

Lune Valley Rural Housing Association Limited  
Financial Statements  
Year Ended 31 March 2022



**LUNE VALLEY RURAL HOUSING ASSOCIATION LIMITED**  
**Financial Statements**  
**Year ended 31 March 2022**

## LUNE VALLEY RURAL HOUSING ASSOCIATION LIMITED

### ASSOCIATION DETAILS

Registered Office	South Lakes Housing Bridge Mills Business Centre Kendal Cumbria LA9 4BD
Statutory Auditor	Beever and Struthers Registered Auditor St George's House 215-219 Chester Road Manchester M15 4JE
Managing Agent*	South Lakes Housing Association Bridge Mills Business Centre Kendal Cumbria LA9 4BD
Bankers	The Royal Bank of Scotland plc Fulwood Preston PR2 4JB
Registration	Co-operative and Community Benefits Society (26654R) Regulator of Social Housing (L3880)

\*South Lakes Housing took on management from 1<sup>st</sup> October 2019. Prior to this the managing agent was Jigsaw Homes Group Limited.

## **LUNE VALLEY RURAL HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE BOARD OF MANAGEMENT For the year ended 31 March 2022**

The Board of Management present their annual report and the audited financial statements for the year ended 31 March 2022.

#### **PRINCIPAL ACTIVITY**

The principal activity of the Association is the provision of affordable housing for people with a strong local connection in the villages of North Lancashire and Northwest Yorkshire.

#### **MEMBERS OF THE BOARD OF MANAGEMENT**

The members of the Board of Management during the year ended 31 March 2022 were:

N Paxman (Chair)  
M Robinson (Treasurer)  
N Egdell (Board Member)  
J Huddart (Board Member)  
C Newby (Board Member)  
T Dant (Board Member to be approved at February 2022 AGM)

B Atkinson (Board Member) resigned November 2021.

B Atkinson's shareholding was ended during the year, in addition to one resident shareholder. T Dant, new Board Member, was added. This leaves a total of 7 shares (6 Board Members, 1 Resident).

#### **ELECTION OF MEMBERS TO THE BOARD OF MANAGEMENT**

In accordance with the rules of the Association, the appointment of the Board of Management will be considered at the Annual General Meeting to be held on the 15<sup>th</sup> of August 2022.

#### **REGISTRATION OF THE ASSOCIATION**

The Association is registered under the Co-operative and Community Benefits Societies Act 2014 and with the Regulator of Social Housing as a Registered Provider.

#### **ADMINISTRATION AND MANAGEMENT**

The administration and management of the Association is carried out by South Lakes Housing Association (Co-operative and Community Benefits Society No. 31419R) a Registered Provider whose registered office is Bridge Mills Business Centre, Kendal, Cumbria, LA9 4BD.

#### **AUDITOR**

A resolution to re-appoint Beever and Struthers as auditor for the ensuing year will be proposed at the annual general meeting.

#### **FINANCIAL STATEMENTS AND STATE OF THE ASSOCIATION'S AFFAIRS**

The results for the year are shown in the Statement of Comprehensive Income on page 14. Movements in the Fixed Assets of the Association are set out in note 9 on page 25.

Lune Valley Rural Housing Association Limited  
Financial Statements  
Year Ended 31 March 2022

## CHAIR'S REVIEW OF THE YEAR

Welcome to this year's annual report on the performance, financial position and activities of Lune Valley Rural Housing Association. Further detail is available within the annual tenant report.

During the year we achieved an important milestone having reached our ambition of becoming a 100-home landlord. We have provided seven new homes at Hellifield Rd, Gargrave and two homes at Felstead, Bentham, taking our housing stock to 102 homes. I am pleased to say all homes have now been let in line with the requirements of the local authorities. We have also concluded a refinancing and new funding partnership with CAF Bank which will enable us to continue to develop homes within rural communities for local people and invest in the quality of existing homes.

The pandemic continued to provide challenges to the delivery of services during the year, the ongoing ins and outs of lockdowns did have an impact on the delivery of planned repairs and the Board is acutely aware of the current 'cost of living' pressures that tenants are feeling. I am proud to report that no tenants were evicted during the year and many tenants are receiving early assistance in order to sustain their tenancies. The Board will continue to keep this under review and will prioritise energy efficiency investments and access to grants in the coming year.

I am pleased to report that we have a new Board Member following the appointment of Tim Dant in February 2022. The Board established four strategic objectives during the year, and these have been informed by a recent customer experience survey and the requirements of the Regulator of Social Housing and Housing Ombudsman coming of the back of the social housing white paper. These four strategic objectives are;

1. *Growth* – develop new affordable rented housing in rural areas within the Lune Valley 'circle'.
2. *Energy efficiency* – improve the energy efficiency performance of existing homes and set high eco standards for new developments.
3. *Quality landlord* – invest in the quality of existing homes, keep tenants safe and improve customer experience.
4. *Good governance* – ensure good governance and viability arrangements are in place to deliver the strategic objectives around growth, energy efficiency and quality homes and services.

I would also like to thank all Board Members for the time and contribution. I also wish to place on record the Board's appreciation for the contribution of Brian Atkinson who stepped down from the Board in November 2021. All Board Members give their time on a voluntary basis based upon common values, captured in our mission statement, and the desire to improve the quality and provision of affordable housing in rural areas.

DocuSigned by:  
  
82DABE9865C14B6...  
Nick Paxman

Chair

Lune Valley Rural Housing Association Limited  
Financial Statements  
Year Ended 31 March 2022

## Financial performance

The financial accounts for the year to 31 March 2022 show another stable financial year with a surplus of income over expenditure of £206k. This has increased reserves to £2.46m.

These results place the Association in a strong position to support the Board's continued plans for development of new homes and to provide resilience to the effects of the coronavirus pandemic. At the end of the financial year the Association has cash balances of £727k, a decrease from the previous year's balance (£1.26m). The Association's cash balances exceeded its approved financial Golden Rules of maintaining a minimum £250k cash buffer to help mitigate some of the risks posed by the volatility in the economy. The Board agreed to continue with the buffer going forward.

The Association continued to benefit from low interest rates with all loans on variable rates. The current weighted average borrowing rate being 2.4%. The overall level of borrowings has decreased in the year as all the loans include regular capital repayments. Total borrowings at year end stood at £1.51m (£1.65m as at 31 March 2021).

In June 2022 the Association completed a refinancing exercise of new loan facilities of £2.65m with CAF Bank Limited. The Association drew £1.65m on completion, 24 June 2022, repaying the existing drawn loans with Nationwide Building Society and Clydesdale Bank Plc, with £1.0m of secured available facilities to draw to support the Association's future investment plans. The new loan facilities are subject to fixed interest rates for 10 years.

## Operational Performance

The Association also continues to invest in the improvement of existing properties. Due to operational impacts of the periods of lockdown during the year, the level of planned and major repairs was £44k lower than had been budgeted, with the Board approving £17k of the works be added to the 2022/23 budget.

Turnover in the 2021/22 year was £22k less than budgeted, principally due to the new development of 7 homes at Gargrave (completed in March 2022) having been delayed following utility adoption issues. This reduced turnover was partially ameliorated by lower void losses than budgeted of £8k.

The Association has continued to maintain and improve homes to a high standard through its planned works programme. Responsive maintenance to Lune Valley properties is carried out by South Lakes Housing (based in Kendal) and Gas servicing through its contractor, Rothwells. All properties have an up-to-date gas safety certificate and 10-year electrical certificate. Repairs performance continued to be a challenge due to the pandemic and challenges in recruitment of repair trades operatives. In respect of repairs performance, 100% of emergency repairs were completed on time and 71% of all other repairs were completed on time, the latter impacted by lockdown restrictions and the recruitment challenges.

The Board reviews its planned maintenance programme annually that is underpinned by good quality stock condition surveys and previous investment data (95% stock condition data held, 93% asbestos data held). The Board is investing £185k in existing homes over the next 12 months to ensure that they meet our Home Standard, which is set above the Government's minimum Decent Homes Standard, and to make homes safer and more energy efficient.

Energy efficiency is one of Lune Valley's strategic objectives and good progress is being made on the Energy Performance Certificate (EPC) surveying programme to ensure that there is robust data underpinning the assumptions within the Financial Plan and capacity to attract grant (25% assumed). EPC data is held on 88% of the stock, with some requiring renewing or in small number of cases where access has been a challenge. 25% of homes are currently rated EPC band D or below. The data has been incorporated within the Financial Plan to ensure that the commitment to achieve an average band C by 2030 can be delivered, within the overarching 'fabric first' plan. This includes investment in upgrading loft insulation to 23 homes within the major repairs programme for 2022/23.

Lune Valley Rural Housing Association Limited  
Financial Statements  
Year Ended 31 March 2022

Current rent arrears have increased slightly to 2.92% in 2021/22 (2.68% in 2020/21) and a lot of this is down to the impacts of the pandemic, reduction in Universal Credit support and 'cost of living' pressures. 11 tenants account for 80% of serious arrears and these are largely keeping up with repayment plans. The Board also sought assurance during the year around the support in place to mitigate tenants getting into arrears both before tenancies start and during tenancies. Tenants have access to financial advice and signposting to support services via the Management Agent.

The Board agreed a Former Tenant Arrears and Credits Policy during the year and write-offs are approved by either the Board Chair or Treasurer following recommendation from the Managing Agent. £11.5k of former tenant arrears was written off during the year, and this was all historic debts where collection efforts had been exhausted. The Association will continue to closely monitor rent collection and will take this into account when making any decisions around significant commitment of cash resources.

There were 3 empty properties relet during the year, with rent loss as a % of debit being 0.27% in 2021/22 (0.43% in 2020/21). The Board received assurance around the allocations and lettings process during the year and will consider energy efficiency enhancements for new build developments going forward.

The grounds maintenance service is provided by Continental Landscapes. This includes 12 site visits in the months between April and September and three visits in the months of November, January and March. The Grounds maintenance at Cherry Tree Close is provided by Pilling Parish Council.

The association accounts for housing assets at cost and has no employees or complex financial instruments. The scope for material estimates to impact the accounts is therefore very limited. A provision for impairment of debts has been calculated in line with the accounting policy.

### Value for Money

In setting its budget for 2022/23 the Board have agreed a £3k increase in management costs, this is mainly due to the additional management charge payable, due to new units and the relatively high RPI rate in October 2021. There has also been a small increase in bad debt provision to reflect the external operating environment (latest Financial Plan assumes a prudent 3%). Elsewhere the budget reflects increases in construction price inflation for major repairs, development and health and safety compliance costs.

The Board continues to look for opportunities to reduce operating costs and improve value for money for current tenants whilst generating surpluses for new development. The Board receives sufficient and regular assurance from South Lakes Housing about the costs of repairs and maintenance. Development appraisal assumptions have also been reviewed.

The maintenance service is provided by South Lakes Housing's direct labour organisation with costs linked to the National Housing Federation's schedule of rates plus 6%. In 2020/21 the Board has considered the pros and cons of joining South Lakes Housing's subsidiary Cost Sharing Vehicle with the potential to save VAT on labour. The Board has agreed in principle to join the group, but membership will be considered after the conclusion of HMRC's review of cost sharing groups, this will be reconsidered in 2022/23. This is anticipated to save around £3k per year.

The Board considered two proposals for the Development Agency Agreement during the year and agreed to sign an annual agreement with Jigsaw Homes Group following a review of fee rates, strategic fit and involving in Lune Valley's operating markets.

In line with Government Rent Standard and Rent Policy Statement, the Board increased rents by CPI plus 1% in October 2021 (1.5%) and will increase again by 4.1% from October 2022. The Board has a policy to increase social housing rents by 5% when a social rented property becomes empty and is let to a new tenant, or upon a new valuation in respect of affordable rented homes. This is permitted under the Rent Standard and the

Lune Valley Rural Housing Association Limited  
Financial Statements  
Year Ended 31 March 2022

additional capacity is used to fund much-needed housing within our rural communities. In 2021/22 two social rented properties were relet at the higher rent and one affordable rent set higher reflecting the new valuation.

In 2018 The Regulator of Social Housing published a set of value for money metrics, a requirement under the Value for Money Standard. These measures are intended to capture performance across the sector in a fair and comparable way. The figures for the Association are shown in the table below along with a comparator for the sector.

	Ref	2021/22 Actual	2020/21 Actual	2021/22 Sector
Reinvestment %	a	15.2%	0.6%	4.6%
New supply delivered (social housing)	a	8.8%	0.0%	0.8%
New supply delivered (non-social housing)		0%	0%	0%
Gearing	b	15.3%	8.4%	33.7%
Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI)	c	777%	838%	205%
Headline social housing cost per unit	d	£2,004	£1,855	£4,790
Operating Margin (social housing lettings)		44.6%	51.1%	25.1%
Operating Margin (overall)		44.6%	51.1%	22.1%
Return on Capital Employed (ROCE)	e	4.44%	4.92%	2.9%

\*Based on 2021 Regulator's aggregate accounts published May 2022 for Associations with <2500 units

Some further background is provided below:

- a) Reinvestment measures new properties acquired and works to existing properties. There were two approved Development schemes totaling 9 units in 2021/22; all 9 units were delivered this financial year.
- b) Gearing has increased due to spend on development schemes.
- c) Earnings before interest, tax, depreciation and amortization, major repairs included is intended to indicate the level of revenue surplus compared to the cost of finance (mainly bank interest), adjusted for non-cash revenue items and to include the impact of capitalized major repair costs in the year. The association's indicator remains significantly above the sector average. This mainly reflects the reduced level of repairs expenditure in year and the reduced level of interest payments due to low interest rates. Delay in handover of new development schemes has led to lower rental income than expected.
- d) Social housing cost per unit has increased in 2021/22 as the overall level of spend on repairs and management cost was higher in year.
- e) The operating margins and Return on Capital Employed are relatively high compared to the sector average, this reflects similar underlying factors to those mentioned in c and d above.

## GOVERNANCE

The Association relies on a volunteer Board of management to set its strategic direction and ensure good governance. Board members have a range of relevant experience, local knowledge, and expertise in order to discharge their responsibilities, including:

- property management and resident and tenant issues;
- rural housing needs and rural community issues;
- working with parish councils and local authorities;
- development, building and maintenance;
- finance, information technology and legal matters;
- general business skills including management and decision making; and procurement and energy efficiency expertise

The Board continues to certify compliance with the National Housing Federation 2015 Code of Governance '*Promoting board excellence for housing associations*', the Regulator of Social Housing's Regulatory Standards, and the Housing Ombudsman's Complaint Handling Code. The Board also took time out during an 'away day' in May 2022 to consider the Energy Efficiency Strategy, Allocations Policy and Community Engagement Priorities. The Board have reflected on the challenges associated with the new Code of Governance and agreed to keep the Code of Governance under review and continue to adopt the 2015 Code of Governance, as it better reflected the structure of a small Housing Association. The Board will consider the new 2022 Code of Conduct during 2022/23.

Nick Egdell decided to step down as Chair at the February 2022 Board meeting due to other commitments but will remain on the Board. Nick Paxman was elected as the newly appointed Chair at the February 2022 meeting. Tim Dant was formally co-opted onto the Board at the February 2022 Board meeting.

The Acting Company Secretary oversaw the returns to the Financial Conduct Authority, Information Commissioners Office and Regulator of Social Housing. They were all completed on time with the Board receiving regular reports on compliance.

The Board of Management considers the Association to be compliant with Regulator of Social Housing Governance and Financial Viability Standard.

On appointment, board members sign a statement committing themselves to the following:

- commitment to the Association's vision, values objectives and core policies, working constructively with Board colleagues, managing agent and contractors to fulfil them;
- contribution to the Association's strategic direction, control and performance monitoring, drawing on personal skills and experience as required;
- provision of support and advice to the Officers of the Association;
- commitment to collective responsibility for board decisions and the maintenance of confidentiality of Board and Committee papers and discussions;
- commitment to prepare for and attend Board Meetings and participate in training sessions where possible and relevant;
- agreement to declare any relevant interests in accordance with the Association's procedures and, at all times, to avoid any occasion for suspicion and any appearance of improper conduct;
- signed commitment to a Board Member Services Agreement; and
- commitment to the Code of Governance and to all related policies.



Lune Valley Rural Housing Association Limited  
Financial Statements  
Year Ended 31 March 2022

The Board also developed a new set of internal control and governance related documentation during the year, including;

- Succession and Recruitment Policy;
- Gifts and Hospitality Policy and Register;
- Board Induction and Training Plan;
- Governance Improvement Plan;
- Strategic Risk Register;
- Former Tenants Arrears and Credits Policy;
- Role Profile and Person Specification for the Board Chair position; and
- Board Member Services Agreement, signed by each Board Member.

The Board approved a new Complaints Policy in November 2020, which complies with the Housing Ombudsman's Complaint Handling Code. A complaint can be made by a tenant or any other customer and can be made in via email, telephone, in person or through an advocate.

The Board has worked with colleagues at South Lakes Housing to ensure that company records and filings continue to be maintained.

#### **STATEMENT OF THE RESPONSIBILITIES OF THE BOARD FOR INTERNAL CONTROL AND THE FINANCIAL STATEMENTS**

The Board of Management is responsible for preparing the report and financial statements in accordance with applicable law and regulations. The Co-operative and Community Benefits Societies Act 2014 an Registered Social Housing Legislation requires the Board of Management to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Association and the income and expenditure of the Association for that year. In preparing those financial statements, the Board of Management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to assume that the Association will continue in business.

The Board of Management are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Association and to enable them to ensure that the financial Statements at any time comply with the Co-operative and Community Benefits Societies Act 2014, The Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing in England 2019. It has a general responsibility for taking reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

The Board of Management is responsible for maintaining a sound system of control which:

- Focuses on the significant risks that threaten the Association's ability to meet its objectives;
- and
- Provides reasonable assurance of the safeguarding of assets.

The Board of Management are responsible for reviewing the effectiveness of the system of internal control.

The internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute, assurance against material misstatement or loss. Key elements include:

Lune Valley Rural Housing Association Limited  
Financial Statements  
Year Ended 31 March 2022

- A commitment to quality and competence and an appropriate organisational structure with clearly defined lines of responsibility and delegation of authority, which combine to create an appropriate control environment;
- Procedures to identify major business risks in a timely manner using the risk management process recommended by the Regulator of Social Housing;
- Information systems for detailed financial reporting, budgeting and planning against which performance is monitored. Performance indicators are used to identify trends in current financial and non-financial data; and
- Financial control procedures based upon clearly defined responsibilities and authorities of the Board of Management.

The process for identifying, evaluating and managing the significant risks faced by the Association is ongoing with a quarterly review of the risk register at every Board meeting. The risk register is aligned to the Board's Strategic Objectives – growth, energy efficiency, quality landlord and good governance. This process has been in place for the year ended 31 March 2022 and up to the date of approval of the annual report and financial statements and is regularly reviewed by the Board of Management. No weaknesses in internal control resulted in material losses, contingencies, or uncertainties, which require disclosure in the financial statements or the auditors' report on the financial statements.

The Board of Management's current policy on the prevention, detection and reporting of fraud is as per South Lakes Housing Association policy.

We the Board of Management of the Association who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

- There is no relevant audit information of which the Association's auditors are unaware, and
- We have taken all the steps that we ought to have taken as Board of Management members, in order to make ourselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

Approved by the Board of Management on 15<sup>th</sup> August 2022

Signed on their behalf by .....  
N Paxman (Chair)

DocuSigned by:  
*Nick Paxman*  
82D8BE9665C14B6.....

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF LUNE VALLEY RURAL HOUSING ASSOCIATION LIMITED****Opinion**

We have audited the financial statements of Lune Valley Rural Housing Association ('the Association') for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 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 other information comprises the information included in the Strategic Report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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.

Lune Valley Rural Housing Association Limited  
Financial Statements  
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 in relation to which the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- the Association has not maintained a satisfactory system of control over transactions; or
- the Association has not kept proper accounting records; or
- the Association's financial statements are not in agreement with books of account; 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 Statement of Board's Responsibilities set out on page 9, 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 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 is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

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

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

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**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.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws, regulations and guidance that affect the Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws, regulations and guidance that we identified included the Co-operative and Community Benefit Societies Act 2014, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the regulated nature of the Association's activities.
- We reviewed financial statements disclosures and supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.

Lune Valley Rural Housing Association Limited  
Financial Statements  
Year Ended 31 March 2022

- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

**Use of our report**

This report is made solely to the Association, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to it 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 for our audit work, for this report, or for the opinions we have formed.

*Beever and Struthers*

**Beever and Struthers, Statutory Auditor**  
St George's House  
215 – 219 Chester Road  
Manchester  
M15 4JE

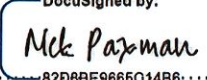
Date: *20 September 2022*

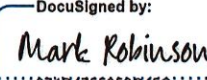
Lune Valley Rural Housing Association Limited  
Financial Statements  
Year Ended 31 March 2022

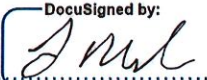
**Statement of Comprehensive Income  
For the Year Ended 31 March 2022**

	Note	2022 £	2021 £
Turnover	2	540,137	518,007
Operating expenditure	3	(299,483)	(253,298)
<b>Operating surplus</b>		<b>240,654</b>	<b>264,709</b>
Interest receivable		107	620
Interest and financing costs		(34,916)	(38,464)
<b>Surplus before tax</b>		<b>205,845</b>	<b>226,865</b>
Taxation		-	-
<b>Total comprehensive income for the year</b>		<b>205,845</b>	<b>226,865</b>

The financial statements on pages 14 to 29 were approved and authorised for issue by the Board on 15<sup>th</sup> August 2022 and were signed on its behalf by:

DocuSigned by:  
  
 .....82D8BE9666C14B6:..... N Paxman (Chair)

DocuSigned by:  
  
 .....974D4756952C45C:..... M Robinson (Treasurer)

DocuSigned by:  
  
 .....A905BA95BE58450:..... J Mansergh (Acting Secretary)


The results relate wholly to continuing activities and the notes on pages 18 to 29 form an integral part of these accounts.


Lune Valley Rural Housing Association Limited  
Financial Statements  
Year Ended 31 March 2022


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

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible fixed assets	9	4,947,267	4,286,358
<b>Current assets</b>			
Trade & other debtors	10	45,655	74,331
Cash and cash equivalents	11	727,496	1,264,413
		<u>773,151</u>	<u>1,338,744</u>
<b>Less: Creditors:</b>			
Amounts due within one year	12	<u>(294,379)</u>	<u>(239,877)</u>
<b>Net current assets</b>		<u>478,772</u>	<u>1,098,867</u>
<b>Total assets less current liabilities</b>		<u>5,426,039</u>	<u>5,385,225</u>
Creditors: amounts falling due after more than 1 Year	13	<u>(2,961,933)</u>	<u>(3,126,963)</u>
<b>Total net assets</b>		<u>2,464,106</u>	<u>2,258,262</u>
<b>Reserves</b>			
Non-equity share capital	16	(7)	(8)
Income & expenditure reserve		<u>(2,464,099)</u>	<u>(2,258,254)</u>
<b>Total reserves</b>		<u>(2,464,106)</u>	<u>(2,258,262)</u>

The financial statements on pages 14 to 29 were approved and authorised for issue by the Board on 15th August 2022 and were signed on its behalf by:

DocuSigned by:  
  
 .....82D8BE9665C14B6..... N Paxman (Chair)

DocuSigned by:  
  
 .....974D4755952C45G..... M Robinson (Treasurer)

DocuSigned by:  
  
 .....X905BA95BE5845U..... J Mansergh (Acting Secretary)

The notes on pages 18 to 29 form an integral part of these accounts.

Lune Valley Rural Housing Association Limited  
 Financial Statements  
 Year Ended 31 March 2022

**Statement of Changes in Reserves**  
**At 31 March 2022**

	Income and expenditure reserve £	Non-equity share capital £	Total £
<b>Balance as at 31 March 2020</b>	(2,031,389)	(8)	(2,031,397)
Surplus from Statement of Comprehensive Income	(226,865)	0	(226,865)
Issued shares	0	0	0
Shares write-off	0	0	0
<b>Balance as at 31 March 2021</b>	<b>(2,258,254)</b>	<b>(8)</b>	<b>(2,258,262)</b>
Surplus from Statement of Comprehensive Income	(205,845)	0	(205,845)
Issued shares	0	(1)	(1)
Shares write-off	0	2	2
<b>Balance as at 31 March 2022</b>	<b>(2,464,099)</b>	<b>(7)</b>	<b>(2,464,106)</b>

The notes on pages 18 to 29 form an integral part of these accounts.



Lune Valley Rural Housing Association Limited  
Financial Statements  
Year Ended 31 March 2022

**Statement of Cash Flows**  
**For the Year Ended 31 March 2022**

	2022 £	2021 £
Net cash generated from operating activities (see note i)	368,353	353,028
Cash flow from investing activities		
Purchase of tangible fixed assets	(731,911)	(23,809)
Interest received	107	620
	<u>(363,451)</u>	<u>329,839</u>
Cash flow from financing activities		
Interest paid	(28,641)	(34,753)
Loan financing costs	(1,662)	0
Repayment of borrowings	(143,163)	(144,562)
<b>Net change in cash and cash equivalents</b>	<u><b>(536,917)</b></u>	<u><b>150,524</b></u>
<b>Cash and cash equivalents at the beginning of the year</b>	<u><b>1,264,413</b></u>	<u><b>1,113,890</b></u>
<b>Cash and cash equivalents at the end of the year</b>	<u><b>727,496</b></u>	<u><b>1,264,413</b></u>

Note i to the cash flow statement

	2022 £	2021 £
<b>Cash flow from operating activities</b>		
Surplus for the year	205,845	226,865
<b>Adjustment for non-cash items:</b>		
Depreciation of tangible fixed assets	93,474	79,356
Decrease in trade and other debtors	28,676	73,398
Increase / (Decrease) in trade and other creditors	27,775	(42,207)
<b>Adjustment for investing or financing activities:</b>		
Amortisation of grants	(22,225)	(22,228)
Amortisation of loan financing costs	5,688	5,703
Interest and financing cost	29,228	32,761
Interest received	(107)	(620)
<b>Net cash generated from operating activities</b>	<u><b>368,353</b></u>	<u><b>353,028</b></u>

## Notes to the Financial Statements for the year ended 31 March 2022

### Legal Status

Lune Valley Rural Housing Association Limited is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Homes and Communities Agency as a Private Registered Provider of Social Housing. The registered office is South Lakes Housing, Bridge Mills Business Centre, Kendal, Cumbria, LA9 4BD.

### 1. Principal Accounting Policies

The Association's financial statements have been prepared in accordance with applicable United Kingdom Financial Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers SORP 2018.

#### Basis of accounting

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 2019. The accounts are prepared on the historical cost basis of accounting and are presented in sterling £.

The Association's financial statements have been prepared in compliance with FRS102. In complying with FRS102 the Association meets the definition of a public benefit entity.

#### Going Concern

The Association's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. The Board approved a financially sustainable budget for 2022/23 in February 2022 and a 30-year financial plan in May 2022. The impact of Covid-19 is now judged to be a reduced risk for the Association but other economic factors, particularly sharp increases to the cost of living and potential resultant fuel poverty do pose a risk. Although rent arrears may increase, this is not expected to be to such an extent for such a prolonged period that it would significantly impact on the going concern assumption. A key mitigating factor is that as at 31/3/2022 the Association held significant uncommitted cash balances (in relation to the operational cash flows); the long term financial plan has been prepared on the basis of keeping £250k as unallocated cash balances which relate to just over 40% of expected annual turnover for 2022/23. Stress testing was completed on the plan and reported to the Board in May 2022. This showed that although there were some risk factors there were sufficient mitigations to address these. The plan was prepared on the basis of a new funding package from CAF bank replacing the existing funding, which was completed in June 2022. We consider it appropriate to continue to prepare the financial statements on a going concern basis.

#### Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

##### a) Categorisation of housing properties

The Association has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Association has considered if the asset is held for social benefit or to earn commercial rentals. The Association has determined that social rent rented properties are for social benefit.

## 1. Principal Accounting Policies (continued)

### Critical judgements and key sources of estimation uncertainty (continued)

#### b) Tangible fixed assets

Tangible fixed assets 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, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

#### c) Bad Debt Provision

The association makes a provision for bad debts at the year end as follows:

- Former tenants arrears – 100%
- Current tenants arrears – 75% of amount owed between £500 but under £1000
- Current tenants arrears - 100% of amounts over £1,000 or tenants declared bankrupt.

#### d) Impairment of non-financial assets

Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified.

Impairment triggers are defined as:

- Changes in Government policy on rental income
- Property remaining empty for significant periods of time
- Properties where significant works have been identified in a stock condition survey

#### e) Disclosure of long term loans and capitalised fees.

As noted in the going concern section above, at the balance sheet date, the Association was working towards refinancing of the existing loan facilities. No contracts for new financing or repayment of the old financing had been entered into as at 31 March 2022. On that basis, it has been judged that the existing loans, including the capitalised fee element are to be accounted for and disclosed as if they were to continue to their maturity dates.

### Turnover and revenue recognition

Turnover represents rental income receivable and amortised capital grant. Income is recognised in relation to the period when goods or services have been supplied. Rental income is recognised when the property is available to let, net of voids.

### Service charges

Service charge income and costs are recognised on an accruals basis. The Association operates fixed service charges on a scheme by scheme basis in full consultation with residents.

### Loan interest costs

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and amount of maturity of the related loan.

## 1. Principal Accounting Policies (continued)

### Loan issue costs

These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised.

Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive income account in the year in which redemption took place.

### Tangible fixed assets and depreciation

#### Housing properties

Tangible fixed assets are stated at cost, less accumulated depreciation.

Housing properties under construction are stated at cost and are not depreciated. These are reclassified as housing properties on practical completion of construction.

Freehold land is not depreciated.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred. The association depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

UELs for identified components are as follows:

	Years
Boilers	15
Kitchens	20
Bathroom	30
Roofs	80
Doors	30
Windows	30
Structure	100

#### Property managed by agents

The Association carries the majority of the financial risk on property managed by agents. Income arising from the property is included in the Statement of Comprehensive Income.

The assets and associated liabilities are included in the Association's Statement of Financial Position.

#### Short-term 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 income statement in other operating expenses.

## 1. Principal Accounting Policies (continued)

### Social Housing and other government grants

Where developments have been financed wholly or partly by social housing grant (SHG), the amount of the grant received has been included as deferred income and recognised in Turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. SHG received for items of cost written off in the Statement of Comprehensive Income Account is included as part of Turnover.

When SHG in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

### Financial Instruments

Financial assets and financial liabilities are measured at transaction price initially, plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs that the entity may incur on sale or other disposal.

Debt instruments that meet the conditions in paragraph 11.8(b) of FRS 102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.

Commitments to receive or make a loan to another entity which meet the conditions in para 11.8(c) of FRS 102 are measured at cost less impairment.

### Financial instruments held by the Association are classified as follows:

Financial assets such as cash, current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method.

### Value Added Tax

The Association does not charge VAT on its income and is unable to recover the VAT it incurs on expenditure. All amounts disclosed in the accounts are inclusive of VAT to the extent that it is suffered by the Association and not recoverable.

### Taxation

Lune Valley Rural Housing Association has charitable status and is therefore exempt from UK Corporation Tax on its charitable activities.

Lune Valley Rural Housing Association Limited  
Financial Statements  
Year Ended 31 March 2022

## 2 Turnover, Operating Expenditure and Surplus

The association has no other activity than Social Housing Lettings. All the turnover, operating expenditure and the resulting operating surplus as set out in the Statement of Comprehensive Income arise from General Needs housing. This is summarized below with further detail in note 3.

	Note	2022 £	2021 £
Turnover	3	540,137	518,007
Operating expenditure	3	(299,483)	(253,298)
<b>Operating surplus</b>		<b>240,654</b>	<b>264,709</b>

## 3. Breakdown of operating revenues from Social Housing

	General Housing 2022 £	General Housing 2021 £
<b>Turnover</b>		
Rent receivable net of identifiable service charge and net of voids	510,635	489,103
Service charge income	7,276	6,676
Amortised government grants	22,225	22,228
<b>Turnover from Social Housing Lettings</b>	<b>540,136</b>	<b>518,007</b>
<b>Operating Expenditure</b>		
Management	114,911	98,029
Services charge costs	12,665	11,148
Routine maintenance	38,958	47,759
Planned maintenance	17,260	15,601
Major repairs expenditure	20,607	0
Bad debts	1,607	1,405
Depreciation of housing properties	93,474	79,356
<b>Operating Expenditure on Social Housing Lettings</b>	<b>299,482</b>	<b>253,298</b>
<b>Operating Surplus from Social Housing Lettings</b>	<b>240,654</b>	<b>264,709</b>
Void Losses (being rental income lost as a result of property not being let, although available for letting)	(714)	(1,321)

Lune Valley Rural Housing Association Limited  
Financial Statements  
Year Ended 31 March 2022

#### 4. Units owned and in development

	<u>2022</u>	<u>2021</u>
Owned	102	93
In development	0	0
<b>Balance b/f</b>	93	93
Acquired	9	0
Disposed	0	0
<b>Balance c/f</b>	<b>102</b>	<b>93</b>
Average rental income per unit (£) as at reporting date	105.31	103.16

All units are managed by South Lakes Housing.

Lune Valley Rural Housing Association Limited  
Financial Statements  
Year Ended 31 March 2022

#### 5. Directors and key management personnel

The Directors and key management personnel are defined as the Board of Management. None of the Board of Management received any emoluments during the period (2021- Nil).

The administration and management of the Association is carried out by South Lakes Housing Association (Co- operative and Community Benefits Society No. 31419R), a Registered Social Landlord whose registered office is South Lakes Housing Association, Bridge Mills Business Centre, Kendal, Cumbria, LA9 4BD. Lune Valley Rural Housing Association has no paid Executive Officers.

Expenses reimbursed to the Board of Management not chargeable for UK income tax during the period were:

	2022 £	2021 £
N Egdell	270	
C Ryan		43
	270	43

The Association does not have any employees.

#### 6. Financing costs

	2022 £	2021 £
On loans repayable in more than 5 years	1,263	32,761
On loans repayable in more than 4 years but less than 5 years	27,965	0
Costs associated with financing	5,688	5,703
	34,916	38,464



Lune Valley Rural Housing Association Limited  
Financial Statements  
Year Ended 31 March 2022

## 7. Surplus on ordinary activities

Operating surplus is stated after charging / (crediting):

	2022	2021
	£	£
Auditors remuneration (excluding VAT):		
Audit of the financial statements	3,970	3,765
Corporation Tax Return	300	-
Depreciation of housing properties	93,474	79,356
Amortisation of Social Housing Grant	(22,225)	(22,228)

## 8. Taxation

Lune Valley Rural Housing Association has charitable status and is therefore exempt from UK Corporation Tax on its charitable activities.

## 9. Tangible fixed assets

### Housing properties

	Social housing properties for letting completed	Social housing properties for letting under construction	Total fixed assets
	£	£	£
<b>Cost 1 April 2021</b>	5,439,034	24,812	5,463,846
Additions	0	345	345
Schemes completed	738,062	-24,812	713,250
Components Replaced	40,787	0	40,787
Disposal of components	(21,490)	0	(21,490)
<b>As at 31 March 2022</b>	<b>6,196,393</b>	<b>345</b>	<b>6,196,738</b>
<b>Depreciation</b>			
At 1 April 2021	1,177,488	0	1,177,488
Released on disposal of components	(8,871)	0	(8,871)
Charged in year	80,854	0	80,854
<b>As at 31 March 2022</b>	<b>1,249,471</b>	<b>0</b>	<b>1,249,471</b>
<b>Net book Value 31/3/2022</b>	<b>4,946,922</b>	<b>345</b>	<b>4,947,267</b>
<b>Net book Value 31/3/2021</b>	<b>4,261,546</b>	<b>24,812</b>	<b>4,286,358</b>

All properties are freehold.

Lune Valley Rural Housing Association Limited  
Financial Statements  
Year Ended 31 March 2022

**Planned expenditure on works to existing properties**

	2022	2021
	£	£
Components capitalised	40,787	-
Amounts charged to the income and expenditure account	37,867	15,601
	<u>78,654</u>	<u>15,601</u>

**10. Trade and other debtors**

	2022	2021
	£	£
Amounts falling due within one year:-		
Rent arrears	17,855	26,483
Less: provision for bad debts	(12,989)	(23,007)
	<u>4,866</u>	<u>3,476</u>
Cash in transit	17,663	1,453
Other debtors	16,157	68,119
Prepayments and accrued income	6,969	1,283
	<u>45,655</u>	<u>74,331</u>

**11. Cash and cash equivalents**

	2022	2021
	£	£
Cash at bank	727,496	1,264,413
	<u>727,496</u>	<u>1,264,413</u>

**12. Creditors: amounts falling due within one year**

	2022	2021
	£	£
Loans (note 14)	148,082	146,299
Deferred Capital Grant (note 15)	22,222	22,228
Rents in Advance	12,587	13,017
Accruals and deferred income	40,485	11,485
Other creditors	71,003	46,848
	<u>294,379</u>	<u>239,877</u>

Lune Valley Rural Housing Association Limited  
Financial Statements  
Year Ended 31 March 2022

13. Creditors: amounts falling due after one year	2022	2021
	£	£
Loans (note 14)	1,335,129	1,477,941
Deferred Capital Grant (note 15)	1,626,804	1,649,022
	<u>2,961,933</u>	<u>3,126,963</u>

14. Debt analysis	2022	2021
	£	£
<b>Loans repayable by instalments</b>		
In One Year or Less	148,082	146,299
Between One and Two Years	150,687	148,634
Between Two and Five Years	1,170,455	461,260
In Five Years or More	42,278	898,472
	<u>1,511,502</u>	<u>1,654,665</u>
Loan issue costs	(28,292)	(30,425)
	<u>1,483,210</u>	<u>1,624,240</u>

The loans are instalment loans and are secured by specific charges on the Association's housing properties. The loans are repayable in monthly or quarterly instalments at varying rates of interest and are due to be repaid in 2026 and 2029. The interest rate profile as at 31<sup>st</sup> March 2022 was:

	Total	Variable	Fixed	Weighted Average Rate	Weighted Average Term
	£	£	£	%	Yrs
<b>2022</b>	1,511,502	1,511,502	0	2.4%	4.5
<b>2021</b>	1,654,665	1,654,665	0	1.8%	5.5

As at 31<sup>st</sup> March 2022 the Association has no undrawn loan facility (2021: £0m).

Lune Valley Rural Housing Association Limited  
Financial Statements  
Year Ended 31 March 2022

**15. Deferred capital grant**

	2022	2021
	£	£
At start of year	1,671,251	1,693,479
Grant received in the year	0	0
Released to income in the year	(22,225)	(22,228)
At the end of the year	<u>1,649,026</u>	<u>1,671,251</u>
	£	£
Amount due to be released < 1 year	22,222	22,228
Amount due to be released >1 year	1,626,804	1,649,023
	<u>1,649,026</u>	<u>1,671,251</u>

**16. Non-equity share capital**

	2022	2021
	£	£
Shares of £1 par value each issued and fully paid		
At beginning of period	8	8
Issued in period	1	-
Written-off in period	(2)	-
At end of period	<u>7</u>	<u>8</u>

The shares do not have a right to any dividend or distribution in a winding-up and are not redeemable. Each share has full voting rights.

**17. Capital commitments**

	2022	2021
	£	£
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>0</u>	<u>138,396</u>
Capital expenditure that has been authorised by the Board but has not been contracted for	<u>460,269</u>	<u>623,075</u>

There were no development schemes in progress where contracts had been exchanged at the balance sheet date. The authorised figure is made up of £83,662 relating to capital major repairs and £376,607 in relation to the development scheme at Greenways, Over Kellet which had not exchanged contracts as at 31/3/2022.

Lune Valley Rural Housing Association Limited  
Financial Statements  
Year Ended 31 March 2022

### 18. Grant and financial assistance

	2022	2021
	£	£
The total accumulated government grant and financial assistance received or receivable at 31st March:		
Held as deferred capital grant	1,649,026	1,671,251
Recognised as income in the Statement of Comprehensive Income	572,848	551,623
	<u>2,222,874</u>	<u>2,222,874</u>

### 19. Related parties

The following are related parties:

- South Lakes Housing Association is the managing agent and provides administrative and maintenance services. During the year the Association purchased services from South Lakes Housing Association totaling £216,394 (2021 £146,837). At the balance sheet date £71,003 (2021 £41,301) was owed to South Lakes Housing Association. Some elements of rental income are collected by South Lakes Housing on behalf of the Association. At the year end, £16,157 (2021, £68,119) was due to the Association from South Lakes Housing.
- Transactions with key management personnel and their close family members (including compensation paid); there were no related party transactions in the year to 31st March 2022 and no amounts outstanding (2021: £nil).

Related party balances are not secured.

### 20. Changes in net debt

	At beginning of the year	Cash Flows	Non-cash Movements	At end of the year
	£	£	£	£
Cash and cash equivalents	1,264,413	(536,917)	0	727,496
Housing loans due in one year	(146,299)	(1,783)	0	(148,082)
Housing loans due after one year	(1,477,941)	146,608	(3,795)	(1,335,129)
	<u>(359,827)</u>	<u>(392,092)</u>	<u>(3,795)</u>	<u>(755,714)</u>

