower costs for the association and our residents. It complements direct procurement savings and contributes to the overall savings target.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Assessment of how the association is achieving value for money (continued)

Social value. We consider the social value of our homes so that we can deliver increased savings to both the public purse and our tenants. One way of measuring the social value delivered is by assessing how much the association saves its tenants (or the country for those on benefits) compared with accommodation in the private rented sector. The most recent Private Rental Market Statistics from the Valuation Office Agency (1 Oct 19 to 30 Sep 20) show that the association's comparable basic rents for new lettings were significantly lower - about 60% of the Portsmouth median. An additional benefit for the association's tenants over private renting is the significantly greater security of tenure (as well as an acute focus on quality of service rather than making a profit). We also give tenants regular opportunities over a coffee to meet with us (normally every 8 weeks), to discuss the services we deliver and how they could be enhanced, as well as conducting an annual satisfaction survey.

Resident value. We look to deliver value to our residents, both in terms of direct savings and improvements to their well-being. We have continued to invest in our communities and helped residents sustain their tenancies, including by reducing running costs. Schemes help residents avoid loneliness and fuel poverty as well as providing security and better health.

Our performance. Investing in our homes makes sense, resulting in better living standards for our residents as well as maintaining the value of our assets. What we have spent on major/capitalised investments such as new kitchens, bathrooms, windows and heating systems, planned and responsive maintenance over the last few years is shown below. It is an accepted maxim that planned work is more efficient than responsive therefore a lower ratio of responsive : planned maintenance is considered better. This is measured in the Sector Scorecard (SS 403), the 2019-20 median ratio of which was 0.57, so it can be seen that the association performs very well (2015-16 and 2019-20 included significant expenditure on remodelling).

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Responsive maintenance | £39,798 | £38,404 | £70,120 | £42,999 | £37,784 | £41,072 |
| Cyclical (Planned) | £64,066 | £83,956 | £7,654 | £74,973 | £62,351 | £80,393 |
| Major (Planned) | £214,679 | £86,184 | £43,525 | £0 | £276,934 | £229,714 |
| Capitalised (Planned) | £228,228 | £29,490 | £102,538 | £122,058 | £126,014 | £92,796 |
| Responsive : Planned | 0.08 | 0.19 | 0.46 | 0.22 | 0.08 | 0.10 |

Investing in our people. We know that providing learning and development opportunities for our people is an investment in our future. This was demonstrated in 2018 when one of our former cleaners, who went on to complete our apprenticeship programme, filled a Scheme Manager vacancy. 2018 also saw the addition of a new post of Tenant Services Manager (TSM) to address the longstanding excessive work required in Head Office. We also support staff to gain professional Housing qualifications (TSM achieved a CIH Level 3 this year), as well as deliver team training.

Our working environment. A key aim of our strategy is to deliver a workplace and office portfolio that is fit for the future and a key enabler for achieving a modern connected business. 2018 saw the refurbishment of the Head Office, and 2019 the replacement of the IT system.

The association has measured its return on assets in social terms and on whether they are being used efficiently and effectively to that end.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Assessment of how the association is achieving value for money (continued)

Social Return on Assets: All schemes are provided with a Scheme Manager plus out-of-hours Careline service, controlled access to the building, lifts, communal laundry facilities, a communal lounge and supporting kitchen facilities & wifi, access to an elderly-friendly computer & training thereon, guest room, charging & storage facilities for mobility scooters, parking spaces, garden areas and a salon for visiting hairdressers/others. Space is provided in one scheme for a tenants' shop (where there are fewer shops and buses than there used to be). The fostering of an ex-Service community in each scheme is a key aim both for tenant well-being and to alleviate the scourge of loneliness. 30% of the Scheme Manager's time is allocated to organisation of support for tenants including social activities and no charge is made to tenants for this service. On average, CESSA HA's basic rents are about 12% below the Government's 'Formula' Rent for each flat. Low rents do not mean sacrifices elsewhere – the schemes have been remodelled and are maintained to a high standard. This has been achieved by VfM gains, low voids, high rent collection, low management costs and an appropriate proportion of planned maintenance. We are also proud to be a Dementia-Friendly organisation and to fund an Additional Support service via a local contractor. The latter provides periods of companionship for tenants with support needs and enables them to access social inclusion activities they could not otherwise participate in, such as shopping trips and visits to cafes.

The combination of the social & resident values plus the Social Return on Assets generates significant savings to the nation. These are the benefits for the tenants and the community from such sheltered housing supporting vulnerable older people to remain independent for longer. This also lowers the costs to the NHS and frees general needs housing for younger families.

Absolute & Comparative Costs: The association uses a variety of metrics to gauge and compare its performance. It participates in an Acuity benchmarking club covering the south and east of England where it can compare with other organisations delivering similar sheltered housing services. Inevitably there are differences in the way that members of the club work and CESSA HA has a particular client group (elderly ex-Service). Nevertheless, the association compares favourably in the key performance indicators reported by the club that include the RSH's (Regulator for Social Housing) 7 key metrics as displayed below with commentary underneath.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Assessment of how the association is achieving value for money (continued)

| Key metric | RSH | | CESSA | CESSA Peer median | |
|------------|-----|---|---------|-------------------|-------|
| | | | 2020 | 2019 | |
| | | Stock managed (number of units) | 191 | 194 | |
| | | Turnover £'000 | 1,152 | 1,135 | |
| 1 | 304 | Reinvestment % | 2.60 | 3.50 | 4.40 |
| 2 | 204 | New supply delivered (Social housing units) % | - | - | - |
| | 205 | New supply delivered (Non-social housing units) % | - | - | - |
| 3 | 203 | Gearing (RSH and Scorecard measure) % | (19.70) | (20.60) | 0.80 |
| 4 | 103 | EBITDA MRI (as a percentage of interest) % | 77 | (83.00) | 332 |
| 5 | 501 | Headline social housing cost per unit £ | 5,913 | 6,106 | 5,390 |
| 6 | 101 | Operating margin (overall) % | 0.60 | (2.60) | 13.90 |
| | 102 | Operating margin (social housing lettings) % | 0.60 | (2.60) | 12.90 |
| 7 | 401 | Return on Capital Employed (ROCE) % | (0.20) | (0.80) | 2.10 |

The association has not been developing for many years and therefore the relevant metrics reflect this (2, 3, 4). Similarly, the major reinvestment undertaken in Dhekelia Court across 2019/20 shows in 1, 5, 6 & 7. This is 'good' for some, most obviously Metric 1, but not for Metric 6, 7 and the 'headline' (HSHC) figure 5 (RSH 501). However, the regulator's most recent analysis 'Value for money metrics and reporting 2019' was published in January 2020, which said that the 2019 HSHC median for Housing for Older People (HfOP) was £6,150. Therefore, the association's figures of £6,106 in 2019 & £5,913 in 2020 shows that it provides excellent VfM in this regard even while undertaking an expensive remodelling project. Separately, using the NHF's Local Economic Impact Calculator based on the number of units, it is estimated that the association has a Gross Value Added impact in the region of £663,192 a year, as well as the effect of its employee income being £368,931.

The Directors key measurements of VfM success are 1. Repairs, 2. Voids and 3. Satisfaction.

Repairs. In common with other benchmarking members, all undertake 100% of Emergency repairs within 24 hours (the target is 95%). For urgent repairs, the target for most members is for 95% to be complete within 7 days. CESSA HA meets this comfortably and out-performs the other members by 2% even though reporting on doing so in 5 days. For routine repairs, the target for most members is for 92% to be complete within 28 days. CESSA HA exceeds that and only reports slightly lower performance than its Peer group and Acuity median because its goal is within 21 days, and so is performing very well overall.

Voids management. This is important in order to maximise income and minimise losses and the association has performed well in this regard – around 1%, despite the need to renovate flats between occupants and the additional challenges for sheltered providers of finding applicants ready to move when vacancies happen to occur.

Satisfaction. For all these reasons, the association's tenants appear more satisfied, at 98%, compared with the median of 96%.

The Directors have not set arbitrary targets for efficiency reductions given the low costs already illustrated, the minimal arrears and bad debts, and the fact that its basic rents are below the formula.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Assessment of how the association is achieving value for money (continued)

VfM Gains: In 2012, the association redeemed its exorbitantly high interest and very long term fixed-rate mortgages and benefitted from a charitably low-interest loan from its sister charity, CESSAC. This was at only 2.5% interest but the Directors decided to repay the loan in 2020 as a VfM measure once it was clear the cash was not required for remodelling. CESSA HA has achieved grants, the biggest being £160k in 2013 from the Armed Forces Covenant team towards the remodelling of St Georges' Court. Many other improvements have been made in other schemes whether remodelled or not, including new kitchens, double glazing, upgraded fire alarm systems, hearing induction loops and the replacement of baths by showers. The association is a member of Procurement for Housing and conducts its own health & safety assessments. Achievements in 2020:

General

- We were gratified to note that our input to the Heat Metering and Billing Consultation in 2019 helped deliver the sensible exemption of existing sheltered housing schemes.

Re the Short-term objective (remodelling):

- The major project has been remodelling Dhekelia Court at a cost of £500k. This had been expected to complete in summer 2020, but work had to stop for much of the first lockdown. Once allowed, work was restarted in a Covid-secure way (at extra cost for scaffolding to enable workers to access flats via the windows). Work completed in February 2021.

Re the medium-term objective (improving VfM). The following progress has been made (although most work inside occupied flats had to be deferred due to the pandemic):

- At CESSAC House: £42k was spent on LED lights; £15k on repointing & £11k on the scooter store. In December, one of the 3 boilers failed after only 7 years, but fortunately a replacement was sourced and fitted the same week, costing £5k.
- At Glamis Court: the car-park improvement cost £15k; and soffit work £9k.
- At Dhekelia Court, 2 of the un-remodelled double flats had new kitchens & bathrooms (£20k).
- The Carbon Footprint report was completed, which will inform decisions about various potential work in coming years.
- A one-year partnership was formed with Age UK to offer their 'Special Advice Service' to the families of ex-service personnel, which has been very beneficial under the circumstances.
- The Head Office telephone system was replaced at the end of its contract, ready for the analogue/digital switchover in 2025 and to improve staff's ability to work remotely.
- Tenants were surveyed about whether to change the policy excluding most pets, but were overwhelmingly in support of the existing approach. Tenants were also consulted about the revision of Customer Service Standards, which now reflect the NHF's 'Together with Tenants' charter, so that the association is well-placed to meet those new requirements of the 2020 Housing White Paper.

Re the long-term objective (prospect of development/carbon footprint reduction). Investigative work has proceeded, but was awaiting the completion of the Dhekelia Court remodelling and knowledge of the availability of Government grant/what would happen after 31 December 2020 regarding UK's relationship with the EU. The carbon footprint recommendations will inform any appropriate works required.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Plans for 2021:

General

- Implement the relevant requirements of the 2020 Housing White Paper.
- Consider the implications of the SHPS triennial valuation results expected in the summer.

Re the short-term objective (Strategy):

- Review HA Strategy.

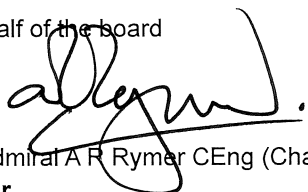
Re the medium-term objective (improving VfM):

- At Dhekelia Court, more kitchen & bathroom replacements are planned in the original double-flats (£25k), once restrictions on non-essential work in occupied flats allow.
- The first phase of preparing for the analogue/digital telephone switchover in 2025 will be the replacement of the pull-cord systems in Dhekelia & Trafalgar Courts, costing some £56K.
- Significant work is likely on some of Trafalgar Court's south-facing external walls.
- In CESSAC House, £25k is scheduled to convert 5 of the current showers into wet-rooms.
- Maintain an annual assessment of "Outstanding" by erosh.
- The association will keep abreast of, and attempt to influence, Government housing policy.

Re the long-term objective (prospect of development). Directors intend to review their strategy in 2021, including whether to develop and the implications of that for rent policy.

2021. A return to a higher operating surplus is anticipated, slightly reduced by the final payments for the remodelling work and the first phase of replacing the pull-cord systems. There will be further phases of the latter in 2022-2024. CESSA HA will continue to ensure the best possible use is made of the resources by listening to the feedback from tenants and other stakeholders. It will use this information in planning and delivering its long-term maintenance programme and excellent services to tenants. To this end, the association's annual tenant surveys have been aligned with the new Housemark STAR framework to keep tenants at the forefront of decision making. This should also keep the association ahead of changes to consumer metrics so it continues to look beyond headline figures to drive performance improvements.

On behalf of the board



Rear Admiral A R Rymer CEng (Chairman)

Director

14 April 2021

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

Opinion

We have audited the financial statements of Church of England Soldiers', Sailors' and Airmen's Housing Association Limited (the 'association') for the year ended 31 December 2020 set out on pages 17 to 39. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 December 2020 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and the provisions available for the audits of small entities, in the circumstances set out in note 26 to the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the association and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Board Report.

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 4 - 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Identification and assessment of irregularities including fraud

As part of our approach to identifying and assessing the risks of material misstatement in respect of irregularities we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including 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.

We also made appropriate enquiries of management as well as considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

Audit response to risks of irregularities including fraud

In addressing the identified risk, our procedures included, but were not limited to:

- performing analytical procedures to identify any unusual or unexpected relationships;
- assessing whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias;
- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;

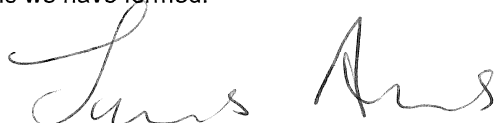
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the association's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.



For and on behalf of Jones Avens Limited

14 April 2021

Chartered Accountants
Statutory Auditor

Piper House
4 Dukes Court
Bognor Road
Chichester
West Sussex
PO19 8FX

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

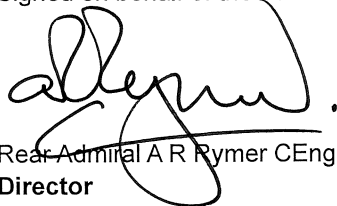
INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

| | | 2020 £ | 2019 £ |
|--|------------|-----------------|-----------------|
| Turnover | Notes 3 | 1,151,610 | 1,134,180 |
| Administrative expenses | | (1,160,006) | (1,172,252) |
| Operating deficit | 5 | (8,396) | (38,072) |
| Interest receivable and similar income | 8 | 38,478 | 48,193 |
| Interest payable and similar expenses | 9 | (31,093) | (45,036) |
| Fair value gains and losses on investments | 10 | 20,417 | 47,970 |
| Surplus before taxation | | 19,406 | 13,055 |
| Taxation | 11 | - | - |
| Surplus for the financial year | | 19,406 | 13,055 |
| Other comprehensive income | | | |
| Actuarial (deficit)/gains on defined benefit pension schemes | 21 | (61,000) | 81,000 |
| Total comprehensive income for the year | | (41,594) | 94,055 |

The Income and Expenditure Account has been prepared on the basis that all operations are continuing operations.


Signed on behalf of the board



Rear Admiral A R Pymer CEng (Chairman)
Director



Commander J F J Simpson RN
Director



Commander P C Keefe RN
Secretary

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

BALANCE SHEET

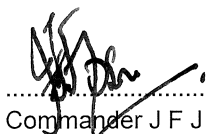
AS AT 31 DECEMBER 2020

| | Notes | 2020 £ | £ | 2019 £ | £ |
|--|-------|------------------|---|------------------|---|
| Fixed assets | | | | | |
| Tangible assets | 12 | 3,636,825 | | 3,667,412 | |
| Investments | 13 | 366,011 | | 341,840 | |
| | | <u>4,002,836</u> | | <u>4,009,252</u> | |
| Current assets | | | | | |
| Debtors | 15 | 17,135 | | 12,395 | |
| Cash at bank and in hand | | 702,265 | | 1,020,160 | |
| | | <u>719,400</u> | | <u>1,032,555</u> | |
| Creditors: amounts falling due within one year | 16 | (96,643) | | (107,666) | |
| Net current assets | | <u>622,757</u> | | <u>924,889</u> | |
| Total assets less current liabilities | | <u>4,625,593</u> | | <u>4,934,141</u> | |
| Creditors: amounts falling due after more than one year | 17 | (2,414,599) | | (2,702,553) | |
| Provisions for liabilities SHPS Defined Benefit Pension | 19 | (253,000) | | (232,000) | |
| Net assets | | <u>1,957,994</u> | | <u>1,999,588</u> | |
| Capital and reserves | | | | | |
| Called up share capital | 22 | 24 | | 24 | |
| Income and expenditure reserve | | 1,957,970 | | 1,999,564 | |
| Total equity | | <u>1,957,994</u> | | <u>1,999,588</u> | |

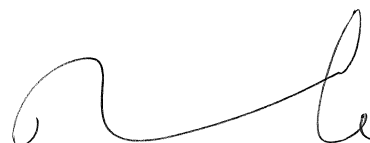
The financial statements were approved by the board of directors and authorised for issue on
and are signed on its behalf by:



Rear Admiral A R Rymer CEng
(Chairman)
Director



Commander J F J Simpson RN
Director



Commander P C Keefe RN
Secretary

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

| | Notes | Share capital £ | Income and expenditure reserve £ | Total £ |
|--|-------|--------------------|-------------------------------------|------------|
| Balance at 1 January 2019 | | 21 | 1,905,509 | 1,905,530 |
| Period ended 31 December 2019: | | | | |
| Surplus for the year | | - | 13,055 | 13,055 |
| Other comprehensive income: | | | | |
| Actuarial gains on defined benefit plans | | - | 81,000 | 81,000 |
| Total comprehensive income for the year | | - | 94,055 | 94,055 |
| Issue of share capital | 22 | 3 | - | 3 |
| Balance at 31 December 2019 | | 24 | 1,999,564 | 1,999,588 |
| Period ended 31 December 2020: | | | | |
| Surplus for the year | | - | 19,406 | 19,406 |
| Other comprehensive income: | | | | |
| Actuarial gains on defined benefit plans | | - | (61,000) | (61,000) |
| Total comprehensive income for the year | | - | (41,594) | (41,594) |
| Balance at 31 December 2020 | | 24 | 1,957,970 | 1,957,994 |

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

| | Notes | 2020 £ | £ | 2019 £ | £ |
|--|-------|-----------|---|-----------|---|
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 24 | 51,395 | | 14,282 | |
| Interest paid | | (3,093) | | (8,036) | |
| Net cash inflow from operating activities | | 48,302 | | 6,246 | |
| Investing activities | | | | | |
| Purchase of tangible fixed assets | | (92,796) | | (135,962) | |
| Purchase of fixed asset investments | | (35,201) | | (21,309) | |
| Proceeds from other investments and loans | | 31,447 | | 14,661 | |
| Interest received | | 7,667 | | 8,809 | |
| Dividends received | | 6,811 | | 8,384 | |
| Net cash used in investing activities | | (82,072) | | (125,417) | |
| Financing activities | | | | | |
| Proceeds from issue of shares | | - | | 3 | |
| Repayment of borrowings | | (284,125) | | (32,094) | |
| Net cash used in financing activities | | (284,125) | | (32,091) | |
| Net decrease in cash and cash equivalents | | (317,895) | | (151,262) | |
| Cash and cash equivalents at beginning of year | | 1,020,160 | | 1,171,422 | |
| Cash and cash equivalents at end of year | | 702,265 | | 1,020,160 | |

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Information

Church of England Soldiers', Sailors' and Airmen's Housing Association Limited is a Co-operative and Community Benefit Society and a private registered provider of social housing in the United Kingdom. The registered office is 1 Shakespeare Terrace, 126 High Street, Portsmouth, Hampshire, PO1 2RH. The nature of the association's operations and principal activities are the rental and management of social housing sheltered flats.

The association constitutes a public benefit entity as defined by FRS 102.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Statement of Recommended Practice for Social Housing Providers 2018 Update (SORP), and with the Accounting Direction for private registered providers of social housing in England 2019. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014.

The financial statements are prepared in sterling, which is the functional currency of the association. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of certain financial instruments at fair value.

1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the association has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is measured at the fair value of the consideration received or receivable net of discounts. The policies adopted for the recognition of turnover are as follows:

Turnover represents rental and service charges income receivable in the year net of rent and service charge losses from voids, revenue grants and the amortisation of government grants.

Interest income is recognised using the effective interest method and dividend income is recognised as the association's right to receive payment is established.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.4 Tangible fixed assets

Tangible fixed assets (including social housing properties) are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended such as the cost of acquiring land and buildings, developments costs, interest charges on loans during the development period and expenditure on improvements. Expenditure on improvements will only be capitalised when it results in incremental future benefits such as increasing rental income, reducing maintenance costs or resulting in a significant extension of the useful economic life of the property.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

| | |
|-----------------------------|---|
| Freehold land and buildings | Up to one hundred years straight line basis |
| Fixtures and fittings | Ten years straight line basis |
| Office equipment | Four years straight line basis |
| Vehicles | Ten years straight line basis |

Freehold land and assets in the course of construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in income and expenditure.

Major components of housing properties, including roofs (70 years), double glazing (30 years), boilers and heating (15 to 30 years), bathrooms (30 years), kitchens (30 years), lifts (25 years) and electrics (40 years), have been accounted for and depreciated separately from the connected housing property, over their expected useful economic lives and are included in housing properties.

The useful economic lives of all tangible fixed assets are reviewed annually.

1.5 Impairment of fixed assets

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. The level at which an impairment is assessed is considered at scheme level. The key indicators considered are:

- A change in demand for a property.
- Obsolescence of a property.
- A change in government policy.

If such indication exists, the recoverable amount is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in expenditure through the statement of comprehensive income. No such indications were noted and therefore no review was considered necessary.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.7 Financial instruments

The association has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets are recognised in the association's balance sheet when the association becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets

Basic financial assets, which include rent arrears and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through income and expenditure are measured at fair value.

Other financial assets

Other financial assets, including investments in equity instruments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in income and expenditure, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Rent arrears, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in income and expenditure.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through income and expenditure are measured at fair value.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the association after deducting all of its liabilities.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the association's obligations are discharged, cancelled, or they expire.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.8 Taxation

The association has charitable status with HM Revenue and Customs and no charge to Corporation Tax tax arises on these results. Deferred tax is therefore also not applicable.

The association is not registered for VAT and all expenditure is shown inclusive of VAT.

1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the association is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.10 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Payments are also made to a multi employer defined benefit pension scheme. The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net defined benefit pension asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

1.11 Government grants

Social housing or other government grants are received to finance social housing properties. These grants are recognised at the fair value of the asset received or receivable. Where the assets are accounted for using the cost model then the government grant is accounted for using the accruals model. The difference between the fair value of the asset and the consideration is recognised as a liability and amortised over the useful economic life of the asset. This amortisation is recognised within turnover.

Under certain circumstances, primarily following the sale of a property, the grant is repayable or recyclable but this is often restricted to the net proceeds of sale. Where government grants are required to be recycled, a liability is included to recognise this obligation.

Government grants received as a contribution to revenue expenditure, including from the coronavirus job retention scheme, are recognised in the statement of comprehensive income on a systematic basis over the period in which the landlord recognises the related costs for which the grant is intended to compensate. The related expenditure is included under administrative expenses. Grants are recognised in the same period as the related expenditure provided the conditions for receipt have been satisfied and there is reasonable assurance that the grant will be received.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

2 Judgements and key sources of estimation uncertainty

In the application of the association's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

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

Multi employer defined benefit pension scheme

Payments are made to a multi-employer defined benefit pension scheme. The board has relied upon the information received from TPT Retirement Solutions in order to account for the Association's share of the scheme's assets and liabilities from 1 January 2019, the first date for which this information is available. See notes 19 and 21.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Estimated useful lives

The useful life of housing properties and their components has been estimated using the National Housing Federation matrix of property components as a basis.

Multi employer defined benefit pension scheme

In estimating the value of the Association's share of defined benefit pension scheme obligations, fair value of assets and net liability, TPT Retirement Solutions makes a number of assumptions regarding the impact of current and future factors, these are outlined in note 21.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

3 Social housing turnover and costs

| | 2020 £ | 2019 £ |
|--|------------------|------------------|
| Rents receivable excluding service charges | 738,165 | 730,331 |
| Service charges receivable | 364,132 | 359,477 |
| Guest room income receivable | 1,330 | 5,270 |
| Other sundry income | 8,621 | 2,376 |
| Coronavirus Job Retention Scheme grants receivable | 2,636 | - |
| Amortisation of capital grants | 36,726 | 36,726 |
| | <u>1,151,610</u> | <u>1,134,180</u> |
| Social housing activity expenditure | (1,160,006) | (1,172,252) |
| | <u>(8,396)</u> | <u>(38,072)</u> |
| Operating surplus/(deficit) from social housing activities | <u>19,406</u> | <u>13,055</u> |
| Net surplus/(deficit) from social housing activities | <u>19,406</u> | <u>13,055</u> |
| Void losses | <u>(18,039)</u> | <u>(12,136)</u> |

4 Accommodation owned and in management

| | Number of units at 31 December 2020 | Number of units at 31 December 2019 |
|--------------------------------------|--|--|
| Completed units: | | |
| Sheltered housing let at social rent | 191 | 194 |
| | <u>191</u> | <u>194</u> |

The remodelling works at Dhekelia Court resulted in a further 6 studio flats being converted into 3 double occupancy properties.

5 Operating deficit

| | 2020 £ | 2019 £ |
|--|-----------|-----------|
| Operating deficit for the year is stated after charging/(crediting): | | |
| Remuneration, exclusive of VAT, payable to the external auditors: | | |
| Auditing of the accounts | 4,202 | 4,127 |
| Accountancy services | 1,515 | 3,060 |
| Depreciation of owned tangible fixed assets | 108,336 | 106,386 |
| Deficit on disposal of tangible fixed assets | 15,047 | 8,280 |
| | <u></u> | <u></u> |

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

6 Employees

The average monthly number of persons (including members of the executive team) employed by the association during the year was:

| | 2020 Number | 2019 Number |
|--|----------------|----------------|
| Management | 6 | 6 |
| Scheme managers | 4 | 4 |
| Cleaners | 9 | 9 |
| Maintainers | 2 | 2 |
| | <u>21</u> | <u>21</u> |
| Average full time equivalent (based on a 35 hour week) | <u>14</u> | <u>14</u> |

Their aggregate remuneration comprised:

| | 2020 £ | 2019 £ |
|-----------------------|----------------|----------------|
| Wages and salaries | 342,158 | 321,538 |
| Social security costs | 26,835 | 25,158 |
| Pension costs | 27,739 | 39,902 |
| | <u>396,732</u> | <u>386,598</u> |

There are no employees who received more than £60,000 as their employee package.

| | 2020 £ | 2019 £ |
|--|---------------|---------------|
| Defined contribution schemes: | | |
| Included within pension costs above is the following charge to income and expenditure in respect of defined contribution schemes | <u>21,925</u> | <u>17,809</u> |

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

| 7 | Board and key management personnel remuneration | 2020 £ | 2019 £ |
|---|---|---------------|---------------|
| | Remuneration for qualifying services | 37,113 | 25,252 |
| | Association pension contributions to defined contribution schemes | 3,711 | 2,525 |
| | | <u>40,824</u> | <u>27,777</u> |

No remuneration was receivable by non-executive board members.

The highest paid director received £37,113 (2019 - £25,252) remuneration (excluding pension contributions).

For the purposes of the above disclosures, "Director" also includes the Chief Executive and any other person who is a member of the executive management team, or its equivalent, of the association.

Chief Executive Remuneration. The Chief Executive, the only Senior Executive, is one of the members of staff jointly employed with a related party, Church of England Soldiers', Sailors' & Airmen's Clubs (CESSAC). The Chief Executive is not a Director, but was an ordinary member of the association's defined contribution pension scheme (The Social Housing Pension Scheme administered by The Pension Trust) carrying no special terms. He has no other individual pension arrangement to which either entity makes a contribution. The main outputs of the two entities are: CESSAC's Charity Centres; and sheltered housing. The latter encompasses schemes belonging to the association and those managed by CESSAC for Greenwich Hospital. The division of the costs for all joint employees is regularly reassessed in proportion to the value of contribution to each entity. The 2019 re-assessment of the share of such costs led to CEO's being 50% each for 2020 to the association and to CESSAC. (Until 2019 CEO's shares had been 34% & 66% respectively). This resulted in the share of costs below (excluding national insurance contributions):

| | 2020 | 2019 |
|----------------------------------|---------|---------|
| CESSAC Emoluments | £37,113 | £48,701 |
| Association Emoluments | £37,113 | £25,252 |
| Total Emoluments | £74,226 | £73,953 |
| CESSAC pension contribution | £3,711 | £4,870 |
| Association pension contribution | £3,711 | £2,525 |
| Total pension contributions | £7,422 | £7,395 |

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

8 Interest receivable and similar income

| | 2020 £ | 2019 £ |
|--|-----------|-----------|
| Interest income | | |
| Interest on bank deposits | 7,667 | 8,809 |
| Interest from defined benefit scheme asset | 24,000 | 31,000 |
| Total interest revenue | 31,667 | 39,809 |
| Other income from investments | | |
| Dividends received | 6,811 | 8,384 |
| Total income | 38,478 | 48,193 |

Investment income includes the following:

| | | |
|--|-------|-------|
| Interest on financial assets not measured at fair value through income and expenditure | 7,667 | 8,809 |
|--|-------|-------|

9 Interest payable and similar expenses

| | 2020 £ | 2019 £ |
|--|-----------|-----------|
| Interest on financial liabilities measured at amortised cost: | | |
| Other interest on financial liabilities | 3,093 | 8,036 |
| Other finance costs: | | |
| Interest on defined benefit scheme liability | 28,000 | 37,000 |
| | 31,093 | 45,036 |

10 Amounts written off investments

| | 2020 £ | 2019 £ |
|---|-----------|-----------|
| Fair value gains/(losses) on financial instruments | | |
| Change in value of financial assets held at fair value through income and expenditure | 22,566 | 45,376 |
| Other gains/(losses) | | |
| (Loss)/gain on disposal of financial assets held at fair value through income and expenditure | (2,149) | 2,594 |
| | 20,417 | 47,970 |

11 Taxation

The association has charitable status with HM Revenue & Customs and on the basis of these financial statements no provision has been made for corporation tax.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

12 Tangible fixed assets

Housing properties

| | Housing properties for letting £ |
|---|-------------------------------------|
| Cost | |
| At 1 January 2020 | 5,681,686 |
| Additions: works to existing properties | 92,796 |
| Disposals | (44,110) |
| At 31 December 2020 | 5,730,372 |
| Depreciation and impairment | |
| At 1 January 2020 | 2,099,349 |
| Depreciation charged in the year | 92,862 |
| Eliminated in respect of disposals | (29,063) |
| At 31 December 2020 | 2,163,148 |
| Carrying amount | |
| At 31 December 2020 | 3,567,224 |
| At 31 December 2019 | 3,582,337 |

Other

| | Fixtures and fittings £ | Office equipment £ | Vehicles £ | Total £ |
|------------------------------------|-------------------------------|--------------------------|---------------|------------|
| Cost | | | | |
| At 1 January 2020 | 203,664 | 9,948 | 35,743 | 249,355 |
| At 31 December 2020 | 203,664 | 9,948 | 35,743 | 249,355 |
| Depreciation and impairment | | | | |
| At 1 January 2020 | 149,963 | 2,487 | 11,830 | 164,280 |
| Depreciation charged in the year | 9,412 | 2,487 | 3,575 | 15,474 |
| At 31 December 2020 | 159,375 | 4,974 | 15,405 | 179,754 |
| Carrying amount | | | | |
| At 31 December 2020 | 44,289 | 4,974 | 20,338 | 69,601 |
| At 31 December 2019 | 53,701 | 7,461 | 23,913 | 85,075 |

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

13 Fixed asset investments

| | 2020 £ | 2019 £ |
|-------------|-----------|-----------|
| Investments | 366,011 | 341,840 |

The investments are recognised at fair value through income or expenditure and have an original cost of £291,226 (2019: £281,806).

Movements in fixed asset investments

| | Charles Stanley share portfolio £ |
|--------------------------|---|
| Cost or valuation | |
| At 1 January 2020 | 341,840 |
| Additions | 35,201 |
| Valuation changes | 22,566 |
| Disposals | (33,596) |
| At 31 December 2020 | 366,011 |
| Carrying amount | |
| At 31 December 2020 | 366,011 |
| At 31 December 2019 | 341,840 |

14 Financial instruments

| | 2020 £ | 2019 £ |
|---|-----------|-----------|
| Carrying amount of financial assets | | |
| Instruments measured at fair value through profit or loss | 366,011 | 341,840 |

15 Debtors

| | 2020 £ | 2019 £ |
|---|-----------|-----------|
| Amounts falling due within one year: | | |
| Social housing rent arrears | 2,837 | 496 |
| Prepayments | 14,298 | 11,899 |
| | 17,135 | 12,395 |

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

16 Creditors: amounts falling due within one year

| | Notes | 2020 £ | 2019 £ |
|-----------------------|-------|---------------|----------------|
| Loans and overdrafts | 18 | - | 32,897 |
| Government grants | 20 | 36,726 | 36,726 |
| Trade creditors | | 6,487 | 6,260 |
| Rents paid in advance | | 1,945 | 1,923 |
| Other creditors | | 25,549 | 4,465 |
| Accruals | | 25,936 | 25,395 |
| | | <u>96,643</u> | <u>107,666</u> |

17 Creditors: amounts falling due after more than one year

| | Notes | 2020 £ | 2019 £ |
|-------------------|-------|------------------|------------------|
| Other borrowings | 18 | - | 251,228 |
| Government grants | 20 | 2,414,599 | 2,451,325 |
| | | <u>2,414,599</u> | <u>2,702,553</u> |

Amounts included above which fall due after five years are as follows:

| | | |
|------------------------|----------|----------------|
| Payable by instalments | - | 111,208 |
| | <u>-</u> | <u>111,208</u> |

18 Loans and overdrafts

| | 2020 £ | 2019 £ |
|-------------------------|-----------|----------------|
| Other loans | - | 284,125 |
| | <u>-</u> | <u>284,125</u> |
| Payable within one year | - | 32,897 |
| Payable after one year | - | 251,228 |
| | <u>-</u> | <u>284,125</u> |

An unsecured loan from CESSAC at an interest rate of 2.5% (fixed for three years from 1 March 2017) was repaid early and in full during the year ended 31 December 2020.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

19 Provisions for liabilities

| | Notes | 2020 £ | 2019 £ |
|--------------------------------|-------|----------------|----------------|
| Retirement benefit obligations | 21 | 253,000 | 232,000 |
| | | <u>253,000</u> | <u>232,000</u> |

20 Government grants

Deferred income is included in the financial statements as follows:

| | 2020 £ | 2019 £ |
|-------------------------|------------------|------------------|
| Current liabilities | 36,726 | 36,726 |
| Non-current liabilities | 2,414,599 | 2,451,325 |
| | <u>2,451,325</u> | <u>2,488,051</u> |

| | 2020 £ | 2019 £ |
|--------------------------------------|------------------|------------------|
| Social Housing Grant received | | |
| At 1 January 2020 | 3,672,646 | 3,672,646 |
| At 31 December 2020 | <u>3,672,646</u> | <u>3,672,646</u> |
| Amortisation | | |
| At 1 January 2020 | 1,184,595 | 1,147,869 |
| Amortised during the year | 36,726 | 36,726 |
| At 31 December 2020 | <u>1,221,321</u> | <u>1,184,595</u> |
| Carrying amount | | |
| At 31 December 2020 | <u>2,451,325</u> | <u>2,488,051</u> |

Deferred income is comprised of social housing government grants which are amortised over the useful economic of the assets which they finance. Included above are amounts which fall due to be amortised after five years totalling £2,267,695 (2019: £2,304,421).

21 Retirement benefit schemes

The association offers new employees a choice of two pensions schemes: defined benefit (CARE 1/80th) or defined contribution.

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

21 Retirement benefit schemes

(Continued)

Defined benefit schemes

The company operates a defined benefit scheme for qualifying employees. Under the scheme the employees are entitled to retirement benefits as a percentage of final salary on attainment of a retirement age of 67. No other post retirement benefits are provided.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 September 2017 by TPT Retirement Solutions with the 31 December 2020 position projected from the 30 September 2017 data. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

The figures in note 21 are necessarily entirely based on the Accounting Disclosure provided to the association by The Pensions Trust (TPT Retirement Solutions). TPT's disclosure is provided from a tool that makes a number of approximations, which is why many of the figures in the Note (and where they are taken elsewhere in the accounts) are rounded to the nearest thousand. A further complication is that some of the staff are jointly employed by CESSAC, for example, so TPT does not (and cannot) take into account the fact that some of the employers pension costs are only part-funded by the association. Therefore some of the figures in note 21 will inevitably be higher than those relevant to the association alone, e.g. notes 6 and 7 record the costs included in the I&E & balance sheet.

Key assumptions

| | 2020 % | 2019 % |
|---|-----------|-----------|
| Discount rate | 1.18 | 1.88 |
| Expected rate of salary increases | 3.41 | 3.09 |
| Inflation (RPI/CPI) | 3.07/2.41 | 3.09/2.09 |
| Allowance for commutation of pension for cash at retirement | 75 | 75 |
| | ===== | ===== |

The above rates are given as at the 31 December 2020 and 2019 respectively.

Mortality assumptions

Assumed life expectations on retirement at age 65:

| | 2020 Years | 2019 Years |
|----------------------|---------------|---------------|
| Retiring today | | |
| - Males | 21.5 | 21.8 |
| - Females | 23.3 | 23.5 |
| | ===== | ===== |
| Retiring in 20 years | | |
| - Males | 22.9 | 23.2 |
| - Females | 24.5 | 24.7 |
| | ===== | ===== |

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

21 Retirement benefit schemes

(Continued)

Amounts recognised in the profit and loss account

| | 2020 £ | 2019 £ |
|---|-----------|-----------|
| Current service cost | 9,000 | 24,000 |
| Net interest on defined benefit liability/(asset) | 4,000 | 6,000 |
| Other costs and income | 4,000 | 4,000 |
| Total costs | 17,000 | 34,000 |

Amounts taken to other comprehensive income

| | 2020 £ | 2019 £ |
|---|-----------|-----------|
| Actual return on scheme assets | (215,000) | (135,000) |
| Less: calculated interest element | 24,000 | 31,000 |
| Return on scheme assets excluding interest income | (191,000) | (104,000) |
| Actuarial changes related to obligations | 252,000 | 90,000 |
| Total costs/(income) | 61,000 | (14,000) |

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

| | 2020 £ | 2019 £ |
|--|-------------|-------------|
| Present value of defined benefit obligations | 1,766,000 | 1,525,000 |
| Fair value of plan assets | (1,513,000) | (1,293,000) |
| Deficit in scheme | 253,000 | 232,000 |

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

21 Retirement benefit schemes

(Continued)

Reconciliation of opening and closing balances of the defined benefit obligation

| | 2020 £ |
|-----------------------------------|-----------|
| Liabilities at 1 January 2020 | 1,525,000 |
| Current service cost | 9,000 |
| Benefits paid | (69,000) |
| Contributions from scheme members | 17,000 |
| Actuarial gains and losses | 252,000 |
| Interest cost | 28,000 |
| Other | 4,000 |
| At 31 December 2020 | 1,766,000 |

The defined benefit obligations arise from plans which are wholly or partly funded.

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

| | 2020 £ |
|--|-----------|
| Fair value of assets at 1 January 2020 | 1,293,000 |
| Interest income | 24,000 |
| Return on plan assets (excluding amounts included in net interest) | 191,000 |
| Benefits paid | (69,000) |
| Contributions by the employer | 57,000 |
| Contributions by scheme members | 17,000 |
| At 31 December 2020 | 1,513,000 |

The actual return on plan assets was £215,000 (2019 - £135,000).

Fair value of plan assets at the reporting period end

| | 2020 £ | 2019 £ |
|------------------------------|-----------|-----------|
| Debt instruments | 97,000 | 74,000 |
| Property | 53,000 | 54,000 |
| Global equity | 242,000 | 260,000 |
| Bonds and securities | 174,000 | 99,000 |
| Liability driven investments | 448,000 | 393,000 |
| Infrastructure | 92,000 | 91,000 |
| Other | 407,000 | 322,000 |
| | 1,513,000 | 1,293,000 |

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

21 Retirement benefit schemes

(Continued)

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

Schedule of Contributions

The table below sets out the future deficit contribution payments the company is expected to pay TPT Retirement Solutions

| | |
|-------------------------|--------|
| 01/01/2021 - 31/12/2021 | 44,858 |
| 01/01/2022 - 31/12/2022 | 45,756 |
| 01/01/2023 - 31/12/2023 | 46,671 |
| 01/01/2024 - 31/12/2024 | 47,604 |
| 01/01/2025 - 31/12/2025 | 48,556 |
| 01/01/2026 - 30/09/2026 | 37,085 |

22 Share capital

| | 2020 £ | 2019 £ |
|-------------------------------|-----------|-----------|
| Ordinary share capital | | |
| Issued and fully paid | | |
| Brought forward | 24 | 21 |
| Issued during the year | - | 3 |
| | <u>24</u> | <u>24</u> |
| 24 Ordinary of £1 each | <u>24</u> | <u>24</u> |

These shares do not carry any right to a dividend, cannot be redeemed and do not give any provision for a distribution on a winding up. All members are entitled to vote at General Meetings.

23 Capital commitments

| | 2020 £ | 2019 £ |
|--|-----------|---------------|
| Amounts contracted for but not provided in the financial statements: | | |
| Contracted for but not provided in the financial statements: | | |
| Improvements and conversions to existing properties | - | 31,800 |
| | <u>-</u> | <u>31,800</u> |

CHURCH OF ENGLAND SOLDIERS', SAILORS' AND AIRMEN'S HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

24 Cash generated from operations

| | 2020 £ | 2019 £ |
|--|---------------|---------------|
| Profit for the year after tax | 19,406 | 13,055 |
| Adjustments for: | | |
| Finance costs | 31,093 | 45,036 |
| Investment income | (38,478) | (48,193) |
| Loss on disposal of tangible fixed assets | 15,047 | 8,280 |
| Depreciation and impairment of tangible fixed assets | 108,336 | 106,386 |
| Amounts written off investments | (20,417) | (47,970) |
| Pension scheme non-cash movement | (44,000) | (28,000) |
| Movements in working capital: | | |
| Increase in debtors | (4,740) | (1,844) |
| Increase in creditors | 21,874 | 4,258 |
| Decrease in deferred income | (36,726) | (36,726) |
| Cash generated from operations | 51,395 | 14,282 |

25 Analysis of changes in net funds

| | 1 January 2020 £ | Cash flows £ | 31 December 2020 £ |
|---------------------------------|------------------------|-----------------|--------------------------|
| Cash at bank and in hand | 1,020,160 | (317,895) | 702,265 |
| Borrowings excluding overdrafts | (284,125) | 284,125 | - |
| | <u>736,035</u> | <u>(33,770)</u> | <u>702,265</u> |

26 Non-audit services provided by auditor

In common with many associations of our size and nature we use our auditors to assist with the preparation of the statutory financial statements.

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The Board
CESSA Housing Association Limited
1 Shakespeare Terrace
126 High Street
Portsmouth
Hampshire
PO1 2RH

Piper House, 4 Dukes Court
Bognor Road, Chichester
West Sussex, PO19 8FX

Telephone: 01243 789031

53 Kent Road
Southsea, Portsmouth
Hampshire, PO5 3HU

Telephone: 02392 820726

16 March 2020

Our Ref: CESS60/628102

Dear Sirs

REPORT TO MANAGEMENT

In accordance with our normal practice we are writing to draw your attention to various matters which arose during the course of our audit of the financial statements of Church of England Soldiers', Sailors' and Airmen's Housing Association Limited (CESSAHA) for the year ended 31 December 2020.

1. We have no comments to make concerning the qualitative aspects of the entity's accounting practices and financial reporting.
2. We did not encounter any significant difficulties during the audit and there are no significant findings from the audit to draw to your attention.
3. We have complied with the Ethical Standard for Auditors and all threats to our independence, as identified to you in our planning letter dated 27 November 2019, have been properly addressed through appropriate safeguards. No additional facts or matters have arisen during the course of the audit that we wish to draw to your attention and we confirm that we are independent and able to express an objective opinion on the financial statements.
4. Our proposed letter of representation is attached. We draw your attention to the paragraphs concerning Ethical standards, in other respects the letter is routine. We have uploaded a copy to our Portal; this should be printed on your headed paper, signed and dated and returned to us with the signed accounts.
5. There were no unadjusted audit findings, except for those considered to be clearly trivial.
6. As you are aware from our letter of engagement, our audit procedures were directed towards testing the accounting systems in operation upon which we have based our assessment of the financial statements. During the course of our audit for the year ended 31 December 2020 no matters arose which we consider should be brought to your attention.

7. Any matter which might come to light would do so during the course of our normal audit tests which are designed to assist us in forming our opinion on the financial statements. Our tests may not necessarily disclose all errors or irregularities and should not be relied upon to do so. However, if any irregularity did come to our attention during our audit tests, we would, of course, inform you immediately.
8. We do not propose any modifications to our audit opinion and hence will be issuing a clean audit report.

This report has been prepared for the sole use of the Board of CESSAHA and with the exception of the Regulator of Social Housing must not be shown to third parties without our prior consent. No responsibilities are accepted by Jones Avens Limited towards any party acting or refraining from action as a result of this report.

Finally, we would like to express our thanks to all members of CESSAHA 's staff who assisted us in carrying out our work.

Yours faithfully

Jones Avens
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Wed, 17 Mar 2021 13:30:13 GMT

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Financial Services Authority

Direct line: 020 70663428
Email: mutual.societies@fsa.gov.uk



CESSA Housing Association

1 Shakespeare Terrace, 126 High Street
PORTSMOUTH
PO1 2RH

Date: 7 June 2010

Our Ref: 21222R/HK

Dear Michael J Pearce

Thank you for your letter dated 29 April 2010 regarding the societies failed Annual Return and Accounts 2009 due to the society not providing a copy of the letter from Inland Revenue to confirm its charitable status.

I appreciate that due to the fact that the annual return and accounts have previously been accepted without this letter, it indicated that the Mutual Team was able to accept the annual return and accounts without this letter, however please understand that the normal procedure and also requirement is that any society who claims Charitable status must enclose a letter from Inland Revenue confirming this and provide a reference number. If they did not then the annual return and accounts should be returned for correction and this should be the practice adopted by all members of the Mutual Team.

I can see from the documents that you have provided that in this case, the annual return and accounts have been accepted without this and this may be the reason why the society has always submitted their yearly annual return and accounts without the Inland Revenue letter.

I can now confirm that the Mutuals Team have now revised the requirements of the annual return and accounts and we have decided that going forward, a society can submit their annual return and accounts without providing the Inland revenue letter and reference number therefore we would no longer need you to fulfil this requirement.

I look forward to receiving your 2009 annual return and accounts.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Husna Khatun'.

Husna Khatun

Mutual Societies Registration

You may wish to note that Mutual Societies Registration has:

- a general enquiry phone number : **0845 606 9966 (option 3)**
- made available for downloading from **http://www.fsa.gov.uk/pages/Doing/small_firms/MSR/index.shtml** all the most requested registration application forms and Information Notes (and this website contains other useful information as well).
- an online register of mutual societies which can be found at **<http://mutuals.fsa.gov.uk>**