

# **South Tyneside Housing Ventures Trust Limited**

Financial statements  
for the year ended 31 March 2021

A Registered Community Benefit Society No: 8627 (from 7 May 2021)

Registered with the Homes England No: 4786

Registered Company No: 08626890 (to 7 May 2021)

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## Board Management and Advisors

### Board Members

Peter Davidson	Chair	
Richard Porthouse	Vice Chair	
Julie Allison		(resigned 15 <sup>th</sup> June 2020)
Kenneth Dawes		(change of name: was Fudge until 10 <sup>th</sup> May 2021)
Paul Fellows		(resigned 16 <sup>th</sup> June 2020)
Daniel Gibson		(appointed 22 <sup>nd</sup> October 2020)
Anne Hetherington		(appointed 21 <sup>st</sup> August 2020)
Helen James		
Lorraine Masters		
Kate Maughan		
Angela McClen		(appointed 22 <sup>nd</sup> October 2020 and resigned 22 <sup>nd</sup> March 2021)
Sheila Stephenson		(resigned 21 <sup>st</sup> August 2020)

### Company Secretary

Dawn Keightley

### External Auditor

MHA Tait Walker  
Bulman House  
Regent Centre  
Gosforth  
Newcastle upon Tyne  
NE3 3LS

### Bankers

National Westminster  
South Shields Branch  
40 King Street  
South Shields  
Tyne & Wear  
NE33 1HF

### Solicitors

DWF LLP  
Great North House  
Sandyford Road  
Newcastle upon Tyne  
NE1 8ND

### Registered office

One Trinity Green  
Suite 2.26  
Eldon Street  
South Shields  
Tyne and Wear  
NE33 1SA

## Report of the Board of Management

The Board of Management presents its annual report and financial statements for the year ended 31 March 2021.

### Legal Status

South Tyneside Housing Ventures Trust Limited (“STHVT”) (“The Association”) was incorporated on 26 July 2013. The Association was registered by the Financial Conduct Authority as a Community Benefit Society under the Community Benefit Societies Act 2014 on 7 May 2021. Prior to this date the Association was a company limited by guarantee. The Association is charitable and is registered with the Homes England as a Registered Provider of affordable and social housing under the Housing Act 1996.

### Board members

The Board members who have held office throughout the period are stated on page 3. Where the term director is used within these financial statements this includes the board members of the company.

### Principal activity

The principal activity of the Association is the provision of affordable homes for rent within South Tyneside. It currently owns and manages 440 homes and is looking to construct or acquire a further 400 over the next 5 years.

### Business review

The Company made an operating profit of £1,006,442 (2019/20 £1,017,578).

We continue to focus on building new homes and refurbishing empty homes for the benefit of the people of South Tyneside. We are developing great services for our tenants, both in terms of quality and choice but also in terms of improving levels of performance. Significant progress was made in all areas of our business during the year, reflecting the enormous amount of work and effort that staff from our partners South Tyneside Homes, tenants and South Tyneside Council colleagues have contributed.

We have delivered on our agreed revised business plan which has the primary objective to provide an additional 400 homes within the next five years. 2020/21 was our seventh year of operation and by the end of the year we completed a further 36 units making a total of 440 properties as at 31<sup>st</sup> March 2021.

Our developments were on the following sites:

Simonside, South Shields	Beechbrook	20 bungalows
Biddick Hall, South	Shields Biddick Park	18 houses
Riverside, South Shields	Trinity South	32 houses and apartments
Various, South Tyneside	Empty Homes Project	55 houses
Central Jarrow	Stanley Street	26 houses and apartments
Central Jarrow	Saxon Way	29 houses and apartments
West Park, South Shields	West Way	33 houses, bungalows and apartments
Central Jarrow	Ormonde Street	47 apartments
Riverside, South Shields	River Drive	50 apartments
Hebburn, South Tyneside	College Mews	29 houses
Simonside, South Shields	Edhill Avenue	4 bungalows and apartments
Jarrow	Wark Crescent	6 apartments
Jarrow	Lakes Estate	35 houses, bungalows and apartments
Jarrow	Salcombe Avenue	20 houses, bungalows and apartments
Whitburn Towers	Croftside	<u>36</u> apartments
		<b>440</b>

There are a number of new projects currently being assessed.

## Report of the Board of Management (*continued*)

### Value for Money

The Company has Value for Money at the core of its operations. As part of our strategy we have developed:

- A robust capital appraisal model for each project
- Set up authorisation procedures which are applied prior to any decision to invest.
- Set up systems to manage costs and income on a regular and timely basis.
- Entered into contracts for the efficient management of new developments with our main contract South Tyneside Homes.
- Entered into contracts for the provision of housing management, repairs and maintenance with our main contract South Tyneside Homes.
- Utilised recognised and effective procurement routes for our new developments

Benchmarking is important to any business. It provides key comparisons with similar organisations, enabling understanding of strengths and weaknesses and underpinning an evidence based approach to resource allocation, cost reduction and target setting. The Association's operating costs and key financial indicators are benchmarked annually using a variety of sources, including data from the Regulator for Social Housing (RSH) Global Accounts.

We have also carried out a review of the Housing Sector Scorecard and where we stand in relation to the results for 2020/21. This scorecard is split up into five themes:

- **Business Health** – This demonstrates how we are meeting the challenge of running successful businesses while fulfilling our social mission.
- **Development** – Capacity and supply – This demonstrates the capacity of the organisation to develop new homes.
- **Outcomes Delivered** – This measure the services delivered to existing tenants.
- **Effective Asset Management** – This is how the organisation looks after the assets we manage.
- **Operating Efficiencies** – This demonstrates how we deliver value for money through our strategic and operational choices.

In April 2018 a new Value for Money Standard was introduced by the Regulator, along with a sector wide set of metrics which aids direct comparison between housing providers. These metrics are included within our key performance indicators below and are denoted with a \*.

## Report of the Board of Management (continued)

### Value for money (continued)

Business Health	2019/20	2020/21	Quartile 1	Median	Quartile 3	Quartile Performance
Operating margin (overall)*	42.49%	39.31%	15.03%	21.50%	27.43%	Top
Operating margin (social housing lettings)*	42.37%	39.16%	16.21%	23.60%	29.45%	Top
EBITDA MRI (as % interest)*	123.07%	123.11%	134.30%	196.10%	286.60%	Bottom

\*EBITDA (MRI) : Earnings before Interest Tax, Depreciation and Amortisation - Major Repairs Included

Operating margins, although lower than the previous year due to one-off rent refunds and higher void rates due to the pandemic, remain top quartile when compared to other associations. As our properties are relatively new and are all debt financed, our EBITDA to interest cover ratio, which shows the level of headroom on meeting interest payments, is relatively low compared to others. This position is forecast to improve as our level of operating surplus relative to interest cost improves in future years as the association matures.

Development (Capacity & Supply)	2019/20	2020/21	Quartile 1	Median	Quartile 3	Quartile Performance
Units developed (absolute)	18	36				
New Supply Delivered %*	4.46%	8.18%	0%	1.30%	2.60%	Top
Gearing %*	78.69%	79.71%	17.85%	33.80%	46.12%	Bottom

With the completion of the 36 properties at Whitburn during 20/21 we reached our target of 440 units. We remain highly geared due to our current funding structure and ambition to develop and acquire more affordable housing for the people of South Tyneside.

Outcomes Delivered	2019/20	2020/21	Quartile 1	Median	Quartile 3	Quartile Performance
Customer satisfaction	-	-	80.15%	86.90%	91.05%	-
Reinvestment %*	9.60%	2.06%	2.86%	6.10%	9.67%	Bottom
Investment in Communities	-	-	£67 per property			-

Although the previously mentioned Whitburn Towers development completed last year, most of the investment spend on the construction was incurred in 2018/19. The Board are currently working with our partners, South Tyneside Council, to determine future housing investment proposals. Already at the design stage, we will be looking to start on site with these proposals during the Spring of 2022. We will look to quantify the level of investment in communities that will include projects as wide-ranging as financial support, social activities, wellbeing check-ups and inter-agency working for next year's analysis. The Board recognise this as an area where the Association's social mission has come into its own and where it is able to make a positive contribution to the lives of people in South Tyneside. The Board will also consider how it measures levels of customer satisfaction as a commitment to continuous improvement in our services.

Effective Asset Management	2019/20	2020/21	Quartile 1	Median	Quartile 3	Quartile Performance
Return on capital employed (ROCE) % *	2.14%	2.12%	1.97%	2.80%	3.79%	Second
Occupancy	99%	98.18%	98.89%	99.28%	99.70%	Bottom
Ratio of responsive repairs to planned maintenance	n/a	n/a	0.44	0.64	0.89	

ROCE levels are forecast to improve as our operating surpluses increase over time. Occupancy levels remain high across the sector. Empty properties are kept to a minimum but the average number of units that were empty during the year (nine) was adversely affected by the pandemic. We intend to improve on these levels during 2021. Although provided for in our business plan, we have not incurred any planned maintenance expenditure as yet as the properties are, in the main, relatively new.

Operating Efficiencies	2019/20	2020/21	Quartile 1	Median	Quartile 3	Quartile Performance
Headline social housing cost per unit £	£1,991	£1,884	£5,031	£4,023	£3,377	Top
Overheads as % adjusted turnover	12.86%	11.79%	16.98%	13.90%	10.96%	Third

Our headline social housing cost per unit is lower than most associations as we have not incurred, as previously mentioned, any planned maintenance expenditure to date. A replacement programme of boilers, kitchens, bathrooms etc is provided for in our business plan but remains a number of years off. Our overhead as a percentage of turnover is above average for the sector and will improve as we continue to develop more homes.

#### Key to Quartile Performance

- Top : the top 25% of associations
- Third : above median but not top quartile
- Second : below median but not bottom quartile
- Bottom : the bottom 25% of associations

## **Report of the Board of Management** *(continued)*

### **Employees**

There were 3 employees employed directly by South Tyneside Housing Ventures Trust Limited. The Managing Director currently operates as Company Secretary.

### **Officer's insurance**

STHVT has employers' liability insurance in place.

### **Political and charitable contributions**

The company made no charitable or political donations during the period.

### **Policy and practice on payment of creditors**

Wherever possible, the applicable invoice terms set out are complied with. STHVT pays invoices 14 days from issue of agreed monthly valuation for contractor payments and 30 days from the invoice date for other operational contractors.

### **Corporate governance**

The Board adopted the current NHF Code of Governance at its meeting on 21<sup>st</sup> July 2020; and has reviewed its compliance with all applicable aspects of the Code. The Board considers that it is broadly compliant with the Code and is continuing to improve its governance arrangements for example through the appointment of new Board Members with reference to an agreed Skills Matrix; and through a refresh of the Board Members Handbook, Induction and Appraisal Programme.

## Report of the Board of Management *(continued)*

### Managing risk

Risk is inherent in the environment in which we work, particularly given the fast pace of political, social and economic change. The operating environment for housing associations, which is shaped by government policy and budget announcements remains challenging. Our aim is to identify and then manage risks so that they can be understood and mitigated. This requires a proactive approach and an effective organisation-wide risk management framework. Risks that may prevent South Tyneside Housing Ventures Trust from achieving its objectives are considered and reviewed within a risk register by the Management Team, the Association's Audit and Risk Committee and the Board. The risks are recorded and assessed in terms of their impact and probability. The major risks to the business and successful achievement of strategic objectives going forward are considered below.

Risk Title	Comment	Governance Implication
Diversification into specialist housing	Much of supported housing, especially where reliant on local authority contract funding, is inherently low-margin and vulnerable to fluctuating income and costs in the short term, or changes in government policy. At the same time, providers have faced reduced incomes from higher void rates with a slowdown in placements from partner agencies.	The Board will ensure that they have the required skills, information and advice to appropriately assess any move into a new business stream and monitor this on an ongoing basis.
Failure of IT systems	The Association uses ICT to deliver services and also communicate with external partners and tenants. Any breakdown in ICT systems (say cyber attack) may lead to business disruption and financial loss.	The Boards will seek assurance that their IT security function is safe and secure.
Failure to comply with relevant Health and Safety legislation leading to serious harm to a tenant or staff member	Providers must meet statutory H&S obligations including gas and fire safety, asbestos, legionella and lifts. Good governance with respect to health and safety is especially important in managing the impact of COVID-19.	The Board will seek assurance that it receives good quality data and that effective oversight of health and safety and evidencing compliance is paramount.
Failure to invest in the quality of our homes leads to a regulatory downgrade.	The Social Housing White Paper together with the Building a Safer Future consultation set out the Government's intention to transform the building safety system for new and existing stock. .	The Boards will need to understand the implications of these changes and ensure new requirements are met. This is likely to include a review of the Association's stock condition data that can be used as a basis to build a more detailed understanding, identify any current investment needs and plan to meet new requirements.
An unsolicited event emerging from poor governance leads to regulatory intervention or a forced takeover	The regulator has set out its expectations of providers' risk management in the Governance and Financial Viability Standard and associated Code of Practice.	The Board will ensure it has appropriate governance structures to manage delivery of services to tenants and maintain compliance with the economic and consumer standards. Effective control, decision-making and business planning are reliant on the availability of robust data and advice and the Board has taken recent steps to ensure it has access to the appropriate skills to help it understand and challenge the broad range of information and advice it receives. The board has recently reviewed its governance structures and its risk management framework and has well-developed risk mitigation strategies.
Tenants cannot afford to pay affordable rents	A downturn in the North East's general economic climate leading to a drop in tenants disposable income e.g. fallout from pandemic and/or Brexit, redundancies, end of furlough, continued impact of Universal Credit	The Board continually monitors performance using a number of key performance indicators to identify any trends and manage its operational risks. In planning the delivery of services, the Board considers the differential impacts of the wider social economic climate on the needs of tenants, and how changes in services affect different groups.
Future funding is not identified to develop additional homes identified by the Association's Corporate Plan	South Tyneside Council is the Association's main funder. Without these funds the Association will not be able to deliver against its development targets and help meet South Tyneside Housing Needs Strategy.	The Board maintains a healthy relationship with South Tyneside Council and will seek to secure future long term funding to support.
Failure to comply with GDPR legislation leading to the loss of personal and sensitive data and a reportable event to the ICO	Failure to abide by the requirements of the Act could lead to penalties for the Association, and also lead to the potential for a breach of trust between the landlord and its tenants and other stakeholders.	The Boards will seek assurance that their IT security function is safe and secure. The Board and Association's staff understand the risks of processing personal data with third parties and undertake refresher training. Professional advice is sought whenever there is any doubt regarding compliance. The appropriate professional advice is also sought when fraud is identified.
Financial mis-management leads to serious financial loss and regulatory intervention	Boards are required to have regular oversight of liquidity, capital structures and maintaining adequate financing.	The Board receives regular reports regarding funding availability and the Association's immediate cash flow requirements. it undertakes regular stress testing exercises to ensure provisions are in place to mitigate against feasible adverse scenarios. Through its Golden Rules and the Governance surrounding future finance, it will set parameters to manage the Association's liquidity and ensure future access to funds and security is readily available.
Housing Management and Maintenance	Counterparty Risk - Any third party or agent of the Association - Developers, Contractors, Service Providers - fails to conform to relevant policies, standards and law leading to a breach in regulation and or legislation and significant harm to tenant.	The Board, in securing a new contract for the provision of its housing management and maintenance services, will seek assurances that the contractor is robust and has the appropriate skills, people and systems to adequately manage the outsourcing arrangement to the standards expected by the Board. Boards are aware they are ultimately responsible for meeting the consumer standards, and that they will be held accountable by the regulator even if the service provision itself has been outsourced.

## Report of the Board of Management (*continued*)

### Going concern

The Association's business activities, together with the factors likely to affect its future development, performance and position are set out in the Report of the Board of Management on pages 4 to 10.

The Association meets its day to day working capital requirements through the current account and loan facility, which South Tyneside Council have confirmed is available to fund cashflow deficits forecasted in the current business plan. The current account is cash positive at the year end. The Association meets its development programme requirements through a combination of grant and debt funding. Note 11 to the accounts highlights the current level of debt and repayment terms. The current economic conditions create a degree of uncertainty over the longer term availability of grant and bank finance.

The Association's forecasts and projections show that the Association should be able to continue to operate within the level of its current facilities, which include the loan facility and no matters have been drawn to its attention to suggest that future funding may not be forthcoming on acceptable terms.

After making enquiries, the Board of Management has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

### Disclosure of information to auditor

The directors who held office at the date of approval of this Report of the Board of Management confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditor is unaware; and each member has taken all the steps that he/she ought to have taken as a member to make himself/herself aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

### Auditor

During the financial year, MHA Tait Walker were appointed as auditors, replacing KPMG LLP. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and MHA Tait Walker will continue in office.

By order of the Board

Approved by the Board of Management and signed on its behalf by:



**Peter Davidson**

Chairman



**Dawn Keightley**

Company Secretary

5th August 2021

A Registered Community Benefit Society No: 8627 (from 7 May 2021)

Registered Company No: 08626890 (to 7 May 2021)

## **Statement of Directors' Responsibilities in Respect of the Board of Management Report and the Financial Statements**

The directors are responsible for preparing the report of the board of management and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors 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 directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the association or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the association's 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 Companies Act 2006, the Housing and Regeneration Act 2008, Housing SORP 2018 and the Accounting Direction for Private Registered Providers of Social Housing 2019. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

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

## **Independent Auditor's Report to the Members of South Tyneside Housing Ventures Trust Limited for the Year Ended 31 March 2021**

### **Opinion**

We have audited the financial statements of South Tyneside Housing Ventures Trust Limited (the 'association') for the year ended 31 March 2021 which comprise the Profit and Loss Account and other comprehensive income, Balance Sheet, Statement of Changes in Equity, Cashflow Statement and Notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2021, and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008, the Statement of Recommended Practice 2018 Update 'Accounting for registered social housing providers' and the Accounting Direction for private registered providers of social housing in England 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 directors are responsible for the other information contained within the Report of the Board of Management. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Independent Auditor's Report to the Members of South Tyneside Housing Ventures Trust Limited for the Year Ended 31 March 2021** *(continued)*

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Board of Management for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Board of Management has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the association and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board of Management. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit ; or
- the board were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.

### **Responsibilities of the board**

As explained more fully in the board's responsibilities statement set out on page 10, the board (who are also the directors of the association for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the 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 has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

## Independent Auditor's Report to the Members of South Tyneside Housing Ventures Trust Limited for the Year Ended 31 March 2021 *(continued)*

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:

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing board minutes;
- Challenging assumptions and judgements made by management in their significant accounting estimates; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: Health and Safety; Building and fire safety regulations including; the Housing Act 2004 and the Regulatory Reform (fire safety) order 2005; and, compliance with the Companies Act 2016. From a review of these laws and regulations, there was no indication of any breaches within the financial year.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities)

### Use of our report

This report is made solely to the association's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 137 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Brown BA ACA DChA (Senior Statutory Auditor)  
For and on behalf of  
MHA Tait Walker  
Chartered Accountants and Statutory Auditor  
Bulman House  
Regent Centre  
Gosforth  
Newcastle upon Tyne  
NE3 3LS

MHA Tait Walker is a trading name of Tait Walker LLP.

**Profit and loss account and other comprehensive income**  
*for the year ended 31 March 2021*

	<i>Note</i>	2021 £	2020 £ Restated
<b>Turnover</b>	2	<b>2,560,320</b>	2,394,838
Operating costs	2	<b>(1,557,613)</b>	(1,380,152)
Other operating income	2	<b>3,735</b>	2,892
		<hr/>	<hr/>
<b>Operating profit</b>		<b>1,006,442</b>	1,017,578
Interest payable and similar charges	4	<b>(1,297,676)</b>	(1,207,603)
		<hr/>	<hr/>
<b>Loss before taxation</b>		<b>(291,234)</b>	(190,025)
Tax credit / (charge) on loss	6	<b>37,017</b>	(80,165)
		<hr/>	<hr/>
<b>(Loss)/profit for the financial year</b>		<b>(254,217)</b>	(270,190)
		<hr/>	<hr/>
<b>Other comprehensive income</b>		<b>-</b>	-
		<hr/>	<hr/>
<b>Total comprehensive expense for the financial year</b>		<b>(254,217)</b>	(270,190)
		<hr/> <hr/>	<hr/> <hr/>

All income and expenditure shown above relate to continuing activities.

**Balance sheet**  
*at 31 March 2021*

	Note	2021 £	£	2020 £	£
<b>Fixed assets</b>					Restated
Housing properties	7		<b>47,512,015</b>		47,188,432
<b>Current assets</b>					
Debtors	8	<b>226,223</b>		230,478	
Cash at bank and in hand		<b>683,826</b>		1,615,400	
		<hr/>		<hr/>	
<b>Creditors: amounts falling due within one year</b>	9	<b>910,049</b> <b>(986,137)</b>		1,845,878 (1,395,565)	
		<hr/>		<hr/>	
<b>Net current liabilities</b>			<b>(76,088)</b>		450,313
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			<b>47,435,927</b>		47,638,745
<b>Creditors: amounts falling due after more than one year</b>	10		<b>(48,706,303)</b>		(48,654,904)
			<hr/>		<hr/>
<b>Net liabilities</b>			<b>(1,270,376)</b>		(1,016,159)
			<hr/> <hr/>		<hr/> <hr/>
<b>Reserves</b>					
Profit and loss account			<b>(1,270,376)</b>		(1,016,159)
			<hr/>		<hr/>
			<b>(1,270,376)</b>		(1,016,159)
			<hr/> <hr/>		<hr/> <hr/>

These financial statements were approved by the Board of Directors on 5<sup>th</sup> August 2021 and were signed on its behalf by:



**Peter Davidson**  
*Chairman*

Registered Company No: 08626890 (to 7 May 2021)

A Registered Community Benefit Society No: 8627 (from 7 May 2021)

## Statement of changes in equity

	<b>Profit and loss account £ Restated</b>
<b>Balance at 31 March 2019</b>	<b>(745,969)</b>
Total comprehensive expense for the year	(270,190)
<b>Balance at 31 March 2020</b>	<b>(1,016,159)</b>
Total comprehensive expense for the year	(254,217)
<b>Balance at 31 March 2021</b>	<b>(1,270,376)</b>

**Cash flow statement**  
*for year ended 31 March 2021*

	<i>Note</i>	<b>2021</b>	2020
		<b>£</b>	£
<b>Cash flows from operating activities</b>			Restated
Loss for the year		<b>(254,217)</b>	(270,190)
<i>Adjustments for:</i>			
Depreciation	7	<b>710,672</b>	575,624
Interest repayable and similar charges		<b>1,297,676</b>	1,207,603
Amortisation of government grant		<b>(119,579)</b>	(107,021)
Taxation		<b>(37,017)</b>	80,165
		<hr/>	<hr/>
		<b>1,597,535</b>	1,486,181
(Increase) / decrease in trade and other debtors		<b>27,008</b>	62,582
Increase / (decrease) in trade and other creditors		<b>182,462</b>	(671,865)
		<hr/>	<hr/>
		<b>1,807,005</b>	876,898
Tax paid		<b>(66,533)</b>	(35,097)
		<hr/>	<hr/>
<b>Net cash from operating activities</b>		<b>1,740,472</b>	841,801
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Acquisition of tangible fixed assets		<b>(1,534,652)</b>	(4,716,806)
Proceeds from receipt of government grant		<b>400,400</b>	281,929
Lift sinking fund		<b>20,199</b>	17,028
		<hr/>	<hr/>
<b>Net cash from investing activities</b>		<b>(1,114,053)</b>	(4,417,849)
		<hr/>	<hr/>
<b>Cash flows from financing activities</b>			
Proceeds from loans		<b>108,392</b>	4,884,981
Interest paid		<b>(1,297,676)</b>	(1,207,603)
Repayment of borrowings		<b>(368,709)</b>	(318,497)
		<hr/>	<hr/>
<b>Net cash from financing activities</b>		<b>(1,557,993)</b>	3,358,881
		<hr/>	<hr/>
<b>Net increase/decrease in cash</b>		<b>(931,574)</b>	(217,167)
		<hr/>	<hr/>
<b>Cash and cash equivalents at 1 April</b>		<b>1,615,400</b>	1,832,567
		<hr/>	<hr/>
<b>Cash and cash equivalents at 31 March</b>		<b>683,826</b>	1,615,400
		<hr/> <hr/>	<hr/> <hr/>

## Notes (forming part of the financial statements)

### 1 Principal Accounting Policies

South Tyneside Homes Ventures Trust Limited (the “Association”) is a company limited by guarantee and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”), The Housing and Regeneration Act 2018 and the Statement of Recommended Practice ‘Accounting by registered social housing providers Update 2018 (‘SORP 2018) and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019. The presentation currency of these financial statements is sterling.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 16.

#### *Measurement convention*

The financial statements are prepared on the historical cost basis.

#### *Going concern*

The Association’s business activities, together with the factors likely to affect its future development, performance and position are set out in the Report of the Board of Management on pages 4 to 10.

The Association meets its day-to-day working capital requirements through the current account and loan facility, which South Tyneside Council have confirmed is available to fund cashflow deficits forecasted in the current business plan. The current account is cash positive at the year end. The Association meets its development programme requirements through a combination of grant and debt funding. Note 11 to the accounts highlight the current level of debt and the repayment terms.

The current economic conditions create uncertainty over the longer term availability of grant and bank finance.

The Association’s forecasts and projections show that the Association should be able to continue to operate within the level of its current facilities, which include the loan facility, and no matters have been drawn to its attention to suggest that future funding may not be forthcoming on acceptable terms.

After making enquiries, the directors have a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

#### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. In accordance with the Accounting Direction 2019, rent arrears and advances are not net-off and are presented as part of the debtors and creditors, respectively. Where a payment plan has been entered into for rent arrears, which is considered to be material, then the rent arrears debtor is adjusted to its net present value.

#### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

## Notes (continued)

### 1 Principal Accounting Policies (continued)

#### *Housing properties held for letting*

Housing properties are principally properties available for rent and are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Additions include the cost of acquiring land and buildings, development costs and expenditure incurred in respect of enhancements to existing properties. Depreciation is charged to the profit and loss and other comprehensive income statement to write down the value of housing properties on a straight-line basis over the following useful economic lives as follows:

Structure	100 years		
Roof	65 years	Bathroom	25 years
Heating systems	30 years	Kitchen	20 years
Electrics	30 years	Gas boiler	15 years
Windows and external doors	20-30 years		

No depreciation is charged for land. Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Association expects to consume an asset's future economic benefits.

Costs of improvement works to existing properties are only capitalised when there is a demonstrable enhancement of the economic benefits of the asset.

Housing properties in the course of construction are stated at cost and not depreciated.

#### *Social Housing Grant*

Social Housing Grant (SHG) is initially recognised at fair value as a long term liability, specifically as deferred government grant income and released through the profit and loss as turnover income over the life of the structure of housing properties in accordance with the accrual method applicable to registered providers of social housing accounting for housing properties at cost.

On disposal of properties which have been financed wholly or partly by Social Housing Grant, the grant may become repayable but only as a junior unsecured debt. Social Housing Grant in respect of properties in the course of construction is shown as a current liability to the extent that it has not yet been absorbed by expenditure.

#### *Capitalisation of interest and administration costs*

Interest on mortgage loans financing housing property developments is capitalised up to the date of practical completion of each development.

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

#### *Repairs, planned maintenance, major repairs*

The costs of day-to-day repairs are included in operating expenses, together with expenditure incurred on minor improvements. Non-Social Housing Grant funded major improvements, together with the non-qualifying element of Social Housing Grant assisted major repairs, are capitalised.

#### *Impairment*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

## Notes (continued)

### 1 Principal Accounting Policies (continued)

#### *Impairment (continued)*

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Association would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### *Turnover*

Turnover is recognised when it is receivable or when conditions associated with the income have been met. Turnover represents all rental and service charge income receivable.

#### *Taxation*

Tax on the loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

#### *VAT*

The company is not registered for VAT. A large proportion of its income, including rents, is exempt from VAT. The majority of expenditure is subject to VAT, which cannot be reclaimed, and expenditure is therefore shown inclusive of VAT.

**Notes** (continued)

**2 Turnover, operating costs and operating profit by class of business**

	Turnover	2021 Operating costs	Operating Profit	Turnover	2020 Operating costs	Operating profit
	£	£	£	£	£	£
<b>Income and expenditure from lettings:</b>						
Social housing lettings	2,560,320	(1,557,613)	1,002,707	2,394,838	(1,380,152)	1,014,686
Other operating income			3,735			2,892
<b>Operating profit</b>			<b>1,006,442</b>			<b>1,017,578</b>

	2021 £	2020 £
<b>Income from lettings:</b>		
Rents receivable	2,494,395	2,313,739
Gross rents	2,494,395	2,313,739
Less voids	(53,654)	(25,922)
Amortised government grants	119,579	107,021
Total income from lettings	2,560,320	2,394,838
<b>Expenditure on letting activities:</b>		
Maintenance	315,585	336,143
Services	237,703	216,105
Management	265,122	248,324
Depreciation of housing properties	710,672	575,624
Provision for bad debts	18,010	-
Other costs	10,521	3,956
Total expenditure on lettings	1,557,613	1,380,152
Operating profit on lettings	1,002,707	1,014,686
Other operating income	3,735	2,892
<b>Operating profit before interest and tax</b>	<b>1,006,442</b>	<b>1,017,578</b>

All income and expenditure on letting activities relates to general needs housing accommodation.

<b>Total units</b>	2021 Number	2020 Number
Under development at end of period	-	36
Rented units – general needs	440	404
	<b>440</b>	<b>440</b>

**Notes** *(continued)*

**3 Directors' emoluments**

	2021	2020
	£	£
Non-Executive Directors' Remuneration	17,199	17,199
Executive Directors and key management personnel remuneration	62,525	-
Salary Banding for Non-Executive Directors	<b>No. Directors</b>	
£0 - £10,000	2	-
Salary Banding for Executive Directors		
£0 - £45,000	3	-

Peter Davidson (Chair) received £9,828 (2020, £9,828) and Cllr Richard Porthouse (Vice-Chair) received £7,371 (2020, £7,317) gross payments in the financial year. The non-executive directors did not receive any further emoluments, expenses or pension contributions during the year (2020, £nil). The company employed 3 staff during the financial year. The staff are auto-enrolled into a defined contribution pension scheme where the association contributes 5% and staff a minimum of 3%.

**4 Interest payable and similar charges**

	2021	2020
	£	£
Interest payable on financial liabilities	1,297,676	1,207,603
	<u>          </u>	<u>          </u>

**5 Profit on ordinary activities before taxation**

(Loss)/profit on ordinary activities before taxation is stated after charging:

	2021	2020
	£	£
Depreciation of housing properties	710,672	575,624
	<u>          </u>	<u>          </u>
External auditor's remuneration:	£	£
Audit of these financial statement	12,750	17,500
Taxation fees	2,250	2,500
	<u>          </u>	<u>          </u>

**6 Taxation**

Total tax expense recognised in the profit and loss account

	2021	2020
	£	£
<i>Current tax</i>		
Current tax on income for the period	47,923	79,533
Adjustments in respect of prior periods	(84,940)	632
	<u>          </u>	<u>          </u>
Total current tax	(37,017)	80,165
<i>Deferred tax</i>		
Origination/reversal of timing differences	-	-
	<u>          </u>	<u>          </u>
Total deferred tax	-	-
	<u>          </u>	<u>          </u>
Total tax charge	(37,017)	80,165
	<u>          </u>	<u>          </u>

**Notes** *(continued)*

**6 Taxation** *(continued)*

	2021 £	2020 £ Restated
<i>Reconciliation of effective tax rate</i>		
(Loss)/profit for the year	(254,217)	(270,190)
Total tax (credit) / expense	(37,017)	80,165
<hr/>		
(Loss)/profit excluding taxation	(291,234)	(190,025)
Tax using the UK corporation tax rate of 19% (2020: 19%)	(55,334)	(36,105)
Non-deductible expenses	3,659	2,870
Income not taxable	(22,720)	-
Fixed asset differences	122,318	111,536
Adjustments for prior years	(84,940)	632
Other	-	1232
<hr/>		
Total tax expense included in profit or loss	(37,017)	80,165
<hr/> <hr/>		

Factors that may affect future current and total tax charges:

The UK Corporation Tax rate for the year ended 31 March 2021 was 19%. On 17 March 2020 it was substantively enacted that the UK Corporation Tax rate would remain at 19% rather than reduce to 17% from 1 April 2020 as previously enacted. Note that on 3 March 2021 the government announced that it intends to increase the main rate of Corporation Tax from 19% to 25% from 1 April 2023.

**7 Tangible fixed assets**

	Rented housing properties £	Housing properties in the course of construction £	Total £
<b>Cost</b>			
At 31 March 2020	44,247,313	4,909,484	49,156,797
Additions	162,887	871,368	1,034,255
Transfers	5,780,852	(5,780,852)	-
<hr/>			
At 31 March 2021	50,191,052	-	50,191,052
<hr/> <hr/>			
<b>Depreciation</b>			
At 31 March 2020	(1,968,365)	-	(1,968,365)
Charge for the year	(710,672)	-	(710,672)
<hr/>			
At 31 March 2021	(2,679,037)	-	(2,679,037)
<hr/> <hr/>			
<b>Net book value</b>			
At 31 March 2021	47,512,015	-	47,512,015
<hr/> <hr/>			
At 31 March 2020	42,278,948	4,909,484	47,188,432
<hr/> <hr/>			

All housing properties are freehold properties.

**Notes** *(continued)*

**8 Debtors**

	2021 £	2020 £
Rental debtors – Gross Arrears	76,162	101,811
Provision Against Arrears	(34,710)	(18,414)
Bad Debt Written Off	(1,715)	-
	39,737	83,397
Corporation Tax	22,752	-
Other debtors	163,734	147,081
	226,223	230,478

**9 Creditors: amounts falling due within one year**

	2021 £	2020 £
Housing loan from South Tyneside Council (note 11)	405,431	346,156
Accruals and deferred income	288,786	263,101
Deferred capital grant	119,579	122,459
Trade creditors	168,130	583,684
Payroll taxation	4,211	-
Corporation tax	-	80,165
	986,137	1,395,565
	986,137	1,395,565

**10 Creditors: amounts falling due after more than one year**

	2021 £	2020 £
Housing loan from South Tyneside Council (note 11)	38,150,761	38,403,263
Deferred capital grant	10,505,768	10,222,066
Lift sinking fund	49,774	29,575
	48,706,303	48,654,904
	48,706,303	48,654,904

Included within deferred capital grants is an amount of £1,167,687 relating to donated land (2020: £1,619,500)

**Notes** *(continued)*

**11 Housing loans**

The housing loan amounts drawn down from the facility with South Tyneside Council are secured by specific charges on the Association's housing properties. Interest is charged on the loan at 0.5% above the core rate at which the Council is able to borrow from the Public Works Loan Board. The loan is repayable by instalments.

	2021 £	2020 £
These fall to be repaid as follows:		
In one year or less, or on demand	405,431	346,156
In more than one year but not more than two years	419,895	346,156
In more than two years but not more than five years	1,349,898	1,038,468
In more than five years	36,380,968	37,018,639
	38,556,192	38,749,419
	38,556,192	38,749,419

	Average Rate	2021 £
The maturity and average interest rate payable on the housing loans is as follows:		
Payable in 43 years (2064)	3.53%	37,761,071
Payable in 27-30 years (2048-2051)	3.10%	795,121
	3.52%	38,556,192
	3.52%	38,556,192

**12 Members' subscriptions**

Each member of the Association has subscribed £1, which is forfeited in the event of membership ceasing. Subscriptions carry no right to dividends or repayment of capital. Members are entitled to vote at the Association's Annual General Meeting. The number of members at 31 March 2021 was eight.

**13 Capital commitments**

	2021 £	2020 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements:	-	716,310
	-	-
Capital expenditure that has been authorised but has not yet been contracted for:	-	-

The directors expect the expenditure they have authorised to be fully financed by the Homes England, banks and the Association's reserves.

**Notes** *(continued)*

**14 Financial instruments**

The carrying amounts of the financial assets and liabilities include:

	2021 £	2020 £
<b>Assets measured amortised cost</b>	<b>144,880</b>	230,478
<b>Liabilities measured at amortised cost</b>	<b>38,318,890</b>	39,419,840

**15 Prior Year Correction**

Two corrections have been made in respect of the prior year comparison figures. The first relates to grant that had previously been attributed to a housing property asset (£15,438). As the grant related to the land component only, the previously amortised amounts relating to the financial year 19/20, and the three years prior to 19/20, have been corrected as shown by the following note. A second correction has been made in relation to a retention accrual that overstated the value of Housing Properties (£382,607).

**Profit and loss account and other comprehensive income  
for the year ended 31 March 2020 (excerpt)**

	Previously Stated £	19/20 Correction £	Pre-19/20 Correction £	Restated £
Turnover	2,410,276	(15,438)	-	2,394,838
Operating Profit	1,033,016	(15,438)	-	1,017,578
<b>Total Comprehensive Income of the year</b>	<b>( 254,752)</b>	<b>(15,438)</b>	-	<b>( 270,190)</b>

**Balance sheet**

*as at 31 March 2020*

	£	£	£	£
Housing Properties	47,571,039	(382,607)	-	47,188,432
Net Current Liabilities	67,706	382,607	-	450,313
<b>Total Assets less current liabilities</b>	<b>47,638,745</b>	<b>-</b>	<b>-</b>	<b>47,638,745</b>
Creditors	(48,603,028)	(15,438)	(36,438)	(48,654,904)
<b>Net liabilities</b>	<b>( 964,283)</b>	<b>(15,438)</b>	<b>(36,438)</b>	<b>(1,016,159)</b>
<b>Reserves</b>	<b>(964,283)</b>	<b>(15,438)</b>	<b>(36,438)</b>	<b>(1,016,159)</b>

**Statement of Changes in Equity**

	£	£	£	£
<b>Balance at 31 March 2019</b>	<b>(709,531)</b>	<b>-</b>	<b>(36,438)</b>	<b>(745,969)</b>
Total Comprehensive expense for the year	(254,752)	(15,438)	-	(270,190)
<b>Balance at 31 March 2020</b>	<b>(964,283)</b>	<b>(15,438)</b>	<b>(36,438)</b>	<b>(1,016,159)</b>

## Notes (continued)

### 16 Related parties

Transactions with South Tyneside Council (STC) are classed as related party transactions. During the year, interest of £1,297,676 (2020: £1,207,603) was charged on loans owed to South Tyneside Council, and at the year end the outstanding balance owed on the loans was £38,556,192 (2020: £38,749,418), with a balance of £405,431 (2020: £346,156) being repayable within one year. A further loan extension of £5m was agreed with South Tyneside Council on 31 March 2021. During the year the company made purchases of £286,519 (2020: £636,601) from STC, of which £73,888 (2020: £Nil) remained owed to STC at the year end.

### 17 Accounting estimates and judgements

The preparation of financial statements requires the Board to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The key areas requiring the use of estimates and judgements which may significantly affect the financial statements are considered to be:

#### *Estimation of the useful life of assets*

The board is required to estimate the useful economic life of each component of its housing properties. These estimates are based on experience of the housing stock compared to wider sector practice.

#### *Valuation of donated land*

Donated land is valued by qualified specialists within South Tyneside Council who use their professional knowledge and experience to assess the value of the land.

#### *Impairment of social housing properties*

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

### 18 Post Balance Sheet Events

Following the balance sheet year end date of 31 March 2021, on 7 May 2021, the Association was registered by the Financial Conduct Authority as a Community Benefit Society under the Community Benefit Societies Act 2014. Prior to this date the Association had been a company limited by guarantee.