



PINE COURT HOUSING ASSOCIATION

Registered Social Housing Provider

Report and Financial Statements

Year ended 31 March 2022

Co-operative and Community Benefit Society
(FCA) number: 25192R

Regulator of Social Housing registration number: L3692

Pine Court Housing Association

Report and Financial Statements for the year ended 31 March 2022

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Pine Court Housing Association

Executives and Advisors for the year ended 31 March 2022

Board of management

Steve Gow	Non-executive (Chair)	
Micheal Parkin	Non-executive	
Moira Woo	Non-executive	
Gill Ditchburn	Non-executive	
Jim Currie	Non-executive	
Julia Emelogu	Non-executive	
Colin Gibson	Non-executive	(resigned September 2021)
Roy Williams	Executive	

Executive management

David Brown Operations Director - PCHA

Company secretary and registered office

Marcus Evans
Pine Court Housing Association
The Sovini Group
Unit 1
Heysham Road
Bootle
Liverpool
L30 6UR

Company numbers

Co-operative and Community Benefit Society (FCA) number **25192R**
Regulator of Social Housing registered number **L3692**

Auditors

BDO LLP
5 Temple Square
Temple Street
Liverpool
L2 5RH

Principal solicitors

Weightmans
100 Old Hall Street
Liverpool
L3 9QJ

Bankers

Royal Bank Of Scotland
Merseyside Cheshire & North Wales, Corporate Banking
1 Dale Street
Liverpool
L2 2PP

Pine Court Housing Association

Chair's Statement for the year ended 31 March 2022

I am pleased to confirm that this year we achieved a surplus of £740k. These resources will be reinvested in the coming years to help us achieve our vision of "inclusive and diverse communities".

2021/22 has presented a challenging operating environment, the like of which we have not experienced before. I am therefore very pleased to be able to report a strong set of financial results based on sustained performance, further demonstrating our operational strength and financial resilience.

This has enabled us to do more in all parts of our business, but in particular to continue to increase the supply of affordable housing for the BME community in Merseyside. During the year we have identified a further development site in our heartlands which will deliver a further 27 new homes, increased our stock holding to 547 homes, reflecting a 15% increase in our housing stock since 2018.

We continue to do all that we can to support our customers and their wellbeing, ensuring that we keep them safe. Equally we remain committed to the development of our employees, not just because it is the right thing to do, but because it is fundamental to our long-term success. We want to attract and retain the best people. Our aim is to sustain our award winning reputation as a great place to work, founded on an open and honest culture. As a member of the Sovini group we were named the UK No 1 Great Place to Work (large category) in 2021 and achieved second place in 2022.

In spite of the challenging operating environment, there were many achievements to be proud of during 2021/22. I have no doubt, that this was driven by our strong sense of purpose and our ability to harness the benefits of the unique Sovini group structure. We improved our customer satisfaction score to 99.3% (compared to our 95% target), collected over 100% of our rent and kept our occupancy rates high. We also, reviewed our accommodation strategy and approved the conversion of our former office to two new affordable homes and identified and secured a 10% recurring reduction in our underlying management costs. We were also able to fulfil our statutory compliance, emergency and responsive repair obligations.

As we look ahead, the future for PCHA looks brighter than ever. We continue to be an ambitious housing provider who aspires to maximise our income and our financial headroom to continue to deliver a sustainable development programme, whilst balancing our obligations to the achievement of the UK's net zero (2030 and 2050) targets. We recognise the contribution that we can make from our operations, by reducing our emissions and carbon footprint, including that of our supply chain and the use of renewable energy in the delivery of our services. During 2022, we plan to embark upon a further development opportunity, which will see us expand our service offer to customers to include the rent to buy and will also consider other opportunities for shared ownership homeownership. We have put in place appropriate funding and hope to supplement this with circa £1m of grant assistance from Homes England.

I believe we are in a strong position to continue to invest in our communities and support the provision of quality homes and services in the future.



Steve Gow (chair of the board)
6 September 2022

Pine Court Housing Association

Report of the Board for the year ended 31 March 2022

The board is pleased to present its report and audited financial statements for the year ended 31 March 2022.

Who are we?

Pine Court Housing Association is a co-operative and community benefits society with charitable status and a registered provider administered by a board and regulated by the Regulator of Social Housing.

The association became a partner of the Sovini group (a non-registered, non asset holding co-operative and community benefits society) on 1 December 2011.

Principal Activities

PCHA is administered by a board of directors. The association was established in 1986 to provide homes and housing services to customers mainly from the Chinese, South East Asian and wider BME community in Merseyside. The association continues to fulfil this need and provides bilingual and other specialist housing services to these ethnic groups.

The association has a minority shareholding in the Sovini group undertaking, Sovini Developments Limited, whose financial results are reported as part of the Sovini group's financial statements.

As a specialist housing provider, we help to redress the disadvantage and discrimination suffered by some of our ethnic minority customers. We put our customers at the heart of everything that we do and focus on delivering what we say we will.

The Board and delegation

The board comprises of seven board members, including six remunerated non-executive directors. Details of board remuneration can be found in note 10 of the financial statements.

Board membership is strong and drawn from a diverse range of skills, knowledge and experience. Some board members' hold Sovini Limited board responsibilities, as well as risk and audit committee roles.

Board membership and responsibilities are summarised in note 10 to the financial statements.

The board is responsible for the strategic planning and policy framework. Implementation of this framework and day to day management is delegated to the director of operations who regularly attends board meetings.

During the period, all board members were appraised and their training needs were identified. An ongoing board development programme is in place and specific training was provided to address any personal development needs.

Results

The surplus for the period, prior to taxation, amounted to £740k (2021: £544k).

Compliance with the 2020 NHF Code of Governance and RSH Regulatory Standards

A self-assessment against meeting the specific requirements of RSH regulatory framework and standards, including activity undertaken during 2021/22, has been undertaken and compliance was reported to board in July 2022.

Therefore, the board certify compliance with the Governance and Financial Viability Standard.

As part of the certification process the board has considered and approved its Value for Money (VFM) statement, which evidences the association's outcomes and best practice. The VFM statement is reported on pages 13 to 19 of the Strategic Report and a copy of the approved VFM statement can be obtained at: <http://www.pinecourt-housing.org.uk/valueformoney/value-for-money/>.

The board formally adopted the 2015 NHF Code of Governance in April 2016 and have completed an assessment against the 2020 Code, approving an action plan to ensure compliance from April 2022. The annual self-assessment of compliance with the Code, has been undertaken and submitted to board in July 2022 for approval. As a result, the board confirm full compliance with the requirements of the 2015 NHF Code of Governance.

Pine Court Housing Association

Report of the Board for the year ended 31 March 2022 (continued)

Board members' responsibilities

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

Co-operative and Community Benefit Society law and social housing legislation require the board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing these financial statements, the board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The board members 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 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 2022. 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.

The board is responsible for ensuring that the report of the board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2018.

Financial statements are published on the association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the association's website is the responsibility of the board members. The board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Pine Court Housing Association
Report of the Board
for the year ended 31 March 2022 (continued)

Statement on internal control

The board acknowledges its responsibility for ensuring that an effective system of internal control is in place. The system of internal control is designed to manage corporate risks and provide reasonable assurance that planned business objectives are achieved.

It is the board's responsibility to establish and maintain systems of internal control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. The board's approach to risk management includes regular evaluation of the nature and extent of the risks to which the association is exposed and is consistent with best practice principles. Key elements include:

Identification and evaluation of key risks

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of the association's activities. The board regularly considers and receives reports on the corporate risks facing the association.

Control environment

The board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance including treasury strategy and new investments. Policies and procedures are in place and cover these issues, including delegated authority, segregation of duties, accounting policies, treasury management policy, health and safety policy, data and asset protection, fraud protection and detection, including whistleblowing. The Sovini risk and audit committee oversees the review of the control environment and the fraud register.

The controls environment is regularly reviewed by our internal auditor, Beever and Struthers, who report to the Sovini risk and audit committee. An annual review of the internal controls environment is reported to the board and the Sovini group board to provide assurance of its ongoing effectiveness.

Information and financial reporting systems

Financial and performance reporting procedures include the preparation and stress testing of a 30-year business plan and an annual budget. Detailed management accounts are produced monthly and reported quarterly to the board, alongside a number of key performance indicators (balanced scorecard). Financial and organisational performance are reviewed by the executive management team monthly and improvement actions are implemented as necessary.

Liquidity and covenant compliance is monitored and reported monthly to the management team and quarterly to the board. This includes compliance with the information undertaking requirements of relevant loan agreements.

Employee involvement

The association employs eight staff (note 8) who are committed and motivated in the achievement of our objectives. The board is appreciative of the efforts of staff, particularly in improving the outcomes achieved by the association and it's wider reputation amongst the housing sector for innovation and improvement. The association is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Particular attention is given to the training and promotion of disabled employees to ensure that their career development is not unfairly restricted by their disability or perceptions of it.

The association maintains a human resources intranet site that provides employees with information on matters of concern to them as employees, including the financial and economic factors affecting performance. This includes opportunities for employees to express their views on matters that affect them. The association also undertakes an annual staff survey to canvas views on significant matters.

Customer involvement

Engaging and working with customers remains central to our mission of being "inclusive and diverse". It is a fundamental element in achieving excellence and providing a valued customer experience. To do this we need to understand more about our current and future customers' expectations of the services we deliver. We recognise the important role that our customers play in scrutinising our services. Actively shaping and challenging policy and assisting us to re-design our services and prioritising our scarce resources.

Pine Court Housing Association
Report of the Board
for the year ended 31 March 2022 (continued)

Political and charitable donations

During the year, we made no political donations (2021: £nil) and funded £10k (2021: £3k) of community activities and events.

Likely future developments in the business of the association

Information on likely future developments in the association has been included in the Strategic Report on pages 10 to 21.

Qualifying third party indemnity provisions

The association has third party indemnity provisions in place for the board and the director of operations.

Going concern

The board reviewed the association's financial plans in February 2022 and were satisfied that these plans were affordable and that the accounts should be prepared on a going concern basis.

As we exited from the pandemic and embarked on the roadmap to recovery, the executive management team and board have reviewed the financial forecasts to reflect any ongoing risks and financial impacts as relevant and proportionate to our business. This included an assessment of the year-end financial outturn position, underlying rent collection and letting performance (which exceeded forecasts), any immediate impact on the delivery of the improvement and development programmes and the potential impact of future economic recovery forecasts.

This was to ensure that the association can continue its business-critical activities, remain compliant with regulatory and funder requirements (including Covenant tests) and remain a going concern. As a consequence of this our surplus in 2021/22 was £740k and our interest cover and gearing covenants were comfortably met, further evidencing our financial strength and resilience.

The association was quick to adapt and implement the Government guidance on social distancing, reviewing and adjusting the associated operating environment and processes and was able to fully utilise the Sovini group supply chain partners to ensure that repairs, investments and development programmes, were completed with minimal disruption to services / customers. Throughout the year, the association continued to gain access to customers homes, ensuring that they were safe and that all statutory compliance obligations were met. Throughout this period, customer contact and support was maintained, allowing the association to continue to support and assist those customers who are vulnerable and benefit dependant. This assisted us to sustain our rent collection performance at over 100% and re-let our homes within an average 1.5 days.

As a key provider of affordable housing, we continue to self-deliver, via the Sovini group partners, an increasing proportion of our development programme. In 2021/22, we approved a development opportunity (27 rent to buy homes) which are located in our heartlands. During the year we also reviewed our accommodation strategy and plan to convert our office space to two affordable rented homes.

The board continue to proportionally stress test our 30 year business plan (which continues to reflect prudent assumptions and some contingencies). This includes various economic and cost impacts assessments (single, multi variant and perfect storm).

Due to the Russian / Ukraine war, the level of global economic risk and uncertainty remains directly outside of our control. As such, we continue to monitor the impact and deploy effective controls to minimise this impact on our operations where at all possible. This includes the deployment of daily processes to manage/monitor our cash flow and continue to review our financial stability and long-term viability. This includes a future funding options review in conjunction with Savills (our independent Treasury Advisor).

Given the strength of our balance sheet, forecast surplus and availability and liquidity of undrawn loan facilities, totalling £6m, the board believe that, whilst uncertainty exists, this does not pose a material uncertainty that would cast doubt on the association's ability to continue as a going concern. The board therefore, consider it appropriate for the accounts to be prepared on a going concern basis.

Pine Court Housing Association
Report of the Board
for the year ended 31 March 2022 (continued)

Auditors

All of the current board members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which, the auditors are unaware.

BDO LLP have expressed their willingness to continue. A resolution for the re-appointment of BDO LLP as auditors of the association will be proposed at the forthcoming Annual General Meeting.

Approval

The Report of the Board was approved on 6 September 2022 and signed on its behalf by:



Steve Gow (chair of the board)
6 September 2022



Michael Parkin (chair of RAC)
6 September 2022



Marcus Evans (company secretary)
6 September 2022

Pine Court Housing Association

Strategic Report for the year ended 31 March 2022

The board is pleased to present its Strategic Report and audited financial statements for the year ended 31 March 2022.

Business overview

Pine Court Housing Association is a leading provider of specialist BME housing in Liverpool, managing 520 homes throughout Merseyside.

As a charitable co-operative and community benefits society, we reinvest our surpluses to improve our services and extend the provision of affordable housing for our customers.

We provide an extensive range of accessible (bi-lingual) housing and community-based services to our customers which have helped to redress the disadvantages suffered by racial minority communities. Our presence in Merseyside has assisted to integrate and reduce the incidence of discrimination and exclusion previously experienced by our Chinese speaking customers.

We are proud to support and forge proactive relationships with a number of Merseyside-based community and third sector organisations. In particular, the work of Chinese Wellbeing, Pagoda Arts, the Wirral Multi-Cultural Centre (WMC) and the Florrie.

We currently operate solely within the Merseyside area (Liverpool and Wirral). We accept and acknowledge our corporate social responsibilities and are committed to making a positive contribution to a number of local and regional strategies aimed specifically at environmental, economic regeneration and sustainability via the Liverpool City Region Combined Authority.

We recognise our obligations to maximise the use of our resources and to evidence compliance with the Value For Money (VFM) Standard. A copy of our VFM self assessment is available at: <http://www.pinecourt-housing.org.uk/valueformoney/value-for-money/>. Further details of our VFM compliance can be found on pages 13 to 19 of this Strategic Report.

We also recognise our obligations to assist our partners to meet their objectives, which we believe will result in safer, more inclusive and healthier communities.

Objective and strategy

The continuing acute shortage of affordable housing remains evident, as such, the requirement for the association to generate financial and operational capacity has never been greater. We have responded strongly to these challenges by outperforming our budget and business plan targets and, generating additional surpluses which, we have utilised to build new homes, increasing our stock by 10% from 2018. We also plan to increase this by a further 5% during 2022/23, whilst continuing to consider and explore other opportunities.

Our strategic plan for 2022 to 2027 sets out how our vision of "inclusive and diverse communities" will be achieved through pursuance of the following key objectives:

- Providing quality homes and housing services;
- Promoting social, economic and cultural cohesion;
- Working with partners to deliver more; and
- Nurturing talented people to achieve success.

Delivery of our strategic plan will achieve the following key priorities that have been informed by the results of our survey of tenants and residents.

- Understanding our local demand issues. Including the development of strategic partnerships
- Continuing to improve the homes we manage, by making intelligent investment decisions and deploying active asset management techniques.
- Retaining all quality management standards, maximising our income and delivering strong financial performance. This includes the promotion of our Customer Empowerment Panel.
- Seeking new and improved partnership opportunities by taking an active part in community activities, the potential redevelopment of Liverpool's China Town and working with the Liverpool University, Liverpool Museum and the BME Northern Forum.
- Continuing to recruit and retain skilled staff, to ensure that we continue to meet our customer needs.

Pine Court Housing Association
Strategic Report
for the year ended 31 March 2022 (continued)

Strong and accountable governance and scrutiny arrangements

We have reviewed our corporate governance framework and strengthened our board membership, to its current composition of seven independent board members. We have also retained the TPAS landlord accreditation and embedded our scrutiny processes via our dedicated tenants panel to help us to improve and streamline service delivery.

We continue to face a period of unprecedented change and further uncertainty in the housing sector as a consequence of the ongoing impacts of the pandemic/ Brexit, supply chain risks, the Ukraine war and other non controllable macro economic factors which, bring future challenges to our operating environment. Our strategic plan considers and reflects this backdrop.

Review of the year

2021/22 has been a challenging year for the association. However, in spite of this we were able to generate a surplus of £740k (2021: £544k), reducing our management costs and collecting over 100% of our rental income. Turnover for the year was made up of rent and service charge income and amortised grant of £3,032k (2021: £2,841k). Operating costs for the year were £1,996k (2021: £2,117k).

Our operating costs reflect that during the period we invested £650k (2021: £803k) improving our homes and this enabled 100% (2021: 100%) of our homes to meet our property standard. We also spent £nil (2021: £3.3m) developing new homes, which was funded through an on lend loan (£3.5m) obtained from One Vision Housing, part of the Sovini group. We have also retained access to a £6.0m loan facility with RBS, which we will use to extend our development programme from 2022 onwards.

Our housing assets at 31 March 2022 had a net book value of £27.4m (2021: £27.8m).

We incurred £296k (2021: £176k) in net financing costs.

During the year we continued to support and service our customer needs whilst our staff continued to adopt agile working at home. Our bilingual speaking staff also continued to provide translation and interpretation services as required.

Our key achievements

- During 2022, we continued to deliver outcomes against our Community development strategy, allocating £10k (2021: £3k) to support local groups, cultural projects and youth engagement activities.
- We continued to promote our brand and increased our presence at BME representation forums throughout the Liverpool City Region.
- We continued our fire safety programme, replacing fire doors as required.
- Many of our KPIs are achieved top quartile performance (performance indicator table as shown on page 16).
- Achieved a zero staff absence level for the year, and
- Retained access to a £6m loan facility to extend our Development Programme during 2022/23.

Pine Court Housing Association
Strategic Report
for the year ended 31 March 2022 (continued)

How we performed

Financial performance in the year	2022	2021
Turnover	3,032	2,841
Operating costs (including surplus on disposal of fixed assets)	(1,996)	(2,117)
Operating surplus	1,036	724
Net financing costs	(288)	(176)
Other	(8)	(4)
Surplus for financial year (before tax)	740	544

Statement of financial position	2022	2021
Property, Plant and Equipment	27,445	27,807
Other fixed assets	51	55
	27,496	27,862
Net current assets	506	39
Creditors greater than one year	(15,952)	(16,555)
Pensions liability	(245)	(360)
Reserves	11,805	10,986

Margins and performance	2022	2021
Operating costs as a % of turnover	65.83%	74.52%
Gross margin	34.17%	25.48%
Net margin (excluding gift aid)	24.41%	19.15%

Units in management	2022	2021
General needs housing	482	482
Supported housing	38	38
Total	520	520

Key performance	2022 Target	2022 Actual	2021 Actual
Rent collected as a percentage of rent available (excluding arrears b/fwd.)	101.27%	100.74%	100.87%
Rent arrears of current tenants as a proportion of the rent roll	1.50%	0.62%	1.42%
% rent lost due to empty homes	0.08%	0.06%	0.06%
Void re-let average days	5.0 days	1.5 days	2.8 days
% homes let to ethnic minority customers	50%	60%	39%
Average days to complete a repair	5.0 days	6.07 days	8.31 days
% of our homes with a valid gas safety certificate	100%	100%	100%
Sickness Levels	2.00%	0.00%	0.00%
Customer satisfaction with our services	95.00%	99.34%	99.10%
% dwellings that meet the decent homes standard	100%	100%	100%

Pine Court Housing Association
Strategic Report
for the year ended 31 March 2022 (continued)

Value for money

Introduction

As a modern and innovative housing association Value for Money (VFM) sits very much at the heart of our activities, to ensure we continue to deliver quality and efficient services to the communities we serve. We are a leading BME registered provider and create value for our customers, primarily to the Chinese and South-East Asian communities across Merseyside. The aims of PCHA provide clear strategic direction for the organisation to achieve its goals. We have a commitment to:

- Deliver specialist housing services
- Deliver strong performance and financial viability
- Continued development and growth
- Seek new and improved partnership opportunities

We feel that with our strategic approach to VFM planning and reporting of VFM achievements that PCHA is compliant, and will continue to be compliant with the Regulator of Social Housing's (RSH) VFM Standard.

Since joining the Sovini Group we have developed and deployed a robust and challenging approach to the pursuit of value for money, with £6.7m in total of efficiency savings realised at 31st March 2022 (£0.2m during 2021/22). This is in addition to the broader society outcomes achieved through our financial inclusion, employment and community development activities.

We believe that this self-assessment demonstrates not only our compliance with the RSH VFM Standard, but moreover that it evidences our embedded culture and attitude to VFM which, we consider vital to remain a successful and high performing organisation for the future.

What is Value for Money (VFM) at Pine Court Housing Association?

We are clear that for Pine Court value for money is about:

- A positive customer experience tailored to our customer base
- Clear outcomes directly linked to the way we spend our money
- Using the innovative Sovini group business model to drive efficiency through our commercial group partners.

What is our vision?

At PCHA we have a vision for 'inclusive diverse communities'. The way we use our resources is a crucial foundation in our Strategic Plan 2022-27 as that allows us to progress our vision for 'inclusive and diverse communities'. We will deliver this by:

- Providing quality homes and housing services
- Promoting social, economic and cultural cohesion
- Nurturing talented people, to achieve success
- Working with partners to deliver more

We deliver services efficiently and effectively and this is monitored through our Performance Management Framework which, details how we review performance, costs and outcomes for our customers. We use our Risk Management Policy to assess and where possible mitigate our risks and our board regularly stress test our business plan.

Our VFM approach is embedded and applied consistently at group level, linking directly the Sovini group Mission 'Success through collaborative enterprise'. The VFM Strategy sets out how the activities of the wider Sovini group partners drive efficiency, VAT and other productivity savings through the provision of 'shared' and 'self-delivered' services and in doing so part fulfil our social, economic and environmental responsibilities. The VFM Strategy also outlines how our group partners strive to seek and secure new, profitable external contracts to generate additional financial capacity.

Pine Court Housing Association
Strategic Report
for the year ended 31 March 2022 (continued)

Value for money (continued)

What is our vision? (continued)

The VFM Strategy was reviewed in 2021/22 and the VFM objectives as set out in the Strategy as follows:

1. Maximising our social value
2. Best use of our assets and resources
3. Regulatory compliance and customer involvement
4. Cooperation and collaboration through self-delivery
5. Maximising opportunities through procurement
6. Excellent performance and customer service

Our Board

The board have a strong focus on, and joint understanding of VFM. Through the business planning process they establish a budget and through regular review and scrutiny throughout the year, they assess the quality of service and the performance against budget. The board consider and make business decisions with VFM in mind, with a full understanding of how this contributes to the achievement of the strategic aims of the association. This is supported by a robust business planning process which, considers key risks, scarce resource allocation, priorities as well as economic and underlying performance assumptions to ensure sufficient headroom to manage and mitigate risk.

The board receive regular and proportionate assurance during the year to ensure that we continue to meet our VFM objectives and this includes bi-annual update reports to the group business assurance committee, summarising progress and key outcomes including quantified efficiency savings. It also includes scrutiny of the activity and outcomes included within this VFM self-assessment. The board also receive bi-annual service delivery plan updates, which include progress against VFM actions and Quarterly KPI reports.

Our Savings

The association considers and approves an annual budget within the context of a 30 year business plan. Actual performance is tracked and monitored against the budget and business plan during the year to quantify and report the additional financial capacity generated and any adverse financial impacts.

At the end of the year, an efficiency statement is produced which quantifies the financial capacity generated based on outperformance of key targets and assumptions.

Table One summarises the service areas in which the improved performance has arisen, the additional financial capacity (cash generated), and how this was achieved.

In 2021/22, the Association generated £199k of additional financial capacity by collecting more income, reducing its recurring management costs and employer related pension contribution savings following closure of the SHPS Defined Benefit Pension Scheme.

There were no grant receipts in the current year.

This additional financial capacity has been reinvested by the Association to improve services and build new homes.

Pine Court Housing Association
Strategic Report
for the year ended 31 March 2022 (continued)

Value for money (continued)

Our Savings (continued)

Service Area	How Achieved	Cash releasing £'000	Non-cash £'000	Total AES £'000
Rent and Service Charge Income	Improved rent collection and void loss performance compared to the Business Plan	88	-	88
Management Cost	Recurring overhead, office accommodation and other savings	55	-	55
Property Management and Investment	Lower void volumes and asbestos cost management savings	29	-	29
Other Activities	Savings generated on pension restructure	27	-	27
Total 2021/22 AES Gains	All Activities	199	-	199

Source: PCHA 2021/22 VFM Compliance Statement (Provisional Outturn)

These additional resources will assist the association to improve the return on assets and will also be reinvented as part of our planned sustainable development programme.

Return on Our Assets

PCHA have developed a sustainability index to inform future asset management priorities and decisions. This allows us to routinely assess the long term viability of our assets and full consideration of exceptional repairs expenditure or emerging neighbourhood management issues call the sustainability of the asset into question. An appraisal is carried out that combines both financial and non-financial information on a range of options; typically retention, demolition and disposal.

The appraisal includes:

- A 30 year Net Present Value (NPV) and discounted payback period assessment
- Performance information (e.g. void turnover, rent arrears)
- Feedback from asset management and housing staff and other front line officers'

This is the fundamental basis of the way we manage our assets.

The sustainability index (2018-2021) currently contains 520 properties with a calculated NPV of £33.6m (average of £65k per property). The majority of properties (97%) have an NPV of above £10K, 1% have an NPV of between +£10K and -£10K the remaining 2% have an NPV of less than -£10K. Only 5 properties had an NPV of less than -£50k and these have been appraised in 2021/22 to review their longer term viability. Following this review process we are happy that their financial performance will improve, and they will be monitored in the upcoming version of the sustainability index for 2019-2022.

The process of information based appraisal and review is key to understanding our stock base and making sure it is sustainable over the next 30 years. The sustainability index will be reviewed and updated in 2021/22, with oversight from the Asset Management Steering Group.

Pine Court Housing Association
Strategic Report
for the year ended 31 March 2022 (continued)

Value for money (continued)

Our Impact on Society

We have a board approved Community Development Strategy which we use to support community projects. Since the start of the community development fund, we have measured our impact on society and the social value they have generated via the HACT Social Value Calculator. This information is reported to board in detail and certified on an annual basis. Our certification process shows that we have generated nearly £1.6m of social value for the 2021/22 year, which gives a £38.98 return on every £1 invested.

















Description of activity	Budget for this activity	Number of beneficiaries	Social value generated	Social value return
Employee Training	£100	11	£14,165	1 : 141.65
Clear Rent Accounts	£13,500	47	£281,270	1 : 20.83
Customer Empowerment Panel	£10,000	7	£45,114	1 : 4:51
Decoration Allowance	£957	14	£67,927	1 : 70.98
PCHA: Liverpool Chinese Business Association	£3,000	150	£224,728	1 : 74.91
PCHA: Liverpool Hung Gar Kung Fu	£1,900	250	£483,808	1 : 254.64
PCHA: Pagoda Arts	£9,820	125	£187,274	1 : 19.07
PCHA: Wirral Chinese Association	£1,100	123	£184,277	1 : 167.52
PCHA: Contribution to the Florrie Food Bank	£400	40	£59,928	1 : 149.82
International Womens Day - Sponsorship of this Event	£380	30	£55,872	1 : 147.03
Total	£41,157	797	£1,604,363	1 : 38.98

Source: PCHA Social Value Bank (2021/22)

The details of these certified activities and figures will be reported via PCHA's Annual Report, which will be published to all stakeholders. Full details will also be included on the Pine Court website.



How We Perform and Compare

At year end, seven out of the reported eight KPI's below have met or exceeded their target. We have benchmarked five of the KPI's, and the association is performing within the top quartile for four of these indicators. When compared with our peers, PCHA is a top performing organisation across all of the benchmarked KPI's. Those without formal benchmarking, we are confident the strong performance means we perform strongly in these areas. Due to regional population in the area of our previous years development scheme we experienced difficulties in achieving the KPI of letting to ethnic minority tenants, but this is something we remain committed to where possible.

Performance Indicator	Year-end 2021/22			Housemark Quartile	2020/21 Value	Trend
	Value	Target	Status			
Rent collected as a proportion of rent available (exc. arrears b/f)	100.74%	101.27%		2	100.87%	
Average number of days to re-let a void property (exc. Rent arrears of current tenants as a proportion of the rent roll	1.5	5		1	2.8	
% of rent lost due to void properties	0.62%	1.50%		1	1.42%	
Customer satisfaction with services (cumulative)	0.06%	0.08%		1	0.06%	
% of dwellings meeting the Decent Homes Standard	99.34%	95.00%		No data	99.10%	
Property Compliance	100.00%	100.00%		No data	100.00%	
% of lettings to ethnic minority tenants	100.00%	100.00%		1	100.00%	
	60.00%	50.00%		No data	39.00%	

*VUN's - Unavailable void units which are any properties which are identified as requiring major repair works to be completed before they can be re-let.

Key:

-  Target achieved
-  Target not achieved

Pine Court Housing Association
Strategic Report
for the year ended 31 March 2022 (continued)

Value for money (continued)

Our Impact on Society (continued)

Source: PCHA Performance Report (2021/22)

The board have approved the development of our VFM Metrics Scorecard. The submission of the scorecard outcomes and narrative to the RSH as part of the statutory accounts will ensure that the association continues to meet the requirements of the RSH VFM Standard published in April 2018.

Our 2021/22 VFM performance is summarised below in **Table Four**. This compares current year performance against our initial forecast and also against our performance in 2020/21 (against the National Median) and our forecast performance during 2022/23.

Indicator	Prior year Actual 2020-21	National Median 2020-21	Current year forecast 2021-22	Current year actual 2021-22	Next year Forecast 2022-23
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Regulator for Social Housing Value for Money Metrics

1 Reinvestment %	2.24%	5.80%	3.10%	1.13%	9.60%
2 Operating margin	25.48%	23.90%	19.78%	34.17%	32.47%
3 EBITDA MRI (as a percentage of interest)	227.00%	183.00%	263.00%	387.00%	291.00%
4 Units developed (as a percentage of units owed)	5.80%	1.30%	0.40%	0.00%	4.20%
5 Gearing	18.50%	43.90%	20.10%	15.50%	22.30%
6 Return on capital employed (ROCE)	2.67%	3.30%	2.23%	3.70%	3.02%
7 Headline social housing cost per unit	3,219	3,730	3,481	3,135	3,192
8 Management cost per unit	790	n/a	822	694	696
9 Service charge cost per unit	573	n/a	626	635	702
10 Maintenance cost per unit	665	n/a	885	831	964
11 Major repairs cost per unit	1,150	n/a	1,094	1,000	777
12 Other cost per unit	40	n/a	54	(25)	53

Additional Value for Money Metrics

13 Operating Margin (Social Housing Lettings)	25.48%	26.30%	21.44%	34.17%	32.47%
14 Units developed (Social Housing units)	30	n/a	2	0	23
15 Customers satisfied that their rent provides value for money	95.00%	n/a	95.00%	95.00%	95.00%
16 Ratio of responsive repairs to planned maintenance spend	0.14	n/a	0.20	0.21	0.25
17 Rent collected	100.87%	n/a	101.27%	100.74%	101.00%

Pine Court Housing Association
Strategic Report
for the year ended 31 March 2022 (continued)

Value for money (continued)

The following is an analysis of the 2021/22 outputs in relation to each of the metrics, with reference to previous year's performance and forecasts for 2022/23. This information has been reported to the Risk and Audit committee for scrutiny as part of the VFM update report on the 9 May 2022.

- 1** Reinvestment reflects the improvements made to existing homes as part of the investment programme, as well as new homes built as part of the approved development programme. The lower reinvestment against budget is largely due to the forecast development programme of the conversion of two units at Nelson Street not taking place within the year, this is subject to review of terms of a future rental agreement, in the interim, the change of use application has been suspended. Furthermore the investment programme capital spend is £59k lower to date, this relates to forecast refurbishment works at Nelson Street and is being reviewed for completion in 2022/23 pending outcome of change of use application.
- 2 & 13** Operating surplus achieved is £391k higher than forecast. This is mainly due to lower property management costs of £65k due to reduced volume of works throughout the year (94 against a budget of 198). Also attributable are management costs reflecting an underspend of £65k from unused contingency budgets, £24k, and website development costs, £20k, which will be completed in 2022/23.
- 3** EBITDA MRI is higher than forecast due to the higher operating margin as explained within point 2 coupled with lower interest costs within the year due to lower borrowings as no development scheme borrowings within the year.
- 4 & 14** No units developed within the year due to the forecast conversion of the two units at Nelson Street not taking place within the financial year.
- 5** Lower gearing ratio than forecast due to a lower value of loans at year end. Forecast figures included a loan for £500k to fund a land acquisition which has not taken place within the year and is carried over to 2022/23.
- 6** 3.70% reflects £1,036k operating surplus over a capital employed of £28.5m (increase of £1.4m from 2020/21), this increase against forecast is due to higher operating surplus.
- 7** Headline CPU is showing £346 lower than forecast, this is mainly due to lower levels of management costs by £65k for the year and major repairs programme showing £59k lower.
- 8** Management CPU is lower than forecast by £118, this is due to underspends in contingency of £24k and website development of £20k to be carried forward into 22/23.
- 9** Service Charge CPU is showing slightly higher than budget for the year. This reflects the ability of the association completing compliance related works.
- 10** Maintenance CPU is showing lower than forecast by £53 for the year, this is due to £29k lower than budget from lower responsive repairs and periodic inspection costs.
- 11** Major Repairs CPU is reporting £109 lower than forecast, due to fewer volume of investment works than budgetted (94 complete against budget of 198).
- 12** Other CPU relates to lower bad debts than forecast of £42k due to improved rent collection and void rates.
- 15** Data from Pine Court STAR Survey 20/21 which shows continued improvement. Next STAR survey to take place 22/23.
- 16** Responsive repairs as a ratio of planned preventative maintenance spend reporting £6k lower for the year, whilst improvement programme works are lower by £59k partly to do with the delay of the Nelson Street refurbishment.
- 17** Rent collection performance for Year end is 100.74%, this is lower than the stretching target of 101.27% but still reflects top quartile performance.

Pine Court Housing Association
Strategic Report
for the year ended 31 March 2022 (continued)

Value for money (continued)

How We Perform and Compare (Continued)

We have worked with our stakeholders - board members and group business assurance committee and customers to progress our VFM priorities.

The board will continue to review its plans for 2022/23 and beyond in order to ensure that it prioritises those services that matter the most to our customers, whilst retaining sufficient headroom to protect our ongoing viability and organisation success.

The content of PCHA's VFM self-assessment statement is aligned and assessed against the RSH VFM Standard, as such the board certified compliance with the VFM Standard at the 19th July 2021 board meeting.

Looking ahead

Treasury strategy and treasury management policy

We commissioned and approved our annual independent treasury strategy and treasury management policy in February 2022. We procure group treasury management functions from the Sovini group and received assurance during the year that our treasury activities are being managed effectively within our strategic policy directions. We continue to meet the regulator's liquidity requirements without the need to secure additional funding.

Financial instruments

Loan structure

At 31 March 2022, we had loans totalling £5.82m (2021: £6.14m) and £6.00m (2021: £6m) unutilised loan facilities. Fixed rate loans were £5.82m (100%). This is within the thresholds of our treasury management policy.

Funder	Type	Drawdown Date	Maturity Date	Amount £m	Interest Rate %
Orchardbrook	Fixed	15/12/2009	30/09/2047	0.18	9.92
RBS Facility A	Fixed	06/12/2006	06/12/2031	0.44	6.82
RBS Facility A	Fixed	06/12/2006	06/12/2031	0.27	2.88
RBS Facility B	Fixed	31/10/2019	06/12/2031	1.42	3.15
One Vision Housing Limited	Fixed	15/03/2019	17/09/2028	3.50	3.71
Loan fees				-0.09	
Total				5.73	

Debt repayment profile

The value and duration of our loans is summarised below. The weighted average cost of debt was 3.96% at 31 March 2022 and 40% of the debt relates to bank loan financing with 60% relating to intra-group financing.

Repayment Profile	RBS A £'000	RBS B £'000	Orchardbrook £'000	One Vision £'000	Total £'000
< 1 yr	229	106	2	-	337
1-2 yrs	239	113	1	-	353
2-5 yrs	249	384	7	-	640
> 5 yrs	-	821	169	3,500	4,490
Total	717	1,424	179	3,500	5,820

Pine Court Housing Association
Strategic Report
for the year ended 31 March 2022 (continued)

Credit risk

Credit risk is the risk of financial loss to the association if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The association is mainly exposed to credit risk from the non receipt of rent and service charge payments. Each new customer is risk assessed to ensure that they are able to sustain the tenancy. Rent and service charge arrears are monitored and court pursuance actioned in accordance with policy and procedures. In certain circumstances, customers will be evicted and former tenant arrears recovered where possible.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. The following financial institutions were used and the credit ratings were acceptable to the board.

	Rating at 31 March 2022	Balance at 31 March 2022 £'000	Rating at 31 March 2021	Balance at 31 March 2021 £'000
RBS	P-1/A-1/F1	876	P-1/A-1/F1	940
Santander	P-1/A-1/F1	4	P-1/A-1/F1	4
Nationwide	P-1/A-1/F1	705	P-1/A-1/F1	5
Total		1,585		949

Cash flow and liquidity risk

Liquidity risk arises from the association's management of working capital and any finance charges and principal repayments on debt instruments. It is the risk that the association will encounter difficulty in meeting it's financial obligations as they fall due.

Rolling cash flow projections are prepared and cash balances are monitored regularly, together with the value of the association's cash investments. At the end of the financial year, these projections indicated that the association expects to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and do not need additional financing. The association has also reduced liquidity risk by fixing interest rates on 100% of it's long-term borrowings.

Loan covenant compliance

Our primary loan covenants are: interest cover, gearing, and asset cover ratios, with the latter based on the value of our social housing assets. Each covenant is monitored monthly and reported to the management team and board via a key performance indicator. All covenants were comfortably met during the reporting period and are forecast to continue throughout the life of the association's business plan.

Future prospects

Whilst as a sector our operating environment remains to be challenging, we continue to review and mitigate where at all possible our key risks, putting in place effective mitigation strategies to assist us to minimise the impact on our business and our customers. Due to our membership of the Sovini group, we remain to be placed in a strong position where we can minimise the adverse impact of the national material availability and price increases, coupled with the lack of availability of skilled and professional operatives and sub contractors. Our Term Partnering Agreement which, is in place with Sovini Commercial Limited, provides access to a unique "end to end" supply chain solution. This comprises of the direct provision of material supplies via Sovini Trade Supplies, repairs and maintenance services (including specialist mechanical and engineering) from Sovini Property Services, as well as housebuilding capability via Sovini Construction limited. These services are support by "in house" scaffold, asbestos and waste management solutions. This affords additional assurance which, continues to help us to reduce the impact of the current macro economic and sector wide risks upon our business.

We have reviewed our business plan assumptions and continue to proportionally stress test this plan to understand the impact and significance of our risks and the wider economic impact on our viability. We continue to maximise our income through a sustained focus on performance and control our costs. We are currently overhauling and replacing our IT systems with modern, innovative and automated solutions. We remain therefore, optimistic about the future, believing that our strong operating margins and our low cost base will enable us to continue to balance our invest in our existing and new homes, whilst freeing up any additional financial capacity to reinvest in the achievement of our Net Zero Carbon(NZC) priorities. We await the outcome of our NZC baseline assessment, before reflecting in our cash flows and reviewing any funding impacts, including the availability of green homes and housing decarbonisation grant funding that may be available.

Despite these very considerable challenges, we continue to embrace the coming years with optimism and from a position of strength.

Pine Court Housing Association
Strategic Report
for the year ended 31 March 2022 (continued)

Future prospects (continued)

As a small housing association and member of the Sovini group, we remain to be resilient and adaptive to changes in housing policy, legislation and macro economic changes. Our priority remains to be able to meet all of our commitments and contractual liabilities to current stakeholders, commence the next phase of our development programme which, will see us able to offer alternative housing choices to our customers such as, shared ownership and rent to buy products. After this, our strategy is to sustain our organic growth within our risk appetite. We will continue to identify and achieve savings and value for money in the delivery of our operations, in order to create capacity to achieve our growth aspirations, preserving prudent margins to cope with the inevitable risks and uncertainties inherent in our business.

Risk and uncertainty

The board regularly reviews the risks faced by the association and monitors the top risks at each meeting.

It is the board's opinion that the following corporate risks are the most likely to affect our future performance and ability to achieve our corporate objectives.

Future rent setting policy and collection performance

We have reflected prudent rent increases and void and bad debt allowances within our business plan and understand the significant impact on our financial viability that future government rent policy and non collection as a result of customer affordability could have on our business. We also understand that high levels of CPI, if reflected in future rent increases could be reputationally damaging for the association. Being a member of the Sovini group affords us some protection to manage and mitigate this risk.

Supply Chain Risks (cost increases and economic uncertainty)

We have reviewed our income forecasts and understand the impact that lower rent collection could have on our covenants and liquidity. Coupled with this, we have reviewed and approved the extension of our Term Partnering Agreement (the Sovini group partners) to ensure that from a business continuity and supply chain risk perspective we are in a clear position to be able to complete the necessary statutory compliance, repair and improvement of our homes, with direct access to materials supply and National Buying Group procurement benefits. Whilst unemployment, high inflation and interest rate rises remains to be a macro economic risks, the government particularly via the Bank of England interventions, continue to attempt to stimulate the economy and avoid a potential recession. These risks remain outside of our direct control, however, we believe our strong financial position and covenant headroom will allow sufficient flexibility to be able to navigate the potential storm that lies ahead.

Future funding (including zero carbon and development growth)

As at March 2022, we have £6m of undrawn loan facilities and significant unencumbered security to arrange future new loans to delivery a sustainable development programme and with grant support fulfil our zero carbon responsibilities. We intensively manage our loan portfolio and invest any surplus cash in accordance with our treasury policy. We will continue to complete an annual independent treasury strategy review to ensure that we manage and mitigate our refinancing and treasury risks.

Accounting policies

We have reviewed our accounting policies and these are detailed in note 2 of the financial statements.

Statement of compliance

This Strategic Report has been prepared in accordance with the principles of the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018.

Approval

This Strategic Report was approved by the board on 6 September 2022.



Steve Gow (chair of the board)
6 September 2022



Michael Parkin (chair of RAC)
6 September 2022



Marcus Evans (company secretary)
6 September 2022

Pine Court Housing Association

Independent Auditor's Report to the Members of Pine Court Housing Association for the year ended 31 March 2022

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2022 and of the Association's deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

We have audited the financial statements of Pine Court Housing Association ("the Association") for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the board members' 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 board are responsible for the other information. Other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information 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 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.

Pine Court Housing Association

Independent Auditor's Report to the Members of Pine Court Housing Association for the year ended 31 March 2022

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative or Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the Association; or
- a satisfactory system of control has not been maintained over transactions; or
- the Association financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the board

As explained more fully in the board members responsibilities statement set out on page 6, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members 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 are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

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:

Based on our understanding of the Association and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to their registration with the Regulator of Social Housing, and we considered the extent to which non-compliance might have a material effect on the Association's Financial Statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the Accounting Direction for Private Registered Providers of Social Housing.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Pine Court Housing Association

Independent Auditor's Report to the Members of Pine Court Housing Association for the year ended 31 March 2022

Auditor's responsibilities for the audit of the financial statements (continued)

The audit procedures to address the risks identified included:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions made by management in their significant accounting estimates and judgements in particular in relation to the impairment of tangible fixed assets, the defined benefit pension liability, useful economic lives, rent arrears provisioning and classification of leases;
- Identifying and testing journal entries, in particular any unusual account postings, any journal entries posted with specific key words and any journals posted by directors;
- Discussions with management and Directors, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Considered recognition of income throughout the year and around year end to gain assurance over cut-off and percentage sold recorded correctly;
- Review of minutes of Board meetings throughout the period; and
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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 members of the Association, as a body, in accordance with in accordance with the Housing and Regeneration Act 2008 and 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 members as a body, for our audit work, for this report, or for the opinions we have formed.



BDO LLP
Statutory Auditor
Liverpool, UK
Date: 06 September 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Pine Court Housing Association

**Statement of Comprehensive Income
for the year ended 31 March 2022**

	Note	2022 £'000	2021 £'000
Turnover	4	3,032	2,841
Operating costs	4	(1,996)	(2,117)
Operating surplus	4, 7	1,036	724
Other interest receivable and similar income	11	-	1
Interest and financing costs	12	(288)	(177)
Other finance costs	22	(8)	(4)
Surplus before taxation		740	544
Taxation on surplus	13	-	-
Surplus for the financial year		740	544
Actuarial gain/(losses) on defined benefit pension scheme	22	79	(228)
Total comprehensive income for year		819	316

The notes on pages 28 to 49 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 6 September 2022.



Steve Gow (chair of the board)
6 September 2022



Michael Parkin (chair of RAC)
6 September 2022



Marcus Evans (company secretary)
6 September 2022

Pine Court Housing Association

**Statement of Financial Position
as at 31 March 2022**

Company number: 25192R

	Note	2022 £'000	2021 £'000
Fixed assets			
Tangible fixed assets - housing properties	14	27,445	27,807
Tangible fixed assets - other	15	51	55
		27,496	27,862
Current assets			
Debtors – receivable within one year	17	124	119
Cash and cash equivalents		1,585	949
		1,709	1,068
Creditors: amounts falling due within one year	18	(1,203)	(1,029)
Net current assets		506	39
Total assets less current liabilities		28,002	27,901
Creditors: amounts falling due after more than one year	19	(15,952)	(16,555)
Pension liabilities	22	(245)	(360)
Net assets		11,805	10,986
Capital and reserves			
Non-equity share capital	24	-	-
Income and expenditure reserve		11,805	10,986
		11,805	10,986

The notes on pages 28 to 49 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 6 September 2022.



Steve Gow (chair of the board)
6 September 2022



Michael Parkin (chair of RAC)
6 September 2022



Marcus Evans (company secretary)
6 September 2022

Pine Court Housing Association

**Statement of Changes in Equity
for the year ended 31 March 2022**

	Share capital	Income and expenditure reserve	Total equity
	£'000	£'000	£'000
Balance at 1 April 2021	-	10,986	10,986
Surplus for the year	-	740	740
Actuarial gains on defined benefit pension scheme (note 22)	-	79	79
Other comprehensive income for the year	-	79	79
Gift aid from group undertakings	-	-	-
Balance at 31 March 2022	-	11,805	11,805

**Statement of Changes in Equity
for the year ended 31 March 2021**

	Share capital	Income and expenditure reserve	Total equity
	£'000	£'000	£'000
Balance at 1 April 2020	-	10,662	10,662
Surplus for the year	-	544	544
Actuarial losses on defined benefit pension scheme (note 22)	-	(228)	(228)
Other comprehensive income for the year	-	(228)	(228)
Gift aid from group undertakings	-	8	8
Balance at 31 March 2021	-	10,986	10,986

The notes on pages 28 to 49 form part of these financial statements.

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2022

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- 25 Capital commitments
- 26 Related party disclosures
- 27 Contingent liabilities

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2022 (continued)

1 Legal status

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

2 Accounting policies

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Pine Court Housing Association (PCHA) includes the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies. Pine Court Housing Association Limited is a Public Benefit Entity (PBE) and has applied the provisions of FRS 102 specifically applicable to PBEs.

Financial reporting standard 102 - reduced disclosure exemptions

The association has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Basic Financial Instruments; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Sovini Limited as at 31 March 2022 and these financial statements may be obtained from their registered office at Unit 1, Heysham Road, Liverpool, L30 6UR.

The following principal accounting policies have been applied:

Going concern

The board reviewed the association's financial plans in February 2022 and were satisfied that these plans were affordable and that the accounts should be prepared on a going concern basis.

As we exited from the pandemic and embarked on the roadmap to recovery, the executive management team and board have reviewed the financial forecasts to reflect any ongoing risks and financial impacts as relevant and proportionate to our business. This included an assessment of the year-end financial outturn position, underlying rent collection and letting performance (which exceeded forecasts), any immediate impact on the delivery of the improvement and development programmes and the potential impact of future economic recovery forecasts.

This was to ensure that the association can continue its business-critical activities, remain compliant with regulatory and funder requirements (including Covenant tests) and remain a going concern. As a consequence of this our surplus in 2021/22 was £740k and our interest cover and gearing covenants are comfortably met, further evidencing our financial strength and resilience.

The association was quick to adapt and implement the Government guidance on social distancing, reviewing and adjusting the associated operating environment and processes and was able to fully utilise the Sovini group supply chain partners to ensure that repairs, investments and development programmes, were completed with minimal disruption to services / customers. Throughout the year, the association continued to gain access to customers homes, ensuring that they were safe and that all statutory compliance obligations were met. Throughout this period, customer contact and support was maintained, allowing the association to continue to support and assist those customers who are vulnerable and benefit dependant. This assisted us to sustain our rent collection performance at over 100% and re-let our homes within an average 1.5 days.

As a key provider of affordable housing, we continue to self-deliver, via the Sovini group partners, an increasing proportion of our development programme. In 2021/22, we approved a development opportunity (27 rent to buy homes) which are located in our heartlands. During the year we also reviewed our accommodation strategy and plan to convert our office space to two affordable rented homes.

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2022 (continued)

2 Accounting policies (continued)

Going concern (continued)

The board continue to proportionally stress test our 30 year business plan (which continues to reflect prudent assumptions and some contingencies). This includes various economic and cost impacts assessments (single, multi variant and perfect storm).

Due to the Russian / Ukraine war, the level of global economic risk and uncertainty remains directly outside of our control. As such, we continue to monitor the impact and deploy effective controls to minimise this impact on our operations where at all possible. This includes the deployment of daily processes to manage/monitor our cash flow and continue to review our financial stability and long-term viability. This includes a future funding options review in conjunction with Savills (our independent Treasury Advisor).

Given the strength of our balance sheet, forecast surplus and availability and liquidity of undrawn loan facilities, totalling £6m, the board believe that, whilst uncertainty exists, this does not pose a material uncertainty that would cast doubt on the association's ability to continue as a going concern. The board therefore, consider it appropriate for the accounts to be prepared on a going concern basis.

Income

Income will be recognised and measured in the financial statements at the fair value i.e. the point at which it is received or receivable. The association generates the following material income streams:

- Rental income receivable (after deducting lost rent from void properties available for letting);
- Service charges receivable;
- Revenue grants and proceeds from the sale of land and property; and
- Any other income generated in the period.

Rental income is recognised from the point when properties under development reach practical completion and are formally let.

Service charges

The association adopts the variable method for calculating and charging service charges to its tenants. Expenditure is recorded when a service is provided and charged to the relevant service charge account. Income is recorded based on the estimated amounts chargeable.

Current and deferred taxation

Pine Court Housing Association is a Co-operative and Community Benefit Society, registered with the Regulator of Social Housing and has charitable status for tax purposes and is therefore exempt from Corporation Tax in respect of income under Section 505 ICTA 1988.

Value added tax

The association 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 to the extent that it is suffered by the association and not recoverable from HM Revenue and Customs. Recoverable VAT arises from partially exempt activities and is credited to the Statement of Comprehensive Income.

Finance costs

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

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2022 (continued)

2 Accounting policies (continued)

Pension costs

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

Under defined benefit accounting the Scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the Statement of Financial Position. The current service cost and costs from settlements and curtailments are charged to operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Re-measurements are reported in other comprehensive income.

Holiday pay accrual

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

Tangible fixed assets – Housing Properties

Housing properties constructed or acquired (including land) on the open market are stated at cost less depreciation and impairment (where applicable). The cost of housing land and property represents their purchase price and any directly attributable costs of acquisition which may include an appropriate amount for staff costs and other costs of managing development.

Directly attributable administration costs include capitalised interest calculated, on a proportional basis, using finance costs on borrowing which has been drawn in order to finance the relevant construction or acquisition. Where housing properties are in the course of construction, finance costs are only capitalised where construction is on-going and has not been interrupted or terminated.

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

Mixed developments are held within PPE and accounted for at cost less depreciation. Housing properties in the course of construction are included in PPE and held at cost less any impairment, and are transferred to completed properties when ready for letting.

Depreciation of housing property

Housing land and property is split between land, structure and other major components that are expected to require replacement over time. Land is not depreciated on account of its indefinite useful economic life.

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

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2022 (continued)

2 Accounting policies (continued)

Depreciation of housing property (continued)

Description	Economic useful life (years)
Structure	60
Kitchen	20
Bathroom	30
Roofs	60
Boiler installations	20
Central heating	20
External windows	30
Communal	15 to 30
External cladding	50
Lifts	25
Sprinkler systems	25
Fire doors	25

Tangible fixed assets – Other

Other tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Depreciation of other tangible fixed assets

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

Description	Economic useful life (years)
Freehold buildings	50
Plant, machinery and vehicles	5 to 15
Fixtures, fittings, tools and equipment	4
Computers	3

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2022 (continued)

2 Accounting policies (continued)

Government grants

Grant received in relation to newly acquired or existing housing properties is accounted for using the accrual model set out in FRS 102 and the Housing SORP 2018. Grant is carried as deferred income in the Statement of Financial Position and released to the Statement of Comprehensive Income on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with Housing SORP 2018 the useful economic life of the housing property structure has been selected (see table of useful economic lives above).

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

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

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

Impairment of fixed assets

The housing property portfolio for the association is assessed for indicators of impairment at each Statement of Financial Position date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts. An option appraisal is carried out to determine the option which produces the highest net realisable value. Valuations on rental return or potential sale proceeds are obtained and used to inform the options.

The association looks at the net realisable value, under the options available, when considering the recoverable amount for the purposes of impairment assessment. The recoverable amount is taken to be the higher of the fair value less costs to sell or value in use of an asset or cash generating unit. The assessment of value in use may involve considerations of the service potential of the assets or cash generating units concerned or the present value of future cash flows to be derived from them appropriately adjusted to account for any restrictions on their use.

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

Financial instruments

Debtors and creditors

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

Recoverable amount of rental and other trade receivables

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

Rent and service charge agreements

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

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2022 (continued)

2 Accounting policies (continued)

Financial instruments (continued)

Loans, Investments and short term deposits

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

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations rather than the financial instrument's legal form.

Cash and cash equivalents

Cash and cash equivalents in the association's Statement of Financial Position consists of cash at bank, in hand, deposits and short term investments with an original maturity of three months or less.

Leased assets: lessee

Where assets are financed by leasing agreements that give rights approximately to ownership (finance leases), the assets are treated as if they has been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

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

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2022 (continued)

3 Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Whether there are indicators of impairment of the association's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. The board have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on Existing Use Value – Social Housing (EUV-SH) or depreciated replacement cost. The board have also considered impairment based on their assumptions to define cash or asset generating units.
- The anticipated costs to complete on a development scheme based on anticipated construction cost, legal costs and other costs. Based on the costs to complete, they then determine the recoverability of the cost of properties developed for outright sale and/or land held for sale. This judgement is also based on the board's best estimate of sales value based on economic conditions within the area of development.
- Whether leases entered into by the association either as a lessor or a lessee are operating or lease or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- What constitutes a cash generating unit when indicators of impairment require there to be an impairment review.

Other key sources of estimation uncertainty

- Tangible fixed assets

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

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

Though these estimates are subject to fluctuations in the life of asset, sensitivity testing shown below indicates no material impact on the charge that would be recognised in the Statement of Comprehensive Income;

Statement of Comprehensive Income Charge Adjustment	Current useful expected life (years)	Sensitivity: 10% increase in UEL £'000	Sensitivity: 10% reduction in UEL £'000
Bathroom	30	3	(3)
Boilers / Heating	20	8	(8)
Kitchen	20	9	(9)
Lift	25	1	(1)
Roofs	60	3	(3)
Structure	60	31	(31)
Windows / External doors	30	7	(7)
Fire doors	5	2	(2)
		64	(64)
		<i>Credit</i>	<i>Charge</i>

- Rental and other trade receivables (debtors)

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

- Capitalised overhead on developments

Overheads are capitalised up to maximum of 3% of works and acquisitions costs of 100% of development salaries and related overheads.

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2022 (continued)

3 Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

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

- Judgements used in preparation of pension fund accounts

Pension figures in these accounts are prepared by independent actuaries. In preparing the figures the actuaries use a number of judgements based on information provided to them by the Institute and Faculty of Actuaries.

4 Particulars of turnover, cost of sales, operating costs and operating surplus

	Turnover	Cost of sales	Operating costs	Operating surplus
	2022	2022	2022	2022
	£'000	£'000	£'000	£'000
Social housing lettings (note 5)	3,032	-	(1,996)	1,036
	3,032	-	(1,996)	1,036

	Turnover	Cost of sales	Operating costs	Operating surplus
	2021	2021	2021	2021
	£'000	£'000	£'000	£'000
Social housing lettings (note 5)	2,841	-	(2,117)	724
	2,841	-	(2,117)	724

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2022 (continued)

5 Income and expenditure from social housing lettings

	General needs	Supported housing	Total	Total
	2022	2022	2022	2021
	£'000	£'000	£'000	£'000
Income				
Rents net of identifiable service charges	2,257	168	2,425	2,278
Service charge income	190	140	330	298
Amortised government grants	252	25	277	262
Net rental income	2,699	333	3,032	2,838
Other grants	-	-	-	3
Turnover from social housing lettings	2,699	333	3,032	2,841
Expenditure				
Management	(321)	(40)	(361)	(411)
Service charge costs	(190)	(140)	(330)	(298)
Routine maintenance & planned maintenance	(369)	(63)	(432)	(346)
Major repairs expenditure	(209)	(9)	(218)	(457)
Bad debts	12	1	13	(21)
Depreciation of housing properties				
annual charge	(600)	(36)	(636)	(571)
accelerated on disposal of components	(24)	(4)	(28)	(9)
Depreciation of other tangible fixed assets	(4)	(0)	(4)	(4)
Operating expenditure on social housing lettings	(1,705)	(291)	(1,996)	(2,117)
Operating surplus on social housing lettings	994	42	1,036	724
Void losses	2	-	2	2

6 Units of housing stock

	2022	2021
	Number	Number
General needs social housing:		
social	415	415
affordable	67	67
Supported housing	38	38
Total social housing units	520	520
Total managed accommodation	520	520
Total owned and managed accommodation	520	520
Units under construction	2	-

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2022 (continued)

6 Units of housing stock (continued)

Reconciliation of unit numbers:	Supported Housing	General Needs Social Rent	General Needs Affordable Rent	Total
Unit numbers as at 1 April 2021 and 31 March 2022	38	415	67	520

7 Operating surplus

	2022 £'000	2021 £'000
This is arrived at after charging:		
Depreciation of housing properties		
annual charge	636	571
accelerated depreciation on replaced components	28	9
Depreciation of other tangible fixed assets	4	4
Auditors' remuneration (excluding VAT)		
fees payable to the auditor for the audit of the company's annual accounts	14	12
fees for audit related assurance	2	2

8 Employees

	2022 £'000	2021 £'000
Staff costs (including management team) consist of:		
Wages and salaries	240	236
Social security costs	22	21
Pension costs (note 23)	9	13
	271	270

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2022 (continued)

8 Employees (continued)

The average number of employees (including management team) expressed as full time equivalents (calculated based on a standard working week of 36 hours) during the year was as follows:

	2022	2021
	No.	No.
Customers and neighbourhoods	8	8

Pine Court Housing Limited employees have access to a defined contribution pension scheme, which is operated by the Sovini Group on behalf of all group entities. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge represents contributions payable by the group to the fund and amounted to £9,000 (2021 - £13,000).

9 Directors' remuneration

The directors are defined as the non-executive directors (disclosed in note 10) and the director of operations.

	2022	2021
	£'000	£'000
Directors' emoluments	74	75
Amounts receivable under long-term incentive schemes	2	1
Company contributions to money purchase pension schemes	5	9
Total	81	85

The total amount payable to the highest paid director in respect of emoluments was £64k (2021: £65k). Pension contributions of £5k (2021: £8k) were made to a money purchase scheme on their behalf.

The remuneration paid to staff (including management team) earning over £60,000 upwards:

	2022	2021
	Number	Number
£70,000 - £79,999	1	1

10 Board members

Board member	Remuneration £000's	Pine Court Housing Association Board		Sovini Limited Board		Risk and Audit Committee		Remuneration Committee	
		Current member	Date	Current member	Date	Current member	Date	Current member	Date
Steve Gow	5	Chair							Feb 2022
Gill Ditchburn	3	✓					✓		
Colin Gibson	1		Sept 2021						
Moira Woo	2	✓							
Jim Currie	2	✓		✓					
Julia Emelogu	2	✓							
Michael Parkin	-	✓	Nov 2021				✓	Nov 2021	
Roy Williams	-	✓		✓					

Pine Court Housing Association

**Notes Forming Part of the Financial Statements
for the year ended 31 March 2022 (continued)**

11 Interest receivable and income from investments

	2022	2021
	£'000	£'000
Interest receivable and similar income	-	1

12 Interest payable and similar charges

	2022	2021
	£'000	£'000
Bank loans	288	177

13 Taxation

Pine Court Housing Association is a co-operative and community benefit society with charitable status and is therefore exempt from corporation tax in respect of income under section 505 ICTA 1988.

Pine Court Housing Association

**Notes Forming Part of the Financial Statements
for the year ended 31 March 2022 (continued)**

14 Tangible fixed assets – housing properties

	Supported housing completed £'000	General needs completed £'000	General needs under construction £'000	Total £'000
Cost or valuation				
At 1 April 2021	2,061	33,712	-	35,773
Additions				
construction costs	-	-	1	1
replaced components	12	290	-	302
Disposals				
replaced components	(8)	(49)	-	(57)
At 31 March 2022	2,065	33,953	1	36,019
Depreciation				
At 1 April 2021	(741)	(7,225)	-	(7,966)
Charge for the year	(36)	(600)	-	(636)
Eliminated on disposals				
replaced components	4	24	-	28
At 31 March 2022	(773)	(7,801)	-	(8,574)
Net book value at 31 March 2022	1,292	26,152	1	27,445
Net book value at 31 March 2021	1,320	26,487	-	27,807
			2022	2021
			£'000	£'000
Works to properties				
Improvements to existing properties capitalised			302	141
Major repairs expenditure to income and expenditure account			218	457
			520	598
Total social housing grant received or receivable to date is as follows:				
Capital grant – housing properties			17,439	17,438
			17,439	17,438

Pine Court Housing Association

**Notes Forming Part of the Financial Statements
for the year ended 31 March 2022 (continued)**

15 Other tangible fixed assets

	Long leasehold land and buildings £'000	Other £'000	Total £'000
Cost or valuation			
At 1 April 2021	235	214	449
Disposals	(139)	(206)	(345)
At 31 March 2022	96	8	104
Depreciation			
At 1 April 2021	(184)	(210)	(394)
Charge for year	(2)	(2)	(4)
Disposals	139	206	345
At 31 March 2022	(47)	(6)	(53)
Net book value			
At 31 March 2022	49	2	51
At 31 March 2021	51	4	55

16 Fixed asset investments

Details of investments in group undertakings

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

Name	Country of incorporation or registration	Proportion of voting rights / ordinary share capital held	Nature of business	Nature of entity
Sovini Environmental Limited	England	0.65% £1 Ord Share	Dormant company	Incorporated company
Sovini Developments Limited	England	0.65% £1 Ord Share	Provision of design and build services	Incorporated company

Investments are held at cost of £2 in total (2021: £2).

Gift aid of £nil for the year was received from Sovini Developments Limited (2021: £8k).

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2022 (continued)

17 Debtors

	2022	2021
	£'000	£'000
Due within one year		
Rent and service charge arrears	44	72
Less: Provision for doubtful debts	(32)	(53)
	12	19
Amounts owed by group undertakings	6	10
Trade receivables	56	38
Prepayments and accrued income	50	52
	124	119

All amounts owed to group undertakings are interest free and repayable on demand.

18 Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Loans and borrowings (note 21)	325	310
Trade creditors	3	9
Rent and service charges received in advance	144	139
Amounts owed to group undertakings	339	200
Taxation and social security	11	13
Other creditors	37	37
Deferred capital grant (note 20)	270	270
Accruals and deferred income	74	51
	1,203	1,029

All amounts owed to group undertakings are interest free and repayable on demand.

19 Creditors: amounts falling due after more than one year

	2022	2021
	£'000	£'000
Loans and borrowings (note 21)	1,905	2,232
Deferred capital grant (note 20)	10,547	10,823
Amounts owed to group undertakings	3,500	3,500
	15,952	16,555

Included within amounts owed to group undertakings is a £3.5m 10 year term loan (expiring September 2028) at 3.71%, from One Vision Housing Limited, a subsidiary of the Sovini Group.

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2022 (continued)

20 Deferred capital grant

	2022 £'000	2021 £'000
At 1 April	11,093	11,093
New development grants	1	262
Released from income during the year	(277)	(262)
At 31 March	10,817	11,093

	2022 £'000	2021 £'000
Due in one year or less	270	270
Due in more than one year	10,547	10,823
	10,817	11,093

21 Loans and borrowings

Maturity of debt:

	Bank loans 2022 £'000	Bank loans 2021 £'000
In one year or less, or on demand	325	310
In more than one year but not more than two years	342	325
In more than two years but not more than five years	608	822
In more than five years	955	1,085
	2,230	2,542

Loans are secured by specific charges on the housing properties of the association.

At 31 March 2022 the Association had £6m undrawn loan facilities (2021: £6m).

Funder	Type	Drawdown Date	Maturity Date	Amount £m	Interest Rate %
Orchardbrook	Fixed	15/12/2009	30/09/2047	0.18	9.92
RBS A	Fixed	06/12/2006	06/12/2031	0.44	6.82
RBS A	Fixed	06/12/2006	06/12/2031	0.28	2.88
RBS B	Fixed	31/10/2019	06/12/2031	1.42	3.15
Loan fees				-0.09	
Total				2.23	

Pine Court Housing Association

**Notes Forming Part of the Financial Statements
for the year ended 31 March 2022 (continued)**

22 Pension deficit liability

Present values of defined benefit obligation, fair value of assets and defined benefit liability	Year ended 31 March 2022	Year ended 31 March 2021
	£'000	£'000
Fair value of plan assets	1,518	1,529
Present value of defined benefit obligation	(1,763)	(1,889)
Net defined benefit liability to be recognised	(245)	(360)

Reconciliation of opening and closing balances of the fair value of defined benefit obligation	Year ended 31 March 2022	Year ended 31 March 2021
	£'000	£'000
Defined benefit obligation at start of period	1,889	1,509
Current service cost	-	18
Expenses	3	3
Interest expense	41	36
Contributions by plan participants	-	9
Actuarial losses/(gains) due to scheme experience	31	(28)
Actuarial (gains)/losses due to changes in demographic assumptions	(29)	7
Actuarial (gains)/losses due to changes in financial assumptions	(133)	383
Benefits paid and expenses	(39)	(48)
Defined benefit obligation at end of period	1,763	1,889

Reconciliation of opening and closing balances of the defined benefit assets	Year ended 31 March 2022	Year ended 31 March 2021
	£'000	£'000
Fair value of plan assets at start of period	1,529	1,335
Interest income	33	32
Experience on plan assets (excluding amounts included in interest income) - (loss)/gain	(52)	134
Contributions by employer	47	67
Contributions by plan participants	-	9
Benefits paid and expenses	(39)	(48)
Fair value of plan assets at end of period	1,518	1,529

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2021 to 31 March 2022 was (£19,000).

Defined benefit costs recognised in statement of comprehensive income (SOCl)	Year ended 31 March 2022	Year ended 31 March 2021
	£'000	£'000
Current service costs	-	18
Expenses	3	3
Net interest expense	8	4
Defined benefit costs recognised in statement of comprehensive income (SOCl)	11	25

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2022 (continued)

22 Pension deficit liability (continued)

Assets	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Global equity	292	244
Absolute return	61	84
Distressed opportunities	54	44
Credit relative value	51	48
Alternative risk premium	50	58
Emerging market debt	44	62
Risk sharing	50	56
insurance - linked securities	35	37
Property	41	32
Infrastructure	108	102
Private debt	39	36
Opportunistic illiquid credit	51	39
High Yield	13	46
Opportunistic Credit	5	42
Cash	5	-
Corporate bond funding	101	90
Liquid credit	-	18
Long lease property	39	30
Secure income	57	64
Liability driven investment	424	388
Currency Hedging	(6)	-
Net current assets	4	9
Total assets	1,518	1,529

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

Defined benefit costs recognised in other comprehensive income	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Experience on plan assets (excluding amounts included in interest income) - (loss)/gain	(52)	134
Experience gains and losses arising on the plan liabilities - gain/(loss)	(31)	28
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain/(loss)	29	(7)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain/(loss)	133	(383)
Total amount recognised in other comprehensive income - gain (loss)	79	(228)

Key assumptions	Year ended 31 March 2022 % per annum	Year ended 31 March 2021 % per annum
Discount rate	2.79%	2.17%
Inflation (RPI)	3.59%	3.28%
Inflation (CPI)	3.20%	2.86%
Salary growth	4.20%	3.86%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2022 (continued)

22 Pension deficit liability (continued)

The mortality assumptions adopted at 31 March 2022 imply the following life expectancies:

	Life Expectancy at age 65 (Years)
Male retiring in 2022	21.1
Female retiring in 2022	23.7
Male retiring in 2042	22.4
Female retiring in 2042	25.2

Active Members	Number	Total earnings (£'000 p.a)	Average age (unweighted) (Years)
Males	3	116	58
Females	1	26	48
Total	4	142	56

Deferred members	Number	Total earnings (£'000 p.a)	Average age (unweighted) (Years)
Males	1	1	56
Females	7	11	52
Total	8	12	53

Pensioners	Number	Total earnings (£'000 p.a)	Average age (unweighted) (Years)
Males	4	28	67
Females	1	6	64
Total	5	34	66

23 Pensions

PCHA has two pension schemes within the Social Housing Pension Scheme (SHPS). A defined benefit pension scheme is operated for existing members of staff and contributions of £nil (2021: £6k) were paid in the year (scheme is closed to new staff). Also, a defined contributions scheme is in place for new staff and auto enrollment. In the year, contributions of £9k (2021: £7k) were made to this scheme.

24 Non-equity share capital

	2022 £	2021 £
At 1 April	15	15
Shares issued in the year	1	-
Shares cancelled in the year	(1)	-
At 31 March	15	15

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

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2022 (continued)

25 Capital commitments

As at 31 March 2022 capital commitments were £nil (2021: £nil).

26 Related party disclosures

Related party transactions with subsidiaries

The ultimate controlling party of the Sovini group is Sovini Limited, a co-operative and community benefit society. Control is held by being the parent shareholder with ultimate approval of Pine Court Housing Associations business objectives, strategic planning and board membership.

- **Sovini Limited**

During the year Pine Court Housing Association had transactions with its parent entity Sovini Limited. Pine Court Housing Association incurred recharges of £21k (2021: £49k) and SLA charges of £156k (2021: £160k) which have been expensed to the income and expenditure statement. The SLA charges incurred are shown below.

	2022 £'000	2021 £'000
Core service costs – finance, IT support, legal services etc.	138	141
Strategic management, governance and health and safety management	13	14
Additional services	5	5
	156	160

Included within creditors are amounts owed to Sovini Limited of £nil (2021: £3k) and within debtors are amounts owed from Sovini Limited of £6k (2021: £1k).

- **One Vision Housing Association**

During the year Pine Court Housing Association had transactions with One Vision Housing Association, a fellow subsidiary in the Sovini Limited group. Pine Court Housing Association incurred recharges of £111k (2021: £143k) and SLA charges of £60k (2021: £59k) which have been expensed to the income and expenditure statement.

Included within creditors are amounts owed to One Vision Housing Association of £3,500k (2021: £3,512k), of which £3,500k relates to an intercompany loan and within debtors are amounts owed to Pine Court Housing Association of £nil (2021: £8k).

- **Sovini Property Services Limited**

During the year, Pine Court Housing Association had transactions with Sovini Property Services Limited, a fellow subsidiary in the Sovini Limited group. Pine Court Housing Association made purchases of £935k (2021: £738k). £294k (2021: £141k) has been capitalised within tangible fixed assets and £641k (2021: £597k) has been expensed to the income and expenditure account as responsive, planned and cyclical repairs and investment programme expenses.

Included within creditors are amounts owed to Sovini Property Services Limited of £338k (2021: £186k) and within debtors are amounts owed from Sovini Property Services Limited of £nil (2021: £1k).

- **Amianto Services Limited**

During the year, Pine Court Housing Association had transactions with Amianto Services Limited, a fellow subsidiary in the Sovini Limited group. Pine Court Housing Association made purchases of £1k (2021: £3k), which has been expensed to the income and expenditure account as responsive, planned and cyclical repairs. Included within creditors are amounts owed to Amianto Services Limited of £1k (2021: £3k).

Pine Court Housing Association

Notes Forming Part of the Financial Statements for the year ended 31 March 2022 (continued)

26 Related party disclosures (continued)

- ***Sovini Trade Supplies Limited***

During the year, Pine Court Housing Association had transactions with Sovini Trade Supplies Limited, a fellow subsidiary in the Sovini Limited group. Pine Court Housing Association received expense refunds of £8k (2021: £nil), which has been credited to the income and expenditure account within management costs.

- ***Sovini Developments Limited***

During the year, Pine Court Housing Association had transactions with Sovini Developments Limited, a fellow subsidiary in the Sovini Limited group. Pine Court Housing Association made purchases of £3k (2021: £435k), which has been capitalised within tangible fixed assets. Included within creditors are amounts owed to Sovini Developments Limited of £nil (2021: £1k).

Related party transactions with board members

Some Pine Court Housing Association Board members are also board members of Sovini Limited Board or Sovini Risk and Audit Committee (RAC).

None of the Pine Court Housing Association Board members are also tenants of Pine Court housing Association.

27 Contingent liabilities

Social Housing Pension Scheme

We have been notified by the Trustee of the Social Housing Pension Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.