



LUTON COMMUNITY HOUSING LIMITED

trading as

SQUARED

FINANCIAL STATEMENTS

For the year ended

31 March 2022

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

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LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

BOARD MEMBERS AND ADVISORS

BOARD OF MANAGEMENT

Glyn Early
David Cheesman
Iain Smith
Mostaque Koyes
Vinod Tailor (Resigned 21 November 2021)

Chair

SECRETARY

Lynda Rees

REGISTERED OFFICE

Bramingham Business Park
Unit B2, Enterprise Way
Luton
LU3 4BU

BANKERS

National Westminster Bank
Park Centre
210 Butterfield, Great Marlings
Luton
LU2 8DL

AUDITORS

Knox Cropper LLP
Chartered Accountants
65 Leadenhall Street
London
EC3A 2AD

SOLICITORS

Perrin Myddelton LLP
10 Waterside
Station Road
Harpenden, Herts
AL5 4US

REGULATOR OF SOCIAL HOUSING REGISTERED NUMBER

L1518

CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014 NUMBER REGISTERED WITH FINANCIAL CONDUCT AUTHORITY

19688R

MEMBER OF THE NATIONAL HOUSING FEDERATION

1082

HMRC VAT number

220801948

HMRC charitable number

ZD04314

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

REPORT OF THE BOARD

OVERVIEW

The Board presents its report and the audited financial statements for Luton Community Housing Limited trading as Squared (“the Association”) for the year ended 31 March 2022. The Association is a Co-operative and Community Benefit public entity.

Principal activities

The principal activities of the Association, are the provision of, management and maintenance of social housing, including support, advocacy, human resource and people management services for other businesses and cleaning and gardening services for the local community.

During the year under review the Association continued to provide a range of services. Our Vision is “Inspiring Lives” and our mission is “Placing Customers at the heart of everything that we do by providing Homes, Support and Opportunity” and, as with all areas of our work, continuing to carry out activities to improve life opportunities for our customers.

Squared continued working in partnership with Luton Borough Council on the joint-venture commenced two years ago known as Luton Lets Squared, providing more opportunities to rent from an ethical landlord in the private market.

Most people would rather be contributing members of society and our customers are no different. In recognition of this we have continued to work with customers, assisting them to obtain training, leading to permanent employment. We continued to seek opportunities to do this through our Purposeful Employment service.

Review of the business

The Association made a surplus of £22,693 in 2022 compared with £325,619 in 2021 with reserves of more than £2m. This surplus is generated from a turnover of £7,091,627 (2021: £6,696,988). The Association continued to meet funding covenants in 2021-22.

Capital assets

Housing properties are included on the balance sheet at their net book value, after the deduction of depreciation, of £26,707,608 (2021: £26,591,084).

	2022		2021	
	£		£	
Historical cost	33,138,437		32,680,686	
Depreciation	(6,430,829)		(6,089,602)	
Depreciated cost	26,707,608		26,591,084	
Financed by:				
- Grants	12,654,507	(38%)	12,636,096	(38%)
- Loans	13,145,249	(40%)	12,954,748	(40%)
- Reserves	2,490,965	(8%)	2,468,272	(8%)

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

REPORT OF THE BOARD (continued)

HOMES

Customers

In April 2022 rent policy followed Government legislation for both general needs and supported housing activities, with an increase of CPI plus 1% for rents and service charges increasing by CPI.

The Association continued to use Language Line and Luton Interpreting and Translation Services (LITS) to assist in communicating with customers whose first language is not English.

Our Housing Services team use a tenancy credit check tool to monitor financial stability. Although this tool can also assist in detecting the occasional fraudulent tenancy, our aim is to identify customers in financial distress and provide the necessary support to them to improve their circumstances.

We have continued to improve take up and expanded the service of our customer portal (My Squared). We have 269 registered members so far, customers are paying rent, reporting repairs, using online forms and making suggestions using our customer portal and via our website.

We work closely with customers experiencing adverse impacts of benefit changes and refer to external agencies who have experience in this area for assistance.

The last full Star Survey was in 2019-20 and will be reviewed again next year. In January 2022, we commenced more regular internal surveys to enhance our understanding of customer experience of Squared.

Housing for older people

There were 28 properties at Squared designated for older people in the year (2021: 28), for whom we provide a visiting warden. There are also 8 one-bedroom flats in Barton-Le-Clay for elderly persons who are independent and do not need a visiting service or warden. Another 12 one-bedroom flats are provided for the over 50s group in the Farley Hill area.

Private Leasing Scheme

For this scheme the Association leases properties as temporary accommodation, from private landlords and lets them to people nominated by Luton Borough Council from their homeless families waiting list and from the Homeless Prevention Team. As at 31 March 2022 there were 207 units in management (2021: 225), 43 units of these properties are owned by the Association (2021: 54). There was 1 new lease with private landlords signed (2021: 2), None of the landlord lease agreements ended (2021: 16) and 43 leases were renewed (2021: 37). These properties require intensive housing management in accordance with the needs of the client group. Eleven properties have been transferred from this scheme to the LLS joint venture (2021: Nil). No leases ended in order to be transferred to the LLS joint venture (2021: 12).

Luton Lets Squared (LLS)

Squared has continued the joint-venture partnership with Luton Borough Council known as Luton Lets Squared (LLS). This service leases properties from private landlords to provide to LBC as accommodation for homeless people. There are 94 properties in the joint venture by 31 March 2022 (2021: 58), 11 of which were owned by the association and transferred from our private leasing scheme.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

REPORT OF THE BOARD (continued)

HOMES (continued)

HOMES WITH SUPPORT

Supported Housing

Supported Housing department continued working with the local authority, Luton Borough Council, providing support to 8 Unaccompanied Asylum Seeking Children (UASC), running in-house managed projects and providing next steps accommodation pathways.

Hostel projects managed by our in-house team

In the year to 31 March 2022, the 8 in-house managed projects showed a surplus of £229,555 (2021: 425,310) (excluding central costs and financing costs), before mortgage repayments and contribution to central costs and sinking funds. Turnover was £686,232 (2021: £835,692) and operating costs were £456,677 (2021: £410,382). Reduced income was due to non-lettable periods for property refurbishments as well as two properties earmarked for disposal as they are not economical to repair/refurbish. The Supported Housing steady-state contracts were maintained at £181K for 2021-22.

Houses in Multiple Occupation

The Association provides 164 (2021: 175) units of shared HMO accommodation providing safe and secure housing for single homeless customers with low to medium support needs who can live semi-independently. We are one of the only providers in Luton to offer supported housing at rates affordable to working people, as well as people in receipt of benefits. Our HMO Co-ordinators visit our HMO properties regularly and customers receive support personalised to their needs, with issues such as addiction, mental health, and offending. We work with customers to help identify their personal goals and support them to achieve those goals, and actively participate in Luton Homeless Partnership. Placements are for up to two years with the aim of customers moving on to independent, secure accommodation. All Homes with Support customers are also eligible for other services Squared offers, such as our in-house mental health therapy service, offering sessions with a trained therapist; and our Purposeful Employment service for additional support accessing employment in line with the customer's goals.

Next Steps Accommodation Program

Next Steps Accommodation Program in partnership with Luton Borough Council to provide more security for customers and enhance the already existing pathways continued in 2021-22.

Homes England revenue funding of £40,960 was receivable in the year, for the first year of revenue funding for a role offering Intensive Floating support and Housing Management, over 3 years, not only for the 3 new tenants housed in Squared Next Steps Accommodation apartments but to all of Squared over 200 customers who are within 6 months of move on, which will free up the existing Pathways more quickly.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

REPORT OF THE BOARD (continued)

HOMES WITH SUPPORT (continued)

Purposeful Employment

Purposeful Employment is a support service which focuses on employment with prospects and job satisfaction, by identifying our customers passions and aspirations, also by adopting coaching to help our customers make decisions about their futures and support them to take the steps they need to reach those goals. We have established great links with access to external training and education to refer and signpost our customers. The service day to day operations have predominantly been delivered by student social workers. During the time Purposeful Employment has been operational, students have provided support with case management and customers 1-2-1- interventions. We have provided 8 students with placements, giving them an excellent learning opportunity, which in turn has provided Purposeful Employment around 4,400 hours support work for customers. During the year we supported 9 customers into employment, 11 customers into education, 1 into volunteering and 2 into apprenticeships.

Community partnering

Squared also provides accommodation to local charity NOAH, to be made available to individuals with no recourse to public funds.

PROPERTY SERVICES

Maintenance and major repairs

The Association is committed to maintaining and improving its stock. Excluding overheads, £42,692 (2021: £16,606) was spent on major repair expenses, and £525,471 (2021: £403,719) on responsive maintenance. With a further £194,500 (2021: £267,437) on 83 components, such as bathrooms, kitchens and boilers. We spent £40,945 (2021: £39,793) on structural capital improvements required to improve the existing useful lives of specific properties.

We have a growing and expanding in-house maintenance team and provide additional work and opportunities as well as a responsive service to customers, while working to maintain our estates and carry out compliance checks.

Asset management

This year we commissioned a 1st phase of stock condition survey programme to support our work in complying with the Energy Efficiency Standard for Social Housing (EESH) as well as Decent Homes Standards. Phase 2 will be completed in the 2022-23 financial year. When all the information is available, we will be planning the best use of all our stock for the future, including exploring opportunities to access the Social Housing Decarbonisation Fund in the second funding wave. The priority for this review will be a combination of reducing both running costs for customers and on-going maintenance costs for the organisation, ensuring that future investment in existing stock is focused on improvements rather than on repairs.

SHIFT (Sustainable Homes Index for Tomorrow)

Squared is looking to make environmental improvements starting with examining the energy efficiency of all our homes. This will enable the association to implement appropriate retrofits that (using the fabric 1st approach in all that we do) meets the PAS2030 Green Deal and ECO installations of all our homes. Not only will this help reduce CO2 emissions, but it will also help reduce fuel bills for customers. This will help make our existing homes warmer in winter, cooler in summer with better indoor air quality so our customers are able to stay healthy.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

REPORT OF THE BOARD (continued)

PROPERTY SERVICES (continued)

Cleaning and Gardening Squared (CGS)

In the year to 31 March 2022, Cleaning Gardening Squared social enterprise showed a surplus of £58,873 (2021: deficit of £10,029). Turnover was £277,532 (2021: £285,167) and operating costs were £218,659 (2021: £275,138).

Trading as a department of Squared and operating as a social enterprise, CGS has continued to empower its customers that are currently unemployed or those that experience long-term unemployment and some of the hard-to-reach individuals within the local communities by providing a sustainable employment program and unique training opportunities. Beneficiaries have acquired accredited cleaning and gardening qualification through a targeted training and certificated programme.

During the year CGS continued to meet its targets for external and internal customers in terms of service delivery. CGS supported housing facilities and HMOs by continuing to provide void cleaning and gardening maintenance services to improve the quality and cleanliness of re-let properties and reduced the void period significantly. We also used the opportunity to maintain our estates.

Rubbish clearance activity, as part of the social enterprise continued to do well in the last financial year, when we responsibly removed over 70 metric tonnes of general household waste.

We plan to continue with our community service to support customers over 55 years with skeletal impediment in maintaining their gardens this summer. We aim to set up a gardening support service for elderly people that have and love their gardens but can no longer maintain them themselves.

Community Investment Projects

Tool bank

To get this initiative off the ground we are grateful for the donations of gardening equipment from George Brown in Leighton Buzzard to help launch the project. The remainder of the equipment was purchased by the Association.

The Tool Bank enables customers of the Association to borrow, free of charge, garden tools and equipment to help maintain and improve their gardens.

Once launched, we anticipated that 20% of our customers would benefit from the scheme and expect this to grow significantly over time.

Property Purchases and Sales

There were no property sales or purchases in the year.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

REPORT OF THE BOARD (continued)

HEALTH & SAFETY

We strengthened our approach to Health & Safety across Squared, working more closely with Sureteam H&S Consultants to ensure that we are providing our services safely and complying with Health & Safety regulations and best practice right across Squared.

Sureteam undertook a H&S Audit across all of services in summer 2021 and presented their feedback with recommendations to the leadership team with a 12-month plan implemented for minimising risks.

All our teams are responsible for ensuring the health and safety of customers, fellow team members and other stakeholders; and the outcomes and recommendations of the audit have helped us focus on and prioritise areas for improvement to minimise risk, keep everyone safe and protect our properties too. The audit is a useful tool for us to continuously improve our service offering and ensure all team members are working within safe practices and environments.

Squared has a robust H & S Policy in place which is in date and approved by the Board. The policy is reviewed by Sureteam in consultation with Squared when changes within the business take place, or legislation and best practice requires this.

Sureteam continue to work strategically alongside the leadership and management teams to provide support and help drive continuous improvement in a coordinated approach.

PEOPLE EXCELLENCE (PE_x)

Leadership Team (LT)

The Leadership Team include the Chief Executive, Lynda Rees, Deputy Chief Executive, Kierson Benfield, Director of People Excellence, Claire Bryan.

Operational Team (OT)

Operational Team (OT) is made up of senior and junior managers and manage the operational link between the Leadership Team and the rest of the work force.

Ensuring the continuation of excellence in people management throughout the organisation

The PE_x team have been integral to supporting and advising managers and teams throughout the lockdown periods and beyond, keeping abreast of changing legal obligations and best practice and contributing to minimising risks to the health and safety of team members, customers, and all stakeholders.

We continued applying our 'PE_x Partnering' approach to support and coach managers and team members and undertook a full review and redesign of the Squared Employee Handbook – managing expectations and guidance on working practices for team members and managers.

We also reviewed of HR software provision, to ensure fit for purpose systems, which help not hinder, managers and team members, ensuring efficiency in processes.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

REPORT OF THE BOARD (continued)

'Back to Work' practices post lockdown

Taking our learnings from what worked well and what didn't work so well with regards to our approach during the '2nd' year of the pandemic, we reintegrated back to work practices to further embrace agile/flexible approaches to working – with the emphasis on working smarter, not harder! The Agile Workplace booklet was launched, promoting positive work environments.

Future proofing our staffing resources

We focused on our organisational design to ensure business objectives were delivered and business continuity sustained, continuing to review structures to ensure our teams are effectively resourced.

This resulted in the introduction of a new approach to our frontline housing services in the implementation of a Customer Operations Model.

Fair reward and recognition

We reviewed our Pay Grading Structure Framework with the expert support of an external reward consultant to benchmark all roles across Squared and implemented pay reviews/ pay increases in December 2021, aligned with our commitment to fair reward and remuneration, and support for all team members.

We also reviewed our full employee benefits offering, including our pensions provider, introducing a salary sacrifice scheme and changing pensions provider provision.

Developing our 'One Squared' culture

We commenced our journey to steer the delivery of a change management programme to embed the One Squared culture: initiatives to support managers to embrace the change with their teams (including workshops with managers); team members demonstrating the Squared values in fulfilling their roles to ensure customers receive only quality and excellence in services.

Introducing OKRs

Emphasis was placed on further developing our approach to setting objectives and targets across Squared, with the introduction of OKR's, supporting team members to stay on track to deliver their objectives and key results, enhancing customer services across Squared and enabling greater focus in teams and to ensure commercially sound decisions are made.

Transformational development across Squared

Our transformational development programme was reignited, to achieve leadership and management excellence, introducing a new 'level' to our internal programmes to build capacity: 'new' Excelling As A Manager Programme and we continued our original Bees Knees management development programme, ensuring higher levels of competency for leaders and managers, higher levels of team satisfaction, culminating in 2021/22 business objectives being achieved across Squared.

We also redesigned and restarted our internal Coaching programme, using a coaching approach to build confidence and empower rather than dictate (V coaching model), treating customers with respect.

We also continued to maximise the use of e-learning and virtual delivery of workshops to keep team members engaged and developed.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

REPORT OF THE BOARD (continued)

Inspiring our people

We maximised employee engagement and wellbeing levels, actively involving our teams to participate in Squared initiatives:

- Fair & Squared – group engaged in our commitment to FREDIE (fairness, respect, equality, diversity, inclusion and engagement) for all
- The Exchange – quarterly staff meeting
- Staff Conference
- Kicked off our 60th Anniversary initiatives
- Held a virtual mindfulness session every Wednesday lunchtime
- Engagement Survey outcome was 75.7% with 'engagement improved'
- Quarterly team meeting template introduced to offer guidance to teams and encourage participation and employee voice – empowering and involving team members
- Introduction of WOW points / You're a Diamond scheme – team members recognise great work when they see it in each other
- Employers Against Domestic Abuse – programme with LAWC

Quality of services

The Association strives to provide quality services, matching or exceeding the best. We do this through a committed and well-trained team, which also reflects the local community and our customers. To test the quality of our services we have applied for accreditation through external assessments as follows:

- Investors In People Gold – we are proud to be reaccredited as an Investor in People maintaining our Gold standard. Our annual review meeting continued to provide positive feedback on our progress. We are now developing an action plan for reaccreditation in 2023 with a view to strive towards IIP Platinum.
- Leaders in Diversity – to test our performance in the way we manage diversity throughout the organisation, this recognises those organisations that have performed particularly well in EDI and benchmarks them against others.

Very few organisations in Luton have achieved this level of recognition of their approach to diversity and nationally only a few organisations have achieved Leaders in Diversity. Squared is proud to use the logo on all our paperwork and has achieved number 30 in the year in the National Centre for Diversity Top 100 organisations.

Consultancy

In 2021-22, we continued to provide 6 organisations with advice and support from our HR Services, having taken the strategic decision to place increased focus on provision of services and support to the Squared managers and teams.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

REPORT OF THE BOARD (continued)

Post Balance Sheet events

There are no post balance sheet events to report.

Prior Year Adjustment

There are no prior year adjustments to report.

Funding

Most recent loan arrangement for £5 million was signed with RBS on the 11 January 2019 against the same properties already charged to RBS. This will enable the Association to continue to develop and purchase additional housing property stock during the year coupled with capacity for future opportunities. This brings total borrowings to £14M after £2M has been paid down from the original £16M.

At the 31 March 2022, the Association had over 300 unsecured properties available to offer as loan collateral, with management's internal estimate of open market value of £50 million.

The open market value is not used for accounting purposes and does not reflect our intention to hold assets for social housing purposes, however, it provides an indication of the worth of the housing property assets of the Association, should these assets be made available for sale with vacant possession in the open property market.

The Board

During the year there were no additions to membership of the Board of Management. The 5-year business plan continues to be reviewed and updated by the Board. The Association continues to actively seek new board members, with specific skills to help it achieve its vision. New board members with relevant knowledge and experience as well as tenant board members are always sought, and applications are welcomed. There are currently 4 board members. There are vacancies for up to 8 more members, especially tenant board members.

Statement of the board's responsibilities

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

The law requires the Board of Management to prepare financial statements for each financial year. Under that law the Board of Management has elected to prepare Squared financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The Board of Management must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Association and of the surplus or deficit for that period.

In preparing these financial statements, the Board of Management are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

REPORT OF THE BOARD (continued)

The Board (continued)

The Board of Management is responsible for keeping adequate accounting records that are sufficient to show and explain Squared transactions and disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, the Accounting Direction for private registered providers of social housing 2019 and the Statement of Recommended Practice: Accounting by registered social housing providers (SORP 2018). They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going Concern

Squared continue to be affected by uncertainty from the regulatory environment, government policy economic. These include the direct and indirect impacts of; Brexit, Covid-19 pandemic as well as inflationary pressures due to the war in Ukraine and the recently introduced rent cap consultation.

Squared have a long-term 30-year business plan addressing the factors affecting its activities. Banking covenants have been met in all plans and forecasts.

Included in this business plan is the assumption that Squared will secure some additional funding to meet our property development ambitions. Recent information available about rent caps will be taken into account in future plans. Squared have over 300 unsecured properties with a market value of £50m, some of which can be made available to secure the additional funding for re-investment in development programmes and future growth. Should this funding not materialise, we will scale back our expected property investment plans. We will continue to closely monitor our income as the 'cost of living' crisis continues to impact on our vulnerable customers who will experience difficulties, supporting them to access homelessness prevention funds and hardship funds, wherever we can.

The business plans and long-term debt facilities demonstrate that Squared has adequate resources to continue to trade and repay loan interest and capital as they fall due.

The Board has been making significant investments early in 2022-23, to improve the compliance, efficiency and effectiveness of Squared. These costs will not recur.

We will sell 3 properties in 2022-23, that are not economical to repair/refurbish and funds will be re-invested on new and existing properties.

On this basis, the Board has a reasonable expectation that the Association has adequate resources to meet committed contractual expenditure and all known liabilities as they fall due and to continue in operation for the foreseeable future.

The Board continues to adopt the going concern basis for preparing the financial statements.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

REPORT OF THE BOARD (continued)

Internal Control

The Board acknowledges that it is responsible for the system of internal control within the Association and for reviewing its effectiveness. The Board recognises that such systems are designed to manage rather than eliminate risks of failure to achieve the business objectives of the Association. Such systems can only provide reasonable rather than absolute assurances against material misstatements or losses.

The process for identifying, evaluating and managing significant risks faced by the Association is ongoing and has been in place for the year under review, and up to the date of approval of the annual report and accounts. The process is regularly reviewed by the Board and managed by the Management Team.

The Board has retained the management authority for reviewing the internal controls systems. The Board reviews policies regularly and a cycle has been established to ensure this regular review continues.

The following policies and procedures are in place to support the Board's assurance on internal controls:

- Code of governance
- Commitment made to "NHF Code of Integrity at Work" by each staff member
- Complaints
- Conflict of Interest
- General Data Protection Regulations
- Delegated Authorities
- Disciplinary, Grievance & Capability
- Disclosure & Barring Service
- FREDIE (Fairness, Respect, Equality, Diversity, Inclusion & Engagement)
- Financial Regulations
- Gifts and Hospitality
- Health & Safety
- Internal Fraud
- Probity and Propriety
- Programme of independent Internal Audit
- Risk Management
- Whistleblowing

An internal audit is carried out periodically by an independent organisation. The last review took place in March 2018.

The Board have not had to deal with any material internal control problems in the year. The Leadership Team would highlight such problems to the Board and an action plan for the Management Team to carry out would be agreed at Board level. There are no regulatory concerns currently outstanding with the Regulator of Social Housing and the Board is satisfied that the internal controls are constantly being reviewed to identify areas of improvement.

Risk

The Board accepts that no organisation can provide a service, and grow, without taking some risk. Therefore, on an annual basis, the Board reviews the risks faced by the Association, and are satisfied that the risk management is adequate and is continuously under review

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

REPORT OF THE BOARD (continued)

Governance

The Board adopted the NHF Code of Governance 2020 at the June 2021 board meeting. The Board considers that the Association meets the requirements of both the NHF Code of Governance and HCA governance and viability standard with the following minor exceptions:

- **Compulsory retirement of board members after 3 full terms (9 years).**

Two co-opted Board members have completed more than 9 years service and have not retired at the following Annual General Meeting. The Board feels that the 9 year service rule is difficult for a small association to achieve without depleting the board of valuable skills and stability. The Board therefore intends to continue re-appointing longer term members as co-optees for as long as it is of benefit to the Association. The Board continues to seek additional board members with appropriate skills and knowledge and the skills and commitment of long-standing Board members is valued along with the continuity and stability that this provides.

- **Strategy for board renewal**

The Board has not recruited any new members during the past year. A potential new board member, who has a wealth of related experience, attended the August meeting as an observer with a view to joining our board of management.

Marketing and Communications

Over the last year our Marketing and Communications team has continued to develop their plans for a marketing programme to strengthen our organisation by raising our profile as an inclusive, caring, approachable, forward-thinking and lively organisation. As well as managing Squared's organisation-wide news and promotional activity, our Marketing and Communications team continue to work with our various teams to deliver their specific marketing and communications needs, to support our services and keep our customers updated and informed.

As part of the Luton Homeless Partnership our team has supported the partnership by helping to communicate its messaging and activities through social media activity and also by contributing to content planning.

We are continuing to increase our digital footprint by utilising digital marketing to communicate with our customers and to raise our profile locally through social media platforms, video content, digital advertising, sponsored content and email. We are working with our wider teams to identify customer touchpoints in every service to explore digital communication solutions to improve communication and service efficiency for our customers, for example website bots to help support customers with their queries and questions.

We are also planning an external event to celebrate our 60th anniversary and to increase awareness of Squared locally.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

REPORT OF THE BOARD (continued)

Value for money (VfM)

The Value for Money (VfM) standard was issued by the Regulator of Social Housing (RSH) with effect from 1 April 2018. The standard requires that registered providers must:
clearly articulate their strategic objectives

- ✓ have an approach agreed by their board to achieving VfM in meeting these objectives and demonstrate their delivery of VfM to stakeholders
- ✓ through their strategic objectives, articulate their strategy for delivering homes that meet a range of needs
- ✓ ensure that optimal benefits is derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of their strategic objectives

Squared vision is Inspiring Lives and our mission is to Place Customers at the heart of everything that we do by providing Homes Support and Opportunity.

Squared strategic objectives for the next 5 years are;

- Growth of Services
- Achieve operational excellence
- Improve asset management
- Increase Surplus

Squared is committed to providing good quality, safe and secure homes that people want to live in. We will create spaces that give people the chance to live well and thrive. We will provide the right support services that people need. We will be guided by the principles of economy, effectiveness and efficiency at all levels within the business. Squared will be looking for additional loan funding and aim to get the best use of all of the resources available to us by investing in developments wisely and sustainably. We will identify older properties that are inefficient to repair/refurbish for sale, re-investing proceeds in newer properties to reduce repair costs.

By considering VfM within teams at all levels of the business, we will be able to provide high quality services to our residents at the lowest possible cost with the best possible outcomes. We will seek to maximise our income and minimise our costs. We will use the resulting operating surpluses to provide new homes, improve existing homes and provide services of genuine value to our residents and to the wider community.

The Association formally reviews its performance on VfM, including VfM metrics set up by RSH, comparing Squared to our benchmarking peer group and reporting this to the Board annually.

Peer Group Benchmarking

Squared is a member of a benchmarking group Acuity London Group (ALG). Our performance data is submitted to SPBM (Skills and Projects Benchmarking Group) run by Acuity in partnership with House Mark. We monitor our performance with ALG because we recognise that some more useful insight can be gained from comparing ourselves with organisations operating in inner London boroughs of a similar size. Specialist benchmarking clubs offer the opportunity to meet with colleagues from similar organisations facing similar challenges to network, share ideas and to learn from each other.

The peer comparison results for our benchmarking group are published below with last year's results and future year's targets linked to our strategic objectives.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

REPORT OF THE BOARD (continued)

Peer Group Benchmarking

Growth of Services

During the last two years, we were pleased to increase our locally based stock by 7 units. Squared will be seeking additional loan funding for development and re-investing proceeds from sales of properties that are not economical to repair/refurbish in new local units over the next two years.

Metric	Prior Year 2020/21	Report Year 2021/22	Peergroup median 2021/22	Targets			
				2021/22	2022/23	2023/24	2024/25
Growth of Services							
Units completed during the period April March; Social Housing	3	4	0	5	0	24	20

Achieve operational excellence

We have recently started regular internal surveys of our customers satisfaction levels, response levels present difficulties in seeing the full picture. Our star survey due in 2022-23, and will be critical to help us to inform future improvements. We were pleased with some of the KPIs, most of them were not as good as we hoped and we will be working to monitor and improve satisfaction with particular focus on the new Tenant Satisfaction Measure announced by the Regulator of Social Housing.

Metric	Prior Year 2020/21	Report Year 2021/22	Peergroup median 2021/22	Targets			
				2021/22	2022/23	2023/24	2024/25
Achieving Operational Excellence							
Satisfaction - overall service %	82	82	79	100	90	95	100
Percentage of complaints handled to the satisfaction of the tenant/service user (%)	100	100	100	100	100	100	100
% of closed ASB cases that were resolved	58	50	96	100	90	95	100
Satisfaction - quality of home - GN %	78	78	75.5	100	90	95	100
Satisfaction - neighbourhood - GN %	71	71	77	100	90	95	100
Satisfaction - safe and secure - GN %	88	88	79	100	90	95	100
Satisfaction - overall service - OP %	0	72.5	81.5	100	90	95	100
Void losses - HOP %	2.2	3.4	2.27	5	3	2.5	2
Average re-let time - Supported (days)	53.8	85	31	50	40	30	20
Ave days lost due to sickness absence (days)	13.7	8.7	6.5	10	8	6	4

Improve asset management

Most of our asset management KPIs are favourable compared to the prior year and to our peer group which we will endeavour to maintain. The two areas where we have concerns to resolve relate to emergency repairs and gas safety certificates, both of which relate to difficulties obtaining access to properties during the pandemic.

Metric	Prior Year 2020/21	Report Year 2021/22	Peergroup median 2021/22	Targets			
				2021/22	2022/23	2023/24	2024/25
Improved Asset Management							
Repairs fixed on first visit	62	92	89.12	80	95	97	99
% emergency repairs completed within target	39	91	97	70	80	95	99
% dwellings with a valid gas safety cert	97.2	94	100	100	100	100	100
Cost per property of Housing Management (£)	359	121	639	400	400	300	300
Cost per property - Major and cyclical works (£)	545	427	1200.63	500	500	400	400
Cyclical maintenance spend per property per week (£)	1.6	1.3	6.1	3	3	2	2
Major works spend per property per week (£)	8.8	7.4	15.57	10	10	10	10
Overheads (repairs) spend per property per week (£)	1.3	2.4	6.13	3	3	2	2
Fees spend per property per week (£)	1.3	0.7	1.39	1	1	1	1
Void works spend per property per week (£)	0.3	0.6	3.13	1	1	1	1
Other repairs spend per property per week (£)	0	0.7	2.69	1	1	1	1

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

REPORT OF THE BOARD (continued)

Peer Group Benchmarking (continued)

Increase Surplus

We have experienced poorer income collection and retention across all schemes due to an unusually high staff turnover post pandemic combined with difficulty recruiting and retaining staff. We have increased wages by 5% in August 2022 in order to help existing staff weather the cost of living crisis while we continue the work to fill vacant posts and work with customers to improve these KPIs. This is partly the impact of the rules preventing evictions during the pandemic. We are working with our local authorities to access prevention and hardship funds for genuine cases, those who cannot pay, and issuing eviction notices for those customers who will not pay so we can reverse these trends, and reduce the impact of increased homelessness in our community.

Metric	Prior Year 2020/21	Report Year 2021/22	Peergroup median 2021/22	Targets			
				2021/22	2022/23	2023/24	2024/25
Increase Surplus							
% rent collected - GN & HFOP	97	96.4	99.49	99	99	100	100
% rent collected - GN	98	96.5	99.99	99	99	100	100
% rent collected - Supported	82	87	97.9	95	96	97	98
Current tenant arrears - GN only %	6	8.3	5.1	6	5	5	5
Former arrears - Supported %	7	9.6	5.57	2.5	2.5	2.5	2.5
Former tenant arrears - GN only %	2.9	3.2	1.15	3	3	3	3
Rent written off - GN only %	0.5	1.1	0.6	1	1	1	1
Current tenant arrears - HFOP %	3.8	8	2.8	4	4	4	4
Rent written off - HFOP %	0.58	1.2	0.88	1	1	1	1
Former tenant arrears - HFOP %	3.5	4.6	3.54	4	4	4	4

Key: GN – General Needs

HFOP – Housing for Older People

Remedial action plan for 2022-23

- Void loss - appointment of new HMO Co-ordinator and changing roles of CW/PB
- Bad debts –working closely with customers to access prevention funds and hardship funds for genuine cases and applying to the court to evict customers who are unresponsive.
- Customer satisfaction – organising independent 3 yearly Star Survey and continuing regular internal quarterly survey to inform improvements.
- Repair target times – working with consultants to inform the appropriate structure of the team.
- Gas Certificates – serve section 21 notices as soon as access is not gained at a property
- We acknowledge a high management cost due to our Supported Housing and Coaching activities as well as making investments in new technology.
- Map processes organisation wide to improve efficiency.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

REPORT OF THE BOARD (continued)

Peer Group Benchmarking (continued)

Other Vfm activities

Below there are some other financial metrics that are used to monitor the outcomes from our Vfm activities.

Return on assets

RETURN ON ASSETS	31 March 2022	31 March 2021
Tangible fixed assets	£27,933,421	£27,840,641
Surplus for the year	£22,693	£325,619
Return on Net Assets	0.08%	1.17%
Return on Capital Employed	1.04 %	2.20%

Cost of delivering services

FINANCIAL RATIOS	31 March 2022	31 March 2021
Total borrowing to Net Worth (excluding acquisition costs)	0.56	0.56
Total borrowing to Net Worth (including acquisition costs)	0.85	0.84
Operating profit to Interest Payable	1.08	2.19
Existing Use Value of charged properties to outstanding debt	132%	115%

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

REPORT OF THE BOARD (continued)

Ongoing VfM activities (continued)

Value for money improvements during 2021-22

- Management programme is underway for senior and junior managers.
- Ongoing review of organisation structure to ensure we have the right people with the right roles in place as Squared.
- Use of Virtual College online for e-learning. Saves approx. 75% of running face to face training sessions.
- £24k annual saving by changing mobile telephone provider.
- Continued subscription to Perkbox staff benefit scheme and staff incentive scheme as part of our investment in staff to improve retention and reduce staff turnover.
- Use of Workplace for internal communication, which is free for non-profit organisations. Usual cost would be £4 per person per month. Value for Money gain of £3,840 each year.
- Use of Networx system for recruitment, removes the need to purchase a separate candidate management system. Value for Money gain of £5k minimum annually.
- Carry out benchmarking to other similar organisations in order to compare, obtain new ideas and carry out improvements.
- Cleaning and Gardening Squared (CGS) social return on investment (SROI) from last year's budget (budget : social impact) indicates that for every £ spend, 21p is used to create social impact for the community.
- PEx external client services income enables us to resource and operate with increased people management support to Squared.

By order of the Board of Management

G.W.Early

.....
Glyn Early
Chair

Lynda Rees

.....
Lynda Rees
Secretary

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LUTON COMMUNITY ASSOCIATION LTD TRADING AS SQUARED**

Opinion

We have audited the financial statements of Luton Community Housing trading as Squared for the year ended 31st March 2022, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Capital and Reserves and Notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2022 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been 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 we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Report of the Board, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LUTON COMMUNITY ASSOCIATION LTD TRADING AS SQUARED (continued)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

As explained more fully in the Statement of the Board's responsibilities the Board is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is 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 Board either intends 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

We have been appointed as auditor under section 83 of the Co-operative and Community Benefit Society Act 2014 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Association and determined that the most significant are the Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Co-operative and Communities Benefit Societies Act 2014, and the Housing and Regeneration Act 2008.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LUTON COMMUNITY ASSOCIATION LTD TRADING AS SQUARED (continued)**

- We understood how the Association is complying with those frameworks via communication with those charged with governance, together with the review of the Association's documented policies and procedures.
- We assessed the susceptibility of the Association's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. These included risks associated with revenue recognition, application of accounting estimates, management override of controls and the increased incentive and pressure to commit fraud due to the Covid-19 environment, which were discussed and agreed by the audit team.
- Our approach included agreeing the Association's recognition of income to the terms of tenancy agreements, reviewing the assumptions used and controls applied in the calculation of accounting estimates, the review of journal entries processed in the accounting records and the investigation of significant and unusual transactions identified from our review of the accounting records.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the board members with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Association.

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

Use of our report

This report is made solely to the 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 opinion we have formed.

Knox Cropper LLP

**Knox Cropper LLP
Chartered Accountants and Statutory Auditor
65 Leadenhall Street
London
EC3A 2AD**

Date 27 September 2022

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 MARCH 2022

	Notes	2022 £	2021 £
Turnover	2(a)	7,091,627	6,696,988
Operating costs	2(a)	(6,802,030)	(6,578,540)
Other operating income		-	42,854
Gain/(loss) on property disposal		-	438,267
Operating surplus		289,597	599,569
Interest receivable and other income	5	24	315
Interest payable and similar charges	6	(266,928)	(274,265)
Surplus for the year		22,693	325,619
Other Comprehensive Income		-	-
Total Comprehensive Income		22,693	325,619

These financial statements were approved on **27 September 2022** and were signed by:

Lynda Rees

Secretary

David Cheesman

Board member

G.W. Early

Chair

The notes on pages 27 to 47 form part of these accounts.

A statement of movement in reserves is set out page 26.

The results for both years are wholly attributable to continuing activities.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED
 STATEMENT OF FINANCIAL POSITION at 31 MARCH 2022

	Notes	2022 £	2021 £
Tangible fixed assets			
Housing properties	10	26,707,608	26,591,084
Investment properties	19	426,712	426,712
Intangible fixed assets	10	79,097	77,820
Other tangible fixed assets	10	720,004	745,025
		<u>27,933,421</u>	<u>27,840,641</u>
Current assets			
Debtors due within one year	11	1,102,847	820,358
Cash and cash equivalents		259,886	544,093
		<u>1,362,733</u>	<u>1,364,451</u>
Creditors: amounts falling due within one year	12	<u>(1,477,686)</u>	<u>(1,440,960)</u>
		(1,477,686)	(1,440,960)
Net current assets/liabilities		<u>(114,954)</u>	<u>(76,511)</u>
Total assets less current liabilities		27,818,466	27,764,130
Creditors: amounts falling due after more than one year	13	(25,327,502)	(25,295,858)
Total net assets		<u>2,490,965</u>	<u>2,468,272</u>
Capital and reserves			
Non-equity share capital	14	14	14
Revenue reserve		2,490,951	2,468,258
Restricted reserve		-	-
Total net assets		<u>2,490,965</u>	<u>2,468,272</u>

These financial statements were approved on **27 September 2022** and were signed by:

Lynda Rees

David Cheesman

Secretary

Board member

G.W. Early

Chair

The notes on pages 27 to 47 form part of these accounts.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

STATEMENT OF CASH FLOWS for the year ended 31 MARCH 2022

	Notes	2022 £	2021 £
Net cash generated from operating activities	17	374,020	474,626
Cash flow from investing activities			
Purchase of other fixed assets		(101,612)	(75,298)
Purchase of tangible fixed assets		(575,671)	(1,256,075)
Purchase of intangible fixed assets		(2,208)	(77,820)
Purchase of investment properties		-	-
Social Housing grant		3,660	69,540
Disposal Proceeds		94,006	937,407
Interest received		24	315
		<u>(581,800)</u>	<u>(401,931)</u>
Cash flow from financing activities			
Interest paid		(266,928)	(274,265)
New loan drawdown		500,000	-
Loan repaid		(309,500)	(309,500)
		<u>(76,428)</u>	<u>(583,765)</u>
(Decrease)/increase in cash		<u>(284,208)</u>	<u>(511,070)</u>
Cash and cash equivalents at start of the year		<u>544,093</u>	<u>1,055,163</u>
Cash and cash equivalents at end of the year		<u>259,886</u>	<u>544,093</u>

Analysis of changes in Net Debt

	Brought Forward 01/04/2021	Cashflows	Other non-cash Changes	Carried Forward 31/03/2022
Cash and cash equivalents	544,093	(284,208)	-	259,886
Borrowings				
Debt due within one year	(309,500)	-	-	(309,500)
Debt due after one year	<u>(12,645,248)</u>	<u>309,500</u>	<u>-</u>	<u>(12,335,749)</u>
	<u>(12,954,748)</u>	<u>309,500</u>	<u>-</u>	<u>(12,645,249)</u>
Total	<u>(12,410,655)</u>	<u>25,292</u>	<u>-</u>	<u>(12,385,363)</u>

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

STATEMENT OF CHANGES IN CAPITAL AND RESERVES for the year ended 31 MARCH 2022

	Share capital £	Restricted reserve £	Revenue reserve £	2022 Total £	2021 Total £
Reserves					
Balance at 1 April	14	-	2,468,258	2,468,272	2,142,659
Total comprehensive income for the year	-	-	22,693	22,693	325,619
Adjustment	-	-	-	-	(6)
Transfer between reserves	-	-	-	-	-
Balance at 31 March	<u>14</u>	<u>-</u>	<u>2,490,951</u>	<u>2,490,965</u>	<u>2,468,272</u>

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2022

1. Legal Status

Squared is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 with the Financial Conduct Authority and is a registered provider of social housing within the Housing and Regeneration Act 2008. Squared is registered with The Regulator of Social Housing (RSH).

Squared principal activities are stated in Report of the Board of Management on page 3.

Squared registered office is Bramingham Business Centre, Unit B2, Enterprise Way, Luton, LU3 4BU.

2. Principal Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to Squared financial statements.

Basis of accounting

The financial statements are prepared in accordance with applicable accounting standards, "FRS102", the Financial Reporting Standard applicable in the UK and Republic of Ireland, the Statement of Recommended Practice for Accounting by Registered Social Housing Providers (SORP 2018) under the historical cost convention and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019 ("the Direction").

In accordance with FRS102 (3.3A), Squared is a public benefit entity that has applied the "PBE" prefixed paragraphs.

The financial statements have been prepared under the historical cost convention as modified by the valuation of certain assets in accordance with Squared accounting policies.

The financial statements are presented in sterling (£).

The principal accounting policies of Squared are set out on the following pages.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2022 (continued)

2. Principal accounting policies (continued)

Turnover

Turnover represents rental income receivable, supporting people income, fees and revenue grants receivable from local authorities (Luton Borough Council and Central Bedfordshire Council), Public Health Luton. Supporting people income is made up of grants received from Luton Borough Council and revenue funding from Homes England.

Rental income is recognised on the basis of the amount receivable for the year. Rental income received in advance is disclosed within the creditors in the balance sheet.

Service charge income is accounted for on the basis of the value of goods or services supplied in the previous period. Any over or under recovery of service charge amounts due is reflected in the service charge income in the following year.

Government capital grant received is amortised to income over the useful life of the structure of the property.

Fixed assets and depreciation

Housing properties are held for the provision of social housing or to otherwise provide social benefit. Housing properties are stated at cost less depreciation and impairment. The Association accounts for its expenditure on housing properties using component accounting. Under component accounting the housing property is divided into those major components which are considered to have substantially different useful economic lives. These components are then depreciated over their individual useful economic lives. The particular components useful economic lives when new are as follows and are capitalised at purchase cost:

Land	Infinite
Structure	100 years
Windows	30 years
Central Heating	15 years
Bathroom	30 years
Kitchen	20 years
Wiring	30 years
Roof	50 years

Where land cost is not known, an estimate is based on the matrix issued by the National Housing Federation using the Property Market Report from the Valuation Office.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2022 (continued)

2. Principal accounting policies (continued)

Fixed assets and depreciation (continued)

Expenditure on items not separately identified as components are capitalised if they result in incremental future benefit, for example an increase in the net rental stream over the life of the property, and the carrying amount of any replaced components or part component is written off.

65 London Road

Depreciation of the refurbishment costs of 65 London Road is on a straight-line basis over 15 years, being the length of the lease with Luton Borough Council. Refurbishment costs have been fully depreciated.

Unit B2, Bramingham Business Park

This property is used for administrative purposes and is also rented out to external local businesses. The part used for administrative purposes is classified as property, plant and equipment with depreciation on a straight-line basis over 100 years after deducting the land cost. The part rented out is classified as an investment property.

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

Other fixed assets are stated at cost less accumulated depreciation and impairment. There has been a change in accounting policy from a full year's depreciation charged in the year of purchase, with no charge is made in the year of disposal to depreciation now charged on an annual pro rata basis as follows:

	Rate	Basis
Office improvement works (leasehold office at 108 Wellington Street)	4%	Over life of lease
Office/computer equipment	10%/33%	Straight line
Property fixtures & fittings	25%	Straight line
Motor vehicles	25%	Reducing balance
Website development	20%	Straight line

Investment property

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are initially measured at cost and subsequently at fair value. Revaluation surpluses and deficits are recognised as part of the income statement.

Intangible fixed assets

Intangible fixed assets are non-monetary asset without physical substance which are measured at cost and will be written off as benefits are derived as follows:

	Rate	Basis
Software	20%	Straight line

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2022 (continued)

2. Principal accounting policies (continued)

Government grant

Government grant is a grant from Homes England to reduce the capital cost of social housing developments.

Government grant comprises social housing grant, grant from local authorities and other government sources.

Capital grants received for housing properties are recognised in income over the expected life of the asset they have funded on a straight-line basis under the accrual model. The unamortised element of the government grant is recognised as deferred income in creditors.

Under most circumstances, if housing properties are disposed of Social Housing Grant is repayable to the Homes England or subject to restrictions on use and included in the creditors "The Recycled Capital Grant Fund".

Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose a specific future performance condition is recognised as revenue when the grant proceeds are receivable. A grant that imposes a specific future performance related condition on Squared is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is shown as a liability in the Statement of Financial Position.

Short term employee benefits

Pension costs

The Association contributes to a defined contribution pension scheme. Contributions are charged to the income and expenditure account in accordance with the rules of the scheme. Differences between contributions payable and those actually paid are shown as either accruals or prepayments in the balance sheet.

Holiday Pay

Holiday pay is accrued as services are rendered. Any differences are shown as either accruals or prepayments in the Statement of Financial Position.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2022 (continued)

2. Principal accounting policies (continued)

Employee termination benefits

Where the Association has committed to pay employee termination benefits before the year end, those benefits are accrued in the current year.

Financial Instruments

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

Financial assets and liabilities comprise investments, trade and other debtors, cash and cash equivalents, trade and other payables and loans.

All financial assets and financial liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through the Statement of Comprehensive Income, which are initially measured at fair value (normally the transaction price less transaction costs), unless the arrangement constitutes a financial transaction. If an arrangement constitutes a financial transaction, the financial asset or financial liability is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the Statement of Financial Position when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Association intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the conditions of Section 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2022 (continued)

2. Principal accounting policies (continued)

Financial Instruments (continued)

Financial assets are only derecognised when and only when:

- the contractual rights to the cash flows from the financial asset expire or are settled,
- the Association transfers to another party substantially all the risk and rewards of ownership of the financial asset, or,
- the Association, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

The Association does not use standalone derivative financial instruments to reduce exposure to interest rate movements.

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income as described below.

Non-financial assets

Non-financial assets comprise tangible fixed assets. The Association's tangible fixed assets are assessed for impairment at each reporting date. Where indicators are identified, then an assessment is undertaken to compare the carrying amount of assets or cash-generating units for which impairment is indicated to their recoverable amounts. If there is objective evidence of impairment, an impairment loss is recognised immediately in the Statement of Comprehensive Income.

A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2022 (continued)

2. Principal accounting policies (continued)

Impairment (continued)

Value in use represents the present value of the future cash flows expected to be derived from an asset or cash-generating unit, appropriately adjusted to account for any restrictions on their use. The assessment of value in use may involve considerations of the service potential of the assets or cash-generating units, provided the property concerned is being used for social housing and is in demand. Value in use for assets held for their service potential represents the depreciated replacement cost, being the most economic cost required to replace the service potential of the asset. Depreciated replacement cost is the lower of the cost of constructing or acquiring a replacement asset to provide the same level of service potential. The cost of acquiring a replacement asset could be either through purchasing an equivalent property on the open market or purchasing an equivalent property from another registered provider, providing there is considered to be an active market.

Where indicators exist for a decrease in impairment loss previously recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

Financial assets comprise trade and other debtors and cash and cash equivalents.

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

LUTON COMMUNITY HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2022 (continued)

2. Principal accounting policies (continued)

Judgements and estimates

Impairment

From 1 April 2016, Squared has reduced social housing rents by one per cent per annum and although this has now come to an end in 2019/20, this was a trigger for impairment and review was carried out accordingly.

As a result, in April 2016, we estimated the recoverable amount of its housing properties as follows:

- a) determined the level at which recoverable amount is to be assessed (i.e. the asset level or cash generating unit (CGU) level). The CGU level was determined to be an individual scheme or building
- (b) estimated the recoverable amount of the cash-generating unit by using fair value
- (c) calculated the carrying amount of the cash-generating unit and
- (d) compared the carrying amount to the recoverable amount to determine if an impairment loss has occurred.

Based on this assessment, we calculated the Depreciated Replacement Cost (DRC) of each social housing property scheme or building, using appropriate construction costs provided by a local architect. Comparing this to the carrying amount of each scheme, it was concluded that no impairment charge was required against its social housing properties.

Recoverable Amount

The recoverable amount of a scheme is the higher of its fair value less costs to sell and its value in use. Value in use for housing schemes which are able to be let in their current condition and which are fulfilling the social purpose for which they were acquired is based on the depreciated replacement cost of the asset. Depreciated replacement cost is the most economic cost required to replace the service potential of an asset. Construction costs provided by a local architect have been compared with EUV-SH and there is not considered to be any impairment of property.

Useful Lives

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the asset. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to circumstances which may require more frequent replacement of key components.

The key judgements and estimates applied in respect of housing properties are disclosed above and include the useful economic life of property structure at 100 years and that properties have no residual values at the end of useful life.

These are conservative assumptions that have been aligned with general practice followed by registered housing providers.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2022 (continued)

2. Principal accounting policies (continued)

Judgements and estimates (continued)

Basic versus other

Following review in accordance with FRS102 (Section 11) all financial instruments are considered to be basic.

Bad debt provision

The trade debtors balance of £1,124,558 (2021: £734,638) recorded in Squared statement of financial position comprise a relatively large number of small balances. All former tenant balances are provisioned as appropriate and specific current tenant provisions are made where necessary following review by operational teams.

PLS handback provision

Held to cover cost of repairs upon hand back of property to a private landlord and reviewed annually. This provision is currently capped at £1,200 which is the average current financial exposure experienced following a review of the costs of repairing properties handed back to private landlords over the last 2 years.

Valuation of investment property

After initial recognition investment property is measured at its fair value based on the valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and class of the investment property valued. The property at Bramingham Park was purchased 1 October 2015 and is held at fair value.

Identification of housing property components

Housing property depreciation is calculated on a component by component basis. The identification of such components is a matter of judgement and may have a material impact on the depreciation charge. The components selected, listed in the accounting policies fixed asset and depreciation section, are those which reflect how the major repairs to the property are managed.

Restricted reserves

There are no restricted reserves to report.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2022 (continued)

2. Principal accounting policies (continued)

Operating leases

Rentals payable under operating leases are charged in the Statement of Comprehensive Income on a straight-line basis over the lease term.

VAT

Squared charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT on expenditure to the extent that it is suffered by the Association and not recoverable from HM Revenue and Customs. The balances shown in these accounts are inclusive of VAT where applicable.

Capitalisation of interest

Interest on the mortgage or loan deemed to be financing a development is capitalised up to the date of practical completion of a housing scheme.

Supported Housing

The transactions incurred directly by managing agencies leasing our properties are not included in the financial statements.

Private Leasing Scheme

The property leases are taken out for durations of one, two or three years. The assets are not reflected in Squared statement of financial position except for 43 properties (2021: 54) which are owned.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2022 (continued)

2(a). Turnover, operating costs and operating surplus

		2022		2021	
	Notes	£	£	£	£
		Turnover	Operating costs	Operating surplus/ (deficit)	Operating surplus/ (deficit)
Social Housing Lettings	2 (b)	6,723,202	6,119,684	603,518	6,333,718
Other Social Housing Activities		368,425	665,721	(297,296)	363,270
Development overheads not capitalised		-	16,625	(16,625)	-
Maintenance training programme		-	-	-	-
Total		<u>7,091,627</u>	<u>6,802,030</u>	<u>289,597</u>	<u>6,696,988</u>
					<u>(6,140,273)</u>
					<u>556,716</u>

Income for week 53 recognised in turnover in 2022 £Nil (2021: £Nil)

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2022 (continued)

2(b) Particulars of income and expenditure from social housing lettings

	2022			2021			
	Supported Housing £	General Housing £	Private Leasing £	Supported Housing £	General Housing £	Private Leasing £	Total £
Income from social housing lettings							
Rent receivable net of identifiable service charges	212,076	1,982,409	2,287,205	216,154	1,956,809	1,984,282	4,157,245
Service charges receivable	448,297	132,648	790,982	474,990	123,302	610,853	1,209,145
Net rents receivable	660,373	2,115,057	3,078,187	691,144	2,080,111	2,595,135	5,366,390
Amortisation of government grant	43,059	118,869	822	44,831	118,869	822	164,522
Revenue grants receivable	309,186	-	-	396,636	-	-	396,636
Donations and other income	6,100	19,830	236,619	-	3,000	323,360	326,360
Fees from schemes managed by agents	135,100	-	-	79,810	-	-	79,810
Total income from social housing lettings	1,153,818	2,253,756	3,315,628	1,212,421	2,201,980	2,919,317	6,333,718
Expenditure on social housing letting activities							
Revenue grants payable	-	-	-	25,620	-	-	25,620
Services	327,824	139,031	244,948	212,510	151,018	304,375	687,903
Management	770,901	929,945	954,874	962,727	1,011,531	900,393	2,874,651
Routine maintenance	42,411	247,013	236,047	72,458	338,099	(6,838)	403,719
Rent losses from bad debts	24,120	23,480	97,443	(32)	12,264	110,421	122,653
Major repairs expenditure	2,197	31,248	9,247	4,938	11,668	-	16,606
Depreciation of housing properties	62,446	319,107	42,238	27,426	319,427	42,740	389,593
Depreciation on refurbishment of 65 London Road	-	-	-	35,954	-	-	35,954
Private Leasing Scheme - landlords' rent/incentive	-	-	1,615,164	-	-	1,375,660	1,375,660
Operating surplus on social housing letting activities	(76,081)	563,932	115,667	(129,180)	357,973	192,566	421,359
Rent loss from voids	(183,595)	(19,600)	(169,575)	(119,588)	(17,616)	(169,897)	(307,101)

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2022 (continued)

3 Key management personnel	2022 £	2021 £
Expense payments made to the Board of Directors of the association	465	-
Aggregate remuneration for key management personnel		
Basic salary	178,412	291,696
Benefits in kind	3,983	8,055
Pension contributions	43,697	21,841
	226,092	321,592
National insurance contributions	20,486	34,318
	246,578	355,910

Key management personnel have reduced from 5 to 3 in the Leadership Team

Emoluments of highest paid director, the Chief Executive (excluding pension contributions, including benefits in kind and excluding employers NI).	54,533	79,530
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The Association currently operates a Group Personal Pension Scheme which is funded by contributions from the Association and the individual. The Chief Executive is an ordinary member of the pension scheme, and the Association's contribution was 8% for the year, amounting to £6,118 (2021: £6,118).

Related party transactions

There was one tenant Board member who in the previous year. The tenancy is on the same terms as for all the housing management procedures, including those relating to management of arrears has been applied consistently for all tenants.

As at 31 March 2022, the tenant's rent was £Nil (2021: £4,092) and had a credit balance of £Nil (2021: £190).

Glyn Early was a private landlord Board member for part of the previous year. The contract is on the same terms as for all the private landlord agreements and procedures.

As at 31 March 2022, the landlord's rent paid was £Nil (2021: £5,176).

A land purchase was made relating to this landlord last year £Nil (2021: £271,654) property purchase last year Valuation of the land was undertaken independently and landlord was not involved in this decision by the Board

The Association purchased printing services valuing £3,916 (2021: £4,073) from Bartham Group, a company controlled by board member Mostaque Koyes

4 Employee information

The average full-time equivalent (F.T.E.) of persons employed during the year, based on 37 hours per week, was:	2022 No.	2021 No.
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Office staff	19	19
Residential staff, caretakers, maintenance workers and cleaners	34	29
	53	48

Staff costs (for the above persons):	2022 £	2021 £
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Wages and salaries	1,681,648	1,944,546
Social security costs	140,180	156,165
Other pension costs	116,347	111,269
Redundancy payments	32,558	102,935
	1,970,733	2,314,915

Reduction in Wages and Salaries is linked to reduction in key management personnel and vacant posts

There were employees who earned more than £60,000 as follows	2022 Number of Employees	2021 Number of Employees
Band		
£70,000 - £80,000	2	1
£60,000 - £70,000	2	3
	4	4

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2022 (continued)

5	Interest receivable and similar income	2022 £	2021 £
	Interest on deposit accounts	<u>24</u>	<u>315</u>
6	Total Interest payable less interest capitalised		
	On bank loans, overdrafts and other loans:		
	Total Interest payable during the year	267,197	274,265
	Interest capitalised during the year	<u>269</u>	<u>-</u>
		<u>266,928</u>	<u>274,265</u>
7	Operating surplus	2022 £	2021 £
	Surplus on ordinary activities is stated after charging:		
	Depreciation	528,535	526,811
	Auditor's remuneration in their capacity as auditors (excl. VAT)	9,000	9,000
	Operating rentals - land and buildings	1,615,164	1,375,660
	Operating rentals - plant and machinery	<u>50,752</u>	<u>18,893</u>
8	Taxation		
	The Association has charitable model rules and its surpluses and gains are free from taxation provided that they are dealt with in accordance with the rules.		
9	Operating lease commitments		
	At 31 March 2022 the Association is committed to the total following minimum lease payments in respect of non-cancellable operating leases :		
		2022 £	2021 £
	Land and buildings		
	Within one year	1,566,905	1,423,139
	Expiring in two to five years	<u>1,398,770</u>	<u>1,793,430</u>
		£	£
	Plant and machinery		
	Within one year	50,752	15,460
	Expiring in two to five years	<u>124,053</u>	<u>11,487</u>

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2022 (continued)

10a Tangible fixed assets

	Housing properties held for letting owned	Housing properties held for letting leased improvements	Housing properties currently under construction	Total Housing properties	Office Bramingham Head Office owned	Intangibles	Motor vehicles, fixtures & fittings & other equipment	2022 Total	2021 Total
	£	£	£	£	£	£	£	£	£
Cost									
At beginning of year	32,366,301	155,189	159,196	32,680,686	426,712	77,820	1,203,132	34,388,350	33,608,547
Additions to properties	40,945	-	340,226	381,171	-	2,208	101,612	484,991	1,141,756
Work to existing properties	194,500	-	-	194,500	-	-	-	194,500	267,437
Transfers	-	-	-	-	-	-	-	-	-
Disposals	(117,920)	-	-	(117,920)	-	-	(33,332)	(151,252)	(629,390)
At end of year	32,483,826	155,189	499,422	33,138,437	426,712	80,028	1,271,412	34,916,589	34,388,350
Depreciation									
At beginning of year	5,934,413	155,189	-	6,089,602	20,954	-	863,865	6,974,421	6,637,406
Charge for the year	423,791	-	-	423,791	3,717	931	101,026	528,535	526,811
Transfers	-	-	-	-	-	-	-	-	-
Disposals	(82,564)	-	-	(82,564)	-	-	(11,442)	(94,006)	(189,796)
At end of year	6,275,640	155,189	-	6,430,829	24,671	931	953,449	7,409,880	6,974,421
Depreciated cost	26,208,186	-	499,422	26,707,608	402,041	79,097	317,963	27,506,709	27,413,929
Social Housing & Other Grants									
At the beginning of the year	12,636,096	-	-	12,636,096	-	-	-	-	-
Receivable during the year	-	-	181,161	181,161	-	-	-	-	-
Amortised in the year	(162,750)	-	-	(162,750)	-	-	-	-	-
Transfers	181,161	-	(181,161)	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
At end of year	12,654,507	-	-	12,654,507	-	-	-	-	-

The total Social Housing Grant received at the balance sheet date was £16,430,446 (2021: £16,430,446)

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2022 (continued)

10a Tangible fixed assets (continued)

	Housing properties held for letting owned	Housing properties held for letting leased improvements	Housing properties currently under construction	Total Housing Properties	Office Bramingham Head Office owned	Intangibles	Motor vehicles, fixtures & fittings & other equipment	2022 Total	2021 Total
	£	£	£	£	£	£	£	£	£
Net book value At 31 March 2022	26,208,186	-	499,422	26,707,608	402,041	79,097	317,963	27,506,709	27,413,929
At 31 March 2021	26,431,888	-	159,196	26,591,084	405,758	77,820	339,267	27,413,929	

Cost	2022 Total	2021 Total
	£	£
Housing properties comprise:		
Freehold	28,746,221	28,289,816
Long leasehold	4,392,216	4,390,870
	33,138,437	32,680,686

Additions to properties during the year included:	
Administrative direct and indirect costs	-

During the year £278,137 (2021: £959,603) was spent on existing housing properties held for letting

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2022 (continued)

10b Housing Properties

	Land	Structure	Other Components	2022	2021
	£	£	£	£	£
Cost					
At beginning of year	8,002,187	17,430,355	7,088,948	32,521,490	31,714,885
Additions to properties	-	14,978	25,967	40,945	1,118,470
Component replacements	-	-	194,500	194,500	267,437
Disposals	-	-	(117,920)	(117,920)	(579,302)
At end of year	8,002,187	17,445,333	7,191,495	32,639,015	32,521,490
Depreciation					
At beginning of year	-	2,945,311	3,144,291	6,089,602	5,821,758
Charge for the year	-	173,259	250,532	423,791	425,547
Depn on disposal	-	-	(82,564)	(82,564)	(157,703)
At end of year	-	3,118,570	3,312,259	6,430,829	6,089,602
Net book value					
At 31 March 2022	8,002,187	14,326,763	3,879,236	26,208,186	26,431,888
At 31 March 2021	8,002,187	14,485,044	3,944,657	26,431,888	

Under most circumstances, if housing properties are disposed of Social Housing Grant is repayable to Homes England or subject to restrictions on use and included in the creditors within "The Recycled Capital Grant Fund"

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2022 (continued)

11	Debtors	2022	2021
		£	£
	Amounts falling due within one year:		
	Rental debtors	1,124,558	734,638
	Less: bad debt provision	(656,352)	(514,320)
		<u>468,206</u>	<u>220,318</u>
	Other debtors:		
	Buildings Insurance	52,002	50,009
	Staff loans	330	2,272
	Others	582,309	547,759
		<u>1,102,847</u>	<u>820,358</u>
12	Creditors: amounts falling due within one year	2022	2021
		£	£
	Rents in advance	329,931	229,956
	Taxation and social security payable	15,766	2,240
	Loan capital and interest repayable within one year (see note 13)	309,500	309,500
	Private Leasing repairs provision	261,567	115,364
	Pension	14,694	29,144
	Accruals and deferred income	341,769	474,791
	Purchase ledger control account	41,709	117,253
	Deferred Income - capital grants	162,750	162,714
		<u>1,477,686</u>	<u>1,440,962</u>
13	Creditors: amounts falling due after more than one year	2022	2021
		£	£
	Deferred grants	12,491,753	12,469,718
	Loans	12,835,749	12,645,248
	Recycled Grant Liability	-	180,892
		<u>25,327,502</u>	<u>25,295,858</u>

Housing loans from banks and building societies are secured by specific charges on the Association's housing properties and are repayable at an average rate of interest of 1.76% (2021: 1.81%) in instalments due as follows:

Loan Maturity Analysis	2022	2021
	£	£
Less than one year	309,500	309,500
Between one and two years	619,000	619,000
Between two and five years	928,500	928,500
In five years or more	11,288,249	11,097,748
	<u>13,145,249</u>	<u>12,954,748</u>

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2022 (continued)

14	Non-equity share capital	2022	2021
		£	£
	Allotted, issued and fully paid:		
	At beginning of year	14	20
	Added during the year	-	-
	Deducted during the year	-	(6)
	At end of year	<u>14</u>	<u>14</u>

Each member holds one share of £1 in the Association. The shares have limited rights.

They carry no entitlement to dividend, they are not repayable and do not participate in a winding up.

They carry an entitlement to vote at the Association's Annual and Special General Meetings.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2022 (continued)

15	Capital commitments	2022	2021
		£	£
	Expenditure contracted for but not provided	1,260,000	183,281
	Expenditure approved but not contracted	283,800	-
		<u>1,543,800</u>	<u>183,281</u>

The association is able to fund the expenditure above due to recently negotiated loan funding

16	Property units in management	2022	2021
		No.	No.
	General needs housing - Social	353	352
	General needs housing - Affordable	12	12
	Supported, Sheltered and Agency housing accommodation	170	168
	Private Leasing Scheme	215	225
	Luton Lets Squared Joint Venture	94	58
	Total properties in management	<u>844</u>	<u>815</u>

41 additional units are now managed by the association and 21 units are no longer managed

	Property units owned	2022	2021
		No.	No.
	General needs housing - Social	353	352
	General needs housing - Affordable	12	12
	Supported, Sheltered and Agency housing accommodation	163	153
	Private Leasing Scheme	43	54
	Luton Lets Squared Joint Venture	3	2
	Total properties owned	<u>574</u>	<u>573</u>

The Association developed 1 additional unit from existing owned stock

Properties owned and managed under the Private Leasing scheme are rented under an agreement with the local authority, Luton Borough Council.

LUTON COMMUNITY HOUSING LIMITED T/A SQUARED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2022 (continued)

17	Reconciliation of operating surplus to net cash inflow from operating activities			2022	2021
				£	£
	Operating surplus			289,597	599,569
	Depreciation of tangible assets			528,535	526,811
	Loss on disposal of fixed assets or asset replacement			57,246	439,594
	Amortised grant received			(162,750)	(164,523)
	Other non cash changes			(92,843)	(895,905)
				<u>619,785</u>	<u>505,546</u>
	Working capital movements				
	Increase in debtors			(282,489)	(215,259)
	Increase in creditors			36,724	184,339
	Net cash inflow from operating activities			<u>374,020</u>	<u>474,626</u>
18	Deferred capital grant	Capital Grant Fund	Recycled Grant Fund	2022	2021
		£	£	£	£
	Aggregate amount received				
	At 1st of April 2021	12,636,096	-	12,636,096	12,867,918
	Additions	181,161	-	181,161	73,200
	At 31st March 2022	<u>12,817,257</u>	-	<u>12,817,257</u>	<u>12,941,118</u>
	Released to Income & Expenditure				
	At 1st of April 2021			-	-
	Released in the year	(162,750)	-	(162,750)	(305,022)
	At 31st March 2022	<u>12,654,507</u>	-	<u>12,654,507</u>	<u>12,636,096</u>
19	Investment Properties			2022	2021
	Valuation			£	£
	At 1 April 2021			426,712	426,712
	Additions			-	-
	Revaluation			-	-
	At 31 March 2022			<u>426,712</u>	<u>426,712</u>
	Net Book Value				
	At 31 March 2022			<u>426,712</u>	<u>426,712</u>
	At 31 March 2021			<u>426,712</u>	

The investment property was acquired in October 2015. Management consider there to be no material difference in fair value between the date of acquisition and the reporting date.

Document Information

Document

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Sender	Jacqueline Constantine (jacky.constantine@squared.org.uk)
Dept/business	Team at Squared
Dept/business ID	finance-team-at-squared
PDF Certified	True

Signers

Name	Authentication
Lynda Rees <lynda.rees@squared.org.uk>	Email
Glyn Early <glyn.early@squared.org.uk>	Email
David Cheesman <davchees@aol.com>	Email
Simon Goodridge <simon.goodridge@knoxcropper.com>	Email

History

Event	Email	IP address	Date/Time
Final year end financial statements 2021-22 created by Jacqueline Constantine	jacky.constantine@squared.org.uk	91.198.3.30	Tue, 27 Sep 2022 08:57:36 +0000
Final year end financial statements 2021-22 emailed to Lynda Rees	jacky.constantine@squared.org.uk		Tue, 27 Sep 2022 08:57:38 +0000
Final year end financial statements 2021-22 visited by Lynda Rees <lynda.rees@squared.org.uk>	lynda.rees@squared.org.uk	78.33.249.18	Tue, 27 Sep 2022 12:08:37 +0000
Ticked checkbox for statement: I confirm that I am authorised to accept the terms of this document.	lynda.rees@squared.org.uk	78.33.249.18	Tue, 27 Sep 2022 12:08:41 +0000
Ticked checkbox for statement: I understand that accepting the terms of this document creates a legally binding obligation.	lynda.rees@squared.org.uk	78.33.249.18	Tue, 27 Sep 2022 12:08:43 +0000
Signature applied (page 20)	lynda.rees@squared.org.uk	78.33.249.18	Tue, 27 Sep 2022 12:10:27 +0000
Signature applied (page 24)	lynda.rees@squared.org.uk	78.33.249.18	Tue, 27 Sep 2022 12:10:32 +0000
Signature applied (page 25)	lynda.rees@squared.org.uk	78.33.249.18	Tue, 27 Sep 2022 12:10:35 +0000
Final year end financial statements 2021-22 emailed to Glyn Early <glyn.early@squared.org.uk>	jacky.constantine@squared.org.uk		Tue, 27 Sep 2022 12:10:37 +0000
Final year end financial statements 2021-22 opened email for document Final year end financial statements 2021-22	glyn.early@squared.org.uk		Tue, 27 Sep 2022 14:15:22 +0000
Final year end financial statements 2021-22 visited by Glyn Early <glyn.early@squared.org.uk>	glyn.early@squared.org.uk	86.148.243.222	Tue, 27 Sep 2022 14:15:43 +0000
Ticked checkbox for statement: I confirm that I am authorised to accept the terms of this document.	glyn.early@squared.org.uk	86.148.243.222	Tue, 27 Sep 2022 14:15:53 +0000
Ticked checkbox for statement: I understand that accepting the terms of this document creates a legally binding obligation.	glyn.early@squared.org.uk	86.148.243.222	Tue, 27 Sep 2022 14:15:54 +0000
Browser geo-location provided: Lat 52.1073, Long -0.4649	glyn.early@squared.org.uk	86.148.243.222	Tue, 27 Sep 2022 14:15:55 +0000
Signature applied (page 20)	glyn.early@squared.org.uk	86.148.243.222	Tue, 27 Sep 2022 14:16:15 +0000
Signature applied (page 24)	glyn.early@squared.org.uk	86.148.243.222	Tue, 27 Sep 2022 14:16:23 +0000
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Final year end financial statements 2021-22 emailed to David Cheesman <davchees@aol.com>	jacky.constantine@squared.org.uk		Tue, 27 Sep 2022 14:16:37 +0000
Final year end financial statements 2021-22 opened email for document Final year end financial statements 2021-22	davchees@aol.com		Tue, 27 Sep 2022 14:29:42 +0000
Final year end financial statements 2021-22 visited by David Cheesman <davchees@aol.com>	davchees@aol.com	217.44.19.221	Tue, 27 Sep 2022 14:30:26 +0000

Ticked checkbox for statement: I confirm that I am authorised to accept the terms of this document.	davchees@aol.com	217.44.19.221	Tue, 27 Sep 2022 14:30:30 +0000
Ticked checkbox for statement: I understand that accepting the terms of this document creates a legally binding obligation.	davchees@aol.com	217.44.19.221	Tue, 27 Sep 2022 14:30:31 +0000
Signature applied (page 24)	davchees@aol.com	217.44.19.221	Tue, 27 Sep 2022 14:30:40 +0000
Signature applied (page 25)	davchees@aol.com	217.44.19.221	Tue, 27 Sep 2022 14:30:45 +0000
Final year end financial statements 2021-22 emailed to Simon Goodridge	jacky.constantine@squared.org.uk		Tue, 27 Sep 2022 14:30:47 +0000
Final year end financial statements 2021-22 visited by Simon Goodridge <simon.goodridge@knoxcropper.com>	simon.goodridge@knoxcropper.com	89.248.24.189	Tue, 27 Sep 2022 14:36:13 +0000
Ticked checkbox for statement: I confirm that I am authorised to accept the terms of this document.	simon.goodridge@knoxcropper.com	89.248.24.189	Tue, 27 Sep 2022 14:36:20 +0000
Browser geo-location provided: Lat 52.1223, Long -0.5772	simon.goodridge@knoxcropper.com	89.248.24.189	Tue, 27 Sep 2022 14:36:20 +0000
Ticked checkbox for statement: I understand that accepting the terms of this document creates a legally binding obligation.	simon.goodridge@knoxcropper.com	89.248.24.189	Tue, 27 Sep 2022 14:36:22 +0000
Signature applied (page 23)	simon.goodridge@knoxcropper.com	89.248.24.189	Tue, 27 Sep 2022 14:37:00 +0000