

**STEVE BIKO
HOUSING ASSOCIATION LIMITED**

FINANCIAL STATEMENTS

For the year ended 31 March 2022

STEVE BIKO HOUSING ASSOCIATION LIMITED

Financial Statements For the year ended 31 March 2022

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STEVE BIKO HOUSING ASSOCIATION LIMITED

Report of the Board of Management For the year ended 31 March 2022

1. The Board of Management of Steve Biko Housing Association Limited present their report and audited financial statements for the year ended 31 March 2022.

2. Principal activities

The Association's principal activities are the development and management of social housing.

We will provide housing and related services that are responsive to the needs of Black and Racial Minority communities and we will enable tenants and local communities to influence decisions that affect their lives. We will do this in a way that influences and challenges social and economic structures that contribute to or entrench discrimination and disadvantage by putting racial equality at the heart of our work.

3. Financial result

The Association generated an operating surplus (after interest payments) for the year of £83,236 (2021: £97,145). After taking into account changes to pension accounting requirements the Association generated a surplus of £79,236 (2021: £56,145) which will be added to reserves.

4. Developments

The Board of Management have agreed to undertake a limited level of development, as appropriate opportunities arise. During the year the Association completed improvement and remodelling works which added a further four units in the current year and a further two units in the ensuing year.

5. Board Members

The Board is elected annually at the Annual General Meeting. Board members who held office during the year were:

M Cox – Chair	R Williams (resigned 31-12-21)
H Cover - Secretary	Y Davies
M Whitehead - Treasurer	S Ahmed
B Clay (deceased 05-03-2022)	J Duala (resigned 24-05-21)
N Caratella	

The Executive Director was T Gore (Director). From September 2020 until October 2021 T Gore was seconded to Liverpool City Council until and as a result of this U Miah performed the role for the Housing Association during this period.

6. Environmental, Health and Safety

The Association seeks to comply with all Health and Safety Regulations and regularly liaises with the Development and Environment Services Directorate.

7. Financial risk management objectives and policies

The Association uses conventional forms of working capital to finance its day to day activities and as such the figures appearing in the financial statements reflect the absolute value of amounts recoverable and payable. The Board of Management receive regular reports on these figures in order to manage the Association's requirements. The Board of Management regularly receives forecasts which consider the key financial risks within the environment that the Association operates. This takes the form of long term forecasts, including sensitivity analysis and stress testing to consider key financial risks. Examples include assessing the potential financial impact of Welfare Reform and Universal Credit. The Association insures against appropriate risk.

STEVE BIKO HOUSING ASSOCIATION LIMITED

Report of the Board of Management For the year ended 31 March 2022

8. Reserves policy

The Board of Management has reviewed its reserves policy. This states that reserves not committed or invested in tangible fixed assets should initially be the equivalent of three month's operating expenditure, which equates to £225,000. However, the Board is mindful of the need to maintain reserves through planned operating surpluses within its long-term business planning.

9. Value for money

Our context and purpose

Steve Biko Housing Association (SBHA) was formed by Liverpool's Black and Ethnic Minority (BME) community as a direct result of race discrimination in Liverpool's social housing allocations policy. Registered under the regulators BME strategy to provide quality homes for those in need.

Our Vision "Homes and Communities without Racism" and Mission "To respect our heritage by delivering quality homes and building vibrant multi-cultural communities" sets out clearly the focus of our work.

Providing value for money

As a small BME Housing Association achieving Value for Money has been central to the way we work. The Board and staff team believe that being efficient and effective is crucial to our success in delivering quality services to our tenants. We are committed to ensuring that we are making the best use of our resources and that our business planning and performance monitoring systems and efficiency mind set aid us in our desire for continuous improvement and to ensure we maximise the efficiency and quality of our services and asset base.

Following an in-depth review of our Repairs and Maintenance Service carried out in 2016 the Board approved the procurement of a new repairs service that would deliver improved customer service to tenants and efficiency savings to the Association. In April 2017 we appointed Housing Maintenance Solutions (HMS) as our main contractor for repairs and maintenance and estate management services. In August 2017 we appointed (SLH) to act as our Repairs & Maintenance Managing Agent, to provide contract management and consultancy services to ensure delivery of the HMS Contract. Our contract with SLH came to an end in June 2019 by mutual consent, with the decision taken to bring the management of our repairs service in house. The Association appointed a new in-house Repairs Specialist. We are certain that bringing this service in house, has improved our customer service experience, allowing for better communication between ourselves the tenant and our contractor.

Moving to using one contractor HMS has enabled us to improve our systems, and recording information, including moving to a fully computerised gas servicing system and our routine repairs target of 21 days being met under 12 days.

Over the year the Association has been working with BYA Architects alongside Liverpool City Council to undertake in depth surveys and develop a programme of works to make all our schemes and blocks safer from fire. These fire stopping works will be the priority programme for the Association over the next year with significant investment being made to bring all the buildings up to current building safety standards which goes beyond our legal requirements.

In November 2021 the Association went out to tender for these fire compartmentation works across the Associations Schemes and blocks. Three contractors responded to the tender and the preferred contractor was appointed to undertake the works totalling close to £1 million with an estimated 30 weeks required to undertake all the works required. Work will be undertaken in individual flats and not just to communal areas of the buildings and these works commenced in April 2022 at Hector Peterson Court.

The Association has for many years fixed costs in respect of utilities, our current contracts are coming to an end, and we have commenced with renegotiating utility costs, we are looking to fix costs even in this extremely challenging environment where energy prices are rising steeply. Options and deals are limited but we continue to explore options available to try limit future price increases over the short to medium term. We completed the purchase our office 3 Yanwath Street, reducing revenue costs, these actions led to annual savings of £42k over the life of the business plan from our original base position in 2016.

STEVE BIKO HOUSING ASSOCIATION LIMITED

Report of the Board of Management For the year ended 31 March 2022

9. Value for money [Continued]

We also set out to build on our youth employability programme to develop and deliver employment and training programmes for our customers and wider community members to enable them to improve their skills and capacity therefore, increasing their employability. We submitted a joint bid for this work alongside the Women's Organisation and we have been successful in securing European Union funding. We have recruited both a new project coordinator and administrator to deliver this project.

We have:

- Completed three years of the repairs and maintenance service delivered by HMS, the savings in repair and maintenance of circa £20k per annum. We entered into an extension to this contract from April 2020 until March 2022 and extended this again for a further 2 years until March 2024.
- Maintenance costs compared to the previous contractors enabled SBHA to undertake additional 20% repair works compared to our previous arrangement.
- Commenced year 5 of a 5-year electrical test programme for all properties.
- Completed annual planned maintenance programme for replacement of windows.
- Commissioned a stock condition survey that will support us in detailed planning and understanding of priorities and costs in upgrading and maintaining the Associations properties.
- Completed the development of no 1 Croxteth Grove bringing 6 new units into management in the current and ensuing year.

In April 2018 and June 2019, the Regulator for Social Housing launched a new Value for Money Standard, which includes a set of metrics. Registered Providers are now required to report their performance against the metrics annually in their financial statements.

The regulator published an updated Value for Money Metrics - Technical note guidance issued in May 2022. The note includes the value for money metrics that providers must report on as part of their Annual Accounts reporting and explains how to calculate the metrics

Our performance against these new metrics is highlighted in the table below:

Business Health & Efficiency & Regulator for Social Housing Metrics

Performance	Indicator	Metrics No	SBHA GN / Support 2019/20	SBHA GN / Support 2020/21	SBHA GN / Support 2021/22	NW Peer Group Average 2021/22	SBHA GN / Support Forecast 2022/23
No. of Units			275	275	279	343	281
Business Health	Total Operating Margin	6	12.70%	17.27%	15.43%	21.79%	13.86%
	Social Housing Operating Margin	6	11.96%	16.12%	14.76%	22.76%	11.98%
	EBITDA MRI (as a % of interest)	4	42.62%	251.66%	116.1%	612.5%	(576.64)%
Efficiency	Gearing	3	23.64%	23.07%	22.94%	(7.11)%	30.02%
Efficiency	Reinvestment % investment in properties (existing stock and new supply as % of the value of total properties.	1	3.47%	1.31%	4.48%	3.66%	7.75%

STEVE BIKO HOUSING ASSOCIATION LIMITED

Report of the Board of Management For the year ended 31 March 2022

9. Value for money [Continued]

Performance	Indicator	Metrics No	SBHA GN / Support 2019/20	SBHA GN / Support 2020/21	SBHA GN / Support 2021/22	NW Peer Group Average 2021/22	SBHA GN / Support Forecast 2022/23
Operating efficiencies	Headline Social housing costs per unit.	5	£4,742	£3,557	£4,514	£3,939	£8,056
	Rent Collected as % of rent owed (excluding arrears b/f)		99.90%	99.80%	98.30%	99.69%	100.00%
Efficiency	Overheads as a % of adjusted turnover		13.14%	11.14%	8.75%	16.02%	12.37%
Effective Asset Management	Return on Capital employed % compares the overall operating surplus to total assets less current liabilities	7	1.32%	1.80%	1.63%	1.94%	1.44%
	General Needs Occupancy		98.8%	97.7%	97.00%	98.7%	98.00%
Efficiency	Ratio of responsive repairs to planned spend		0.46	1.49	0.71	0.73	0.18
Development Capacity & Supply	Units Developed		0	0	4	2	2
	Units Developed as a % of units owned	2	0%	0%	1.43%	0.60%	0.71%
Outcomes Delivered	Customers satisfied their rent provides value for money *2011 survey results *2015 survey results		81%	81%	81%	87%	81%
	£ invested for every £ generated in new housing units		£0	£0	£105.85	£0	£26.46
	£ invested for every £ generated in communities		£0.0172	£0.0134	£0.0140	£0	£0.0175
Local Targets	BME Lettings Target set at 45% based on demographics of area.		86.60%	83.30%	87.50%	46.91%	80.00%

SBHA has had a decrease in operating margins in 2021/22 largely due to one off management costs, increased maintenance costs post pandemic and increased housing property depreciation.

The increase in Social Housing costs per unit in 2021/22 was due a return to the annual stock reinvestment works post pandemic.

STEVE BIKO HOUSING ASSOCIATION LIMITED

Report of the Board of Management For the year ended 31 March 2022

9. Value for money [Continued]

The NW benchmarking peer group average includes those members with less than 500 units:

Provider	No. Units	Provider	No. Units
Crosby Homes HA	437	People First HA	275
Family HA	383	Steve Biko HA	275

Benchmarking

SBHA is part of the Acuity NW Benchmarking Group that oversees the collection of data. This report uses the data taken from NW Acuity Benchmarking Group. The annual datasets for the year have been made available by Acuity.

Business health

The Association's operating margin currently stands at 15.43%. SBHA has 279 units which will increase to 281 following the final two units at 1 Croxteth Grove. Our Business Plan shows a modest period of growth at 4 to 6 units per year to enable us to gain critical mass to reduce our costs per unit. This development expenditure will be funded by the secured loan facilities and social housing grant.

Operating Efficiencies

The Association's headline social housing costs per unit are currently at £4,514 per unit. This reflects the return stock reinvestment post the pandemic. The Association provides an intensive housing management service delivering services in very challenging neighbourhoods. Our size exacerbates the higher base cost per unit. The Association's growth strategy together with efficiencies we plan to see a reduction in our headline social housing costs per unit.

One of the results of our intensive housing management service is achieving close to circa 100% rent collection rates (subject to timing) at a time when the pandemic, changes to legislation and welfare reform is having a major impact upon our tenants and the communities in which we work. Princes Park Ward where the majority of our homes are situated has 23% of its wards within the 1% most deprived of the country; 69% of Ward in 10% most deprived wards nationally.

Effective Asset Management

Return on capital employed for the year was in the region of 1.63%. We anticipate that this figure will increase as the Association's growth strategy of developing 4 to 6 units per year is realised.

Occupancy levels at Steve Biko Housing Association were 97.0% which reflects our intensive housing management service. There was an impact during the year due to the pandemic with a small number of units void.

Ratio of responsive repairs expenditure to planned spend is 71%. This has fallen as intended and reflects the return of stock reinvestment during the year. In the previous year we were not as favourable than our NW housing association benchmarking peers although we are planning on undertaking significant works to our properties over the next 12 months.

STEVE BIKO HOUSING ASSOCIATION LIMITED

Report of the Board of Management For the year ended 31 March 2022

9. Value for money [Continued]

Development Capacity & Supply

SBHA has completed works on a significant refurbishment to one large villa during this financial year. Works commenced on site in December 2020 and were virtually complete by the end of March 2022.

The villa is a result of stock transfer and had been vacant for many years. We therefore have brought these properties back in to use, helped with solving blight in a neighbourhood and added to units in the social housing sector whilst meeting our own growth strategy.

Our gearing levels has decreased from 23.07% to 22.94%. This reflects the net repayment of loan balances during the course of the year.

Outcomes Delivered

Our last full STAR Survey was undertaken in 2018. Customer Satisfaction by tenants that their rent provided value for money was at 81%.

We currently spend 1.40p in each £ on tenant participation and community regeneration activities this expenditure enables the Association to deliver against its vision and mission.

SBHA has a target of achieving 45% of our lettings to BME people. This target is set to reflect the 45% BME population in Princes Park and Picton wards, the main wards in which we operate. In recent years we have consistently achieved rates in excess of 80% of our lets to BME people.

10. Employment policies

The Association is an equal opportunities employer.

11. Corporate information

Steve Biko Housing Association Limited is a Social Housing Provider registered as a Registered Society with the Financial Conduct Authority (Registration Number 24187R).

The Association is registered with the Regulator of Social Housing under the Housing & Regeneration Act 2008 (Registration Number L3711).

The Association's registered office is at 19 Devonshire Road, Liverpool, L8 3TX.

12. Internal controls

The Board of Management has overall responsibility for establishing and maintaining the whole system of internal control and reviewing its effectiveness. These controls are designed to give reasonable assurance on:

- the reliability of financial information used within the Association or for publication;
- the maintenance of proper accounting records; and
- the safeguarding of assets against unauthorised use or disposition.

STEVE BIKO HOUSING ASSOCIATION LIMITED

Report of the Board of Management For the year ended 31 March 2022

12. Internal controls [Continued]

Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements include ensuring that:

- formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;
- experienced and suitably qualified agents take responsibility for important business functions;
- forecasts and budgets are prepared which allow the Board of Management to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures;
- the Board of Management receives reports from its agent providing accountancy services and from external auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Association; and
- appropriate action is taken to correct weaknesses identified from the above reports.

The Board of Management has reviewed the effectiveness of the system of internal financial controls in existence in the Association for the year ended 31 March 2022. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

13. Governance and financial viability

The Board of Management has reviewed its compliance with the Governance and Financial Viability Standard and confirm that it complies with the requirements of the standard for the year.

14. Covid-19 impact

The results and financial position reflect the impact of the COVID-19 pandemic on the Association for the reporting period. COVID-19 has impacted the Association by not being able to have face to face Board meetings due to restrictions imposed on the number of people able to meet and social distancing. However, virtual Board meetings have still taken place.

It has also limited the Association's ability to carry out repairs during the first lockdown which commenced late in March 2020 where only emergency repairs were undertaken for a time. Following the easing of these restrictions a full repairs service was rolled out including, the planned programme of works and planning for future fire compartmentation works in the ensuing year. The Board have taken appropriate steps to mitigate these impacts throughout the year where possible. Overall, there has not been a significant financial impact on the Association as the majority of its income is either from Housing Benefit or Universal Credit paid by local authorities.

STEVE BIKO HOUSING ASSOCIATION LIMITED

Report of the Board of Management For the year ended 31 March 2022

15. Statement of the Board of Management's responsibilities in relation to the Association's financial statements

The Board of Management is legally required to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Association in accordance with UK Generally Accepted Accounting Practice and of the surplus or deficit of the Association for the period then ended.

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

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue its operations.

The Board of Management is also responsible for:

- keeping proper accounting records;
- safeguarding the Association's assets; and
- taking reasonable steps for the prevention and detection of fraud and other irregularities.

16. Corporate governance

The Association complies with the National Housing Federation's Code of Governance 2015 and has adopted the recommendations contained in the Code.

17. Auditors

Mitchell Charlesworth (Audit) Limited are willing to continue in office as auditors and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

18. Statement of disclosure of information to auditors

In so far as the Board of Management is aware:

- there is no relevant audit information of which the Association's auditor is unaware; and
- the Board of Management has taken all steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the auditor is aware of that information.

19. Statement of compliance

The Board of Management confirm that this report has been prepared in accordance with the principles set out in Paragraph 4.7 of the 2018 SORP for Registered Social Housing Providers.

BY ORDER OF THE BOARD OF MANAGEMENT

SECRETARY

DATE

Mitchell Charlesworth (Audit) Limited

Chartered Accountants

5 Temple Square Temple Street Liverpool L2 5RH

Independent Auditors' Report to the Members of

STEVE BIKO HOUSING ASSOCIATION LIMITED

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as 31 March 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The Board of Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Mitchell Charlesworth (Audit) Limited

Chartered Accountants

5 Temple Square Temple Street Liverpool L2 5RH

Independent Auditors' Report to the Members of

STEVE BIKO HOUSING ASSOCIATION LIMITED

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- the Association has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation; or
- the revenue account, any other accounts to which our report relates, and the balance sheet are not in agreement with the Association's books of account; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the Board of Management

As explained more fully in the Board of Management's responsibilities statement set out on page 5, the Board of Management 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 it determines 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 of Management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

Mitchell Charlesworth (Audit) Limited

Chartered Accountants

5 Temple Square Temple Street Liverpool L2 5RH

Independent Auditors' Report to the Members of

STEVE BIKO HOUSING ASSOCIATION LIMITED

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance;
- the Association's own assessment of the risks that irregularities may occur either as a result of fraud or error;
- the results of our enquiries of management and members of the Board of Management of their own identification of and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Association's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
 - the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

(i) The presentation of the Association's Statement of Financial Activities, (ii) the Association's accounting policy for revenue recognition (iii) the overstatement of other costs . In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the association operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Co-operative and Community Benefit Societies Act 2014 and the Statement of Recommended Practice for registered social housing providers issued by the joint SORP making body .

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the association's ability to operate or to avoid a material penalty.

Mitchell Charlesworth (Audit) Limited

Chartered Accountants

5 Temple Square Temple Street Liverpool L2 5RH

Independent Auditors' Report to the Members of

STEVE BIKO HOUSING ASSOCIATION LIMITED

Audit response to risks identified

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations described above as having a direct effect on the financial statements;
- enquiring of management and members of the Board concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with relevant authorities where matters identified were significant;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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

MITCHELL CHARLESWORTH (AUDIT) LIMITED
Statutory Auditor

STEVE BIKO HOUSING ASSOCIATION LIMITED

Statement of Comprehensive Income For the year ended 31 March 2022

	Notes	2022 £	2021 £
Turnover	2	1,538,409	1,501,463
Operating expenditure	2	(1,360,084)	(1,264,675)
Other income		59,104	22,468
Operating surplus		237,429	259,256
Interest receivable	5	86	143
Interest and financing costs	6	(154,279)	(162,254)
Surplus before tax	7	83,236	97,145
Taxation	8	-	-
Surplus for the year		83,236	97,145
Actuarial (loss) in respect of pension scheme	16	(4,000)	(41,000)
Total comprehensive income for the year		79,236	56,145

The financial statements on pages 14 to 33 were approved and authorised for issue by the Board of Management on _____ and were signed on its behalf by:

..... SECRETARY

..... BOARD MEMBER

..... BOARD MEMBER

The results relate to continuing activities

The notes on pages 18 to 33 form part of these financial statements

STEVE BIKO HOUSING ASSOCIATION LIMITED

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

	Income & Expenditure Reserve £	Total £
Balance at 1 April 2021	1,122,842	1,122,842
Surplus from statement of comprehensive income	<u>79,236</u>	<u>79,236</u>
Balance at 31 March 2022	<u><u>1,202,078</u></u>	<u><u>1,202,078</u></u>

The notes on pages 18 to 33 form part of these financial statements

STEVE BIKO HOUSING ASSOCIATION LIMITED

Statement of Financial Position For the year ended 31 March 2022

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Tangible fixed assets	9		14,825,471		14,520,277
Investments	10		5		5
			<u>14,825,476</u>		<u>14,520,282</u>
Current assets					
Trade and other debtors	11	212,322		181,464	
Cash and cash equivalents		<u>432,504</u>		<u>380,148</u>	
		644,826		561,612	
<u>Less:</u>					
Creditors: amounts falling due within one year	12	<u>897,552</u>		<u>642,378</u>	
Net current (liabilities)			<u>(252,726)</u>		<u>(80,766)</u>
Total assets less current liabilities			14,572,750		14,439,516
Creditors: amounts falling due after more than one year	13		13,011,696		12,987,274
Provision for liabilities					
Services provision	14		281,970		255,394
Pension provision	16		<u>77,000</u>		<u>74,000</u>
Total net assets			<u>1,202,084</u>		<u>1,122,848</u>
Reserves					
Share capital	15		6		6
Income and expenditure reserve			<u>1,202,078</u>		<u>1,122,842</u>
Total reserves			<u>1,202,084</u>		<u>1,122,848</u>

The financial statements on pages 14 to 33 were approved and authorised for issue by the Board of Management on _____ and were signed on its behalf by:

..... SECRETARY

..... BOARD MEMBER

..... BOARD MEMBER

The notes on pages 18 to 33 form part of these financial statements

STEVE BIKO HOUSING ASSOCIATION LIMITED

Statement of Cash Flows For the year ended 31 March 2022

	2022		2021	
	£	£	£	£
Net cash generated from operating activities (see Note 1)		715,026		332,088
Cash flow from investing activities				
Purchase of tangible fixed assets	(661,326)		(197,959)	
Interest received	86		143	
		(661,240)		(197,816)
Cash flow from financing activities				
Interest paid	(154,279)		(162,254)	
Net movement on borrowings	104,849		(57,498)	
Grants received	48,000		144,000	
		(1,430)		(75,752)
Net change in cash and cash equivalents		52,356		58,520
Cash and cash equivalents at beginning of year		380,148		321,628
Cash and cash equivalents at end of the year		432,504		380,148
Note 1				
Surplus for the year		79,236		56,145
Adjustments for non-cash items:				
Depreciation of tangible fixed assets and impairment		355,184		335,239
(Increase) in trade and other debtors		(17,858)		(75,397)
Increase/(decrease) in trade and other creditors		254,940		(74,179)
Movement in provisions		30,524		65,599
Adjustments for investing or financing activities:				
Government grants utilised in the year		(141,193)		(137,430)
Interest payable		154,279		162,254
Interest received		(86)		(143)
		715,026		332,088
Note 2			Other	
Analysis of changes in net debt:	At	Cash Flows	Non Cash	At
	01/04/2021		Changes	31/03/2022
	£	£	£	£
Cash and cash equivalents				
Cash	380,148	52,356	-	432,504
Current asset investments	-	-	-	-
Borrowings				
Due within 1 year	(207,442)	207,442	(207,476)	(207,476)
Due after 1 year	(3,501,961)	(312,291)	207,476	(3,606,776)
	(3,329,255)	(52,493)	-	(3,381,748)