

VINE HOUSING CO-OPERATIVE LIMITED

Draft

FINANCIAL STATEMENTS

FOR THE

YEAR ENDED 30TH SEPTEMBER 2021

VINE HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2021

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VINE HOUSING CO-OPERATIVE LIMITED

INFORMATION

Management Committee

Officers

<i>Chairperson</i>	Hester Dart Mary Mollison	to March 2021 from March 2021
<i>Deputy Chairperson</i>	Louise Schofield Simon Eugene	to March 2021 from March 2021
<i>Secretary</i>	Megan Doolittle	
<i>Treasurer</i>	Bonnie Sutton	
<i>General Meeting Chair</i>	Niko Brenner	
<i>Housing Management</i>	Marie Johnson Simon Eugene	
<i>Policy & PR Group</i>	Pat Holland Joshua Vuglar	
<i>Membership</i>	Lucy Bodenham Beth Higgins	
<i>Finance</i>	Simon Noble James Armed Michael Sinfield	
<i>Development</i>	Niko Brenner Jenny Vuglar	
<i>Maintenance</i>	Simon Knight Karen Smith	

Bankers

Santander
Bridle Road
Bootle
Merseyside L30 4GB

Statutory Auditors

Appleby & Wood (London) Limited
40 The Lock Building
72 High Street
Stratford
London E15 2QB

Registered Office

37 Bonnington Square
Vauxhall
London SW8 1T

Housing and Communities Authority Registered No.

C3499

Co-operative and Community Benefit Societies Registered No

24096R

VINE HOUSING CO-OPERATIVE LIMITED

Report of the Management Committee

for the year ended 30 September 2021

The Management Committee presents its report and financial statements for the year ended 30 September 2021.

Review of activities

Introduction

The principal activity of the Co-operative is the provision of housing to its members. Vine Housing Co-op is a fully mutual housing co-operative, which requires all its members to participate in its management. Members belong to one of six sub-groups, which deal with the day-to-day activities of the Co-op, in liaison with our Co-op administrator. The sub-groups meet monthly and send representatives to the Management Committee, which also meets monthly (excluding August and December). Major decisions including any policy changes are taken by the General Meeting of all Co-op members, which takes place three times a year. A Personnel Committee, made up of Co-op officers and members delegated from sub-groups, liaises directly with our worker and co-ordinates her relations with the Co-op.

The Co-op had another successful year of self-management thanks to the very many members who took responsibility for different aspects of managing our housing. The overarching structures of the General Meetings, the Management Committee and the Personnel Committee functioned well in co-ordinating these activities, enabling members to make and implement decisions, both short and long-term. We are as always especially grateful for the work of our administrator in ensuring that the very many necessary tasks were successfully completed in a supportive and helpful way. The underpinning work of the Co-op was undertaken as follows:

General Meeting

This year brought continuing challenges posed by the COVID-19 pandemic, including the increasing costs of maintenance and improvement works and the stresses and strains on the health and wellbeing of our members. On a more positive note, we welcomed our new Co-ordinator, Zenatte Botende and wished Sue Berry well in her retirement. We also launched a new website, successfully upgrading and adding to our online information and communication services. Our day to day and longer term activities were maintained, with high levels of active participation by our members. Three General Meetings and the Annual General Meeting (delayed by three months) were held, where a number of revisions to Co-operative policies brought forward by the Management Committee and Subgroups were agreed, and a number of short and longer-term priorities for the Co-op were discussed and agreed. The routine business conducted included election of officers, agreeing the audited accounts, welcoming new members, setting a budget and agreeing rent increases.

Management Committee

The MC continued its essential work in facilitating discussions, co-ordinating activities, monitoring financial, maintenance and rent collection reports, sharing information and making decisions in all areas dealt with by our six subgroups. Meetings continued to be held on Zoom, with 10 meetings held during the year, all being quorate.

Policy & Public Relations

P&PR discussed a wide range of Co-op policies and procedures. A number of policies were updated and agreed at both Management Committee and the General Meeting, and placed on the new website. These include a 'New Tenancies Policy' and amendments to the existing 'Rent Arrears Policy'. Changes were made to the wording of some policies including 'Allocations and Transfers' and 'Transfer Mutual Exchange Policy and Procedure'. P&PR also proposed up-dates to our Complaints Policy to comply with the Housing Ombudsman's Complaints Handling Code and discussed the Government's 'Charter for Social Housing Residents'. P&PR promoted the training sessions which were run by the Confederation of Co-operative Housing (CCH) and were attended by several Co-op members and our Co-ordinator. During the year P&PR were very low on numbers, but this was eventually resolved with a number of new members welcomed.

VINE HOUSING CO-OPERATIVE LIMITED

Report of the Management Committee

for the year ended 30 September 2021

Membership

There were four allocations completed during the year, reflecting a significantly higher number of departures and changes within households. Five provisional members were accepted, and three longstanding members moved out of the Co-op. Information about joining the Co-op was updated on the new website. The allocation process and policies were put under review, work which is continuing. Throughout the period Membership responded to and dealt with requests from the public to join the Co-op and the Waiting List. Membership also worked to re-engage inactive members and facilitate pathways to participation.

Finance

The subgroup continued to discharge its routine assignments such as reviewing income and expenditure, setting the annual budget, and submitting financial returns. We experienced a delayed audit due to Covid 19, but successfully agreed the accounts within the extended government deadline. Non-routine assignments worthy of mention include changes to expenditure authorisation procedures, assessment of the increasing financial burdens of membership of the SHPS (Social Housing Pension Scheme), and authorisation for upgraded office equipment and expenses for developing the new website.

Housing Management

In the last year Housing Management developed a good working relationship with our new Housing Co-ordinator. Rent arrears were promptly addressed and there was a steady decrease of arrears throughout the year to under 3%. Covid 19 restrictions brought challenges to filling some voids, which took longer than would be usual but all other aspects of the groups work continued as normal. Complaints were often resolved at stage one. Some tenancy discrepancies were rectified. There were successful working groups set up with Maintenance and Membership, to improve and clarify procedures on voids and allocations.

Development

Double glazing was almost completed, with just a few windows and doors outstanding on a small number of properties. Solar panels continued to give good returns from the feed-in tariffs. The use of acoustic marmoleon with acoustilay underlay in kitchens and bathrooms had some positive effects on sound proofing. More funding was earmarked to improve the sound proofing in any empty units or units that become available for transfers. Development funded disability adaptations and undertook research into future replacements of gas boilers.

Maintenance

Despite the global covid pandemic continuing, the Maintenance Subgroup were able to provide emergency, major and minor repairs, all of which were carried out within agreed timescales with the invaluable assistance of our co-ordinator. Cyclical maintenance was carried as per our long-term plan. Twelve meetings were held with excellent attendance and participation, all on Zoom Video conferencing, and the use of a centralised email and group WhatsApp continued to enable the group to organise work between meetings.

Personnel Committee

The Committee managed the successful transition to employing a new Co-ordinator, Zenatte Botende. The willingness of Sue Berry, our retiring Administrator, to stay for an additional two months to support the transition was very much appreciated, along with her making herself available to answer questions for a considerable period after retiring. Additional training and support in a number of areas was also organised. The office and its equipment were upgraded by the Committee, and the filing system reorganised. A mixture of online and office-based work was negotiated as Covid-19 restrictions changed over the year. We would especially like to thank Zenatte for the new energy and commitment she has brought to the Co-op.

VINE HOUSING CO-OPERATIVE LIMITED
Draft
Report of the Management Committee
for the year ended 30 September 2021

Value for money

The Committee of management has noted its responsibility under the 2012 Accounting Direction to report to stakeholders how it achieves value for money in delivering its purpose and objectives. The Co-operative is committed to providing services that represent Value for Money for our members and other stakeholders.

Value for money means delivering high quality services that are cost efficient. We strive to continually improve services, to meet the changing needs of our members and to show that we have made the best use of resources.

Value for money Matrices

In accordance with guidance from the regulator of Social Housing published in June 2019, the Co-operative report its value for Money ratios comparing Vine with other small co-operatives, as follow:

Performance Metrics		VHC YE0921	SPBM 2021	VHC YE0920
Reinvestment	%	0.00%	77.00%	0.00%
Gearing	%	0.00%	-19.67%	0.00%
Interest Cover (using EBITDA MRI*)	%	-1577.83%	370%	-1540.99%
Headline social housing cost per unit	£	2564.91	2,881.00	2258.67
Operating Margin	%	-17.16%	23.7%	-11.99%
Return on Capital Employed	%	-9.11%	2.3%	-6.79%

Going concern

The Management Committee has a reasonable expectation that the Co-operative has adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Auditors

Appleby and Wood (London) Limited have indicated their willingness to continue in office and offer themselves for re-appointment as such.

ON BEHALF OF THE MANAGEMENT COMMITTEE

Megan Doolittle
 Secretary

VINE HOUSING CO-OPERATIVE LIMITED

STATEMENT OF MANAGEMENT COMMITTEE RESPONSIBILITIES

YEAR ENDED 30TH SEPTEMBER 2021

The committee is responsible for preparing the financial statements in accordance with applicable laws and regulations.

Legislation requires the committee to prepare financial statements for each financial year end. Under that law the committee have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). The committee must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the organisation and of the surplus or deficit of the organisation for that period.

In preparing these financial statements we are required to:-

Select suitable accounting policies and then apply them consistently;

Make judgments and estimates that are reasonable and prudent;

State whether applicable accounting standards and statements of recommended practice have been followed and give details of any departures;

Prepare the financial statements on the going concern basis, unless it is inappropriate to assume that the organisation will continue to exist.

The management committee is responsible for keeping proper accounting records which, at any time, disclose with reasonable accuracy the financial position of the residents organisation and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014.

The management committee is also responsible for maintaining a satisfactory system of control over the accounting records and transactions and for safeguarding the assets of the organisation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

VINE HOUSING CO-OPERATIVE LIMITED

Independent Auditor's Report to the members of Vine Housing Co-operative Limited

Opinion

We have audited the financial statements of Vine Housing Co-operative Limited (the 'organisation') for the year ended 30th September 2021 which comprise the Income and Expenditure Account and Balance Sheet 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 organisation's affairs as at 30th September 2021 and of its income and expenditure for the period then ended; 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 Social Housing in England from 2019.
- in our opinion the information given in the committees' annual report for the financial year for which the financial statements are prepared are consistent with the financial statements.

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 organisation 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 Management Committee'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 organisation'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 Management Committee with respect to going concern are described in the relevant sections of this report.

Other information

The committee are responsible for the other information. The other information comprises the information included in the Management Committee' 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, except to the extent otherwise explicitly stated in our report, 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.

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:

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

Responsibilities of the Management Committee

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

In preparing the financial statements, the Management Committee are responsible for assessing the organisation'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 Management Committee either intend to liquidate the organisation or to cease operations, or have no realistic alternative but to do so.

VINE HOUSING CO-OPERATIVE LIMITED

Independent Auditor's Report to the members of Vine Housing Co-operative Limited - (continued)

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the organisation and determined that the most significant are FRS102, the Co-operative and Community Benefit Societies Act 2014 and the Housing and Regeneration Act 2008, together with the supervisory requirements of the Financial Conduct Authority (FCA) and that of Homes England.
- The organisation operates locally and is not significantly impacted by international law or regulations. Taxation law and regulations apply to the organisation but is not involved in any complex matters that increase risk of non-compliance.
- We understood how the organisation is complying with those frameworks through discussions with the management committee and review of the management committee minutes and the organisation's documented policies and procedures.
- We assessed the susceptibility of the organisation's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the Management Committee's reporting to the organisation with respect of the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the organisation.
- Our pre-audit review specifically makes reference to fraud risk and this is supported by audit documentation. We also review board minutes to identify any matters of concern or risk. None was identified.
- The organisation is small, its activities are regular and consistent and are not complex and no special audit considerations apply, nor is external specialist assistance required.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the organisation and management.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://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 organisation's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the organisation'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 organisation and the organisation's members as a body, for our audit work, for this report, or for the opinions we have formed.

R W Williams
Appleby & Wood (London) Limited
Statutory Auditors
40 The Lock Building
72 High Street
Stratford
London E15 2QB

Date

VINE HOUSING CO-OPERATIVE LIMITED

INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 30TH SEPTEMBER 2021

	Note	2021 £	2020 £
Turnover		245,912	238,461
Operating cost			
Estate costs	1	(219,062)	(201,431)
Administrative expenses	2	(58,336)	(55,096)
Furniture replacement fund	1	<u>(12,506)</u>	<u>(11,904)</u>
Operating deficit before interest		<u>(43,992)</u>	<u>(29,970)</u>
Loss on the disposal of tangible assets		-	-
Interest receivable and similar income		1,783	2,683
Other income		8,708	8,799
Grants released		55,563	55,563
Interest payable and similar charges	1	<u>(7,191)</u>	<u>(8,314)</u>
Surplus on ordinary activities before taxation		14,871	28,761
Taxation on surplus on ordinary activities	4	<u>(1,774)</u>	<u>(509)</u>
Surplus on ordinary activities after taxation		<u>13,097</u>	<u>28,252</u>
Transfer to Reserves		13,097	28,252
Transfers to designated reserves		(55,000)	(55,000)
Transfers from designated reserves		<u>72,993</u>	<u>34,327</u>
		<u>31,090</u>	<u>7,579</u>

No activities were acquired or discontinued during the above two years.

All amounts relate to continuing operations.

There were no recognised gains or losses other than those included in the income and expenditure account.

The notes on pages 11 to 17 form part of these financial statements.

VINE HOUSING CO-OPERATIVE LIMITED
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BALANCE SHEET AS AT 30TH SEPTEMBER 2021

	Note	2021		2020	
		£	£	£	£
Fixed Assets					
Tangible assets	4		5,059,982		5,158,762
Current Assets					
Debtors	6		16,033		17,553
Cash at Bank and in hand	7		542,973		499,460
			<u>559,006</u>		<u>517,013</u>
Creditors: amounts falling due within one year	8		<u>(75,951)</u>		<u>(75,460)</u>
Net Current Assets			483,055		441,553
Creditors: amounts falling due after one year	9		(3,955,272)		(4,016,779)
Furniture replacement fund	10		(66,443)		(75,311)
			<u>1,521,322</u>		<u>1,508,225</u>
Capital and Reserves					
Called up share capital	11		76		76
Designated reserves	12		1,298,698		1,316,691
Revenue reserve	13		222,548		191,458
			<u>1,521,322</u>		<u>1,508,225</u>

Approved and authorised for issue, by the Management Committee on

and signed on its behalf by:-

Chairperson Hester Dart

Secretary Megan Doolittle

Treasurer Bonnie Sutton

24096R / C3499

The notes on pages 11 to 17 form part of these financial statements.

VINE HOUSING CO-OPERATIVE LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 30TH SEPTEMBER 2021

	2021	2020
	£	£
Cash inflow from operations	59,331	75,247
Corporation tax paid	(510)	(512)
Net cash inflow from operating activities	<u>58,821</u>	<u>74,735</u>
Cash flow from investing activities		
Purchase of fixed assets - housing properties	-	-
Purchase of fixed assets - office equipment	(1,328)	-
Interest received	1,783	2,683
Net cash used in investing activities	<u>455</u>	<u>2,683</u>
Cash flow from financing activities		
Repayment of borrowings	(8,572)	(12,607)
Interest paid	(7,191)	(8,314)
Shares issued	-	-
Shares forfeited	-	-
Net cash used in financing activities	<u>(15,763)</u>	<u>(20,921)</u>
Net increase in cash and cash equivalents	43,513	56,497
Cash and cash equivalents at the beginning of the year	499,460	442,963
Cash and cash equivalents at the end of the year	<u>542,973</u>	<u>499,460</u>

The notes on pages 11 to 17 form part of these financial statements.

VINE HOUSING CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2021

1. Legislative Provisions

The organisation is incorporated under the Co-operative and Community Benefit Societies Act 2014.

Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below, have remained unchanged from the previous year and have been consistently applied.

Accounting basis

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom financial reporting standards, the Statement of Recommended Practice (SORP): Housing and Regeneration Act 2008 and the Accounting Direction for Social Housing for England from 2019. The effect of events relating to the year ended 30 September 2021, which occurred before the date of approval of the financial statements by the Management Committee, has been included in the statements to the extent required to show a true and fair view of the state of affairs at 30 September 2021, and of the results for the year ended on that date.

Turnover, operating surplus and surplus before taxation

Turnover represents rental income receivable from housing accommodation, net of losses from vacant accommodation. All operating costs, as shown on page 17, arise from the rental activities.

Social housing grant

Social housing grant (SHG - formerly HAG: Housing association grant) is paid by the Homes & Communities Agency (formerly the Housing Corporation) to reduce the cost of development and was previously, therefore, shown as a deduction from the cost of Housing properties on the balance sheet. Under FRS 102 the SHG is now treated as a liability and is now spread over the useful life of the asset purchased. SHG is repayable under certain circumstances, primarily following the sale of a property but will normally be restricted to net proceeds of sale.

Fixed assets, depreciation and housing association grant

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged over the expected useful economic life of the assets. Housing property costs include interest on the mortgage loan financing the development up to date of practical completion of the scheme.

SORP 2018 requires that where a tangible fixed asset comprises two or more major components with substantially different estimated lives, each component should be accounted for separately for depreciation purposes and depreciated over its individual estimated life.

Main fabric	100 years	Bathrooms	30 years
Roof	70 years	Mechanical systems	30 years
Windows	30 years	Electrical systems	40 years
Boilers	15 years	Lifts	20 years
Kitchens	20 years	Solar panels	25 years

Depreciation is charged on a straight line basis over the expected economic useful life of other fixed assets as follows:

Freehold land	-	Indefinite (no depreciation charged)
Office furniture and equipment	-	5 years

Only assets greater than £500 are capitalised.

VINE HOUSING CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2021

Furniture replacement fund

An amount equivalent to the sums collected from tenants for the replacement of furniture and equipment in shared houses, which are included in rents receivable, is put aside in a furniture replacement provision from which purchases are made to replace furniture originally funded by HAG.

Designated reserves

The Co-operative has established a Major works reserve to meet the costs of future major works that may become necessary. The amount transferred each year is in line with the 30 year business plan.

The Co-operative has established a Cyclical maintenance reserve for planned maintenance is made to fund external cyclical repairs and refurbishment over their estimated cycles.

The Fixed assets reserve reflects the net assets tied up in the Co-operative's properties and is equal to this cost less the related mortgage.

Bad debt provision

The Co-operative provides against rent arrears for non-recovery on the following basis, subject to evidence to the contrary in individual cases:

Arrears £500 - £999	-	50%
Arrears over £1,000 and former tenants	-	100%

Taxation

The Co-operative is fully mutual and has claimed Corporation Taxes Act 2010 section 642 exemption from the taxation of its rental income.

Pensions

The Co-operative participates in an industry-wide defined contribution scheme, The Social Housing Pension Scheme. The funds of the scheme are administered by the Pensions Trust and are separate from the Co-operative. Independent actuaries complete valuations every 3 years and, in accordance with their recommendations, annual contributions are paid to the Scheme so as to secure the benefits set out in the rules and the periodic augmentation of current pensions.

The Co-operative is unable to identify its share of the assets separately from those of the Scheme as a whole. The cost of the pension contributions is therefore charged to the Income and Expenditure Account as they become payable as if it were a defined contribution scheme.

VINE HOUSING CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2021

	2021	2020
	£	£
2. Operating Result		
The operating result is stated after charging:		
Depreciation of housing properties	99,842	99,842
Depreciation of owned assets	266	-
Auditors' Remuneration	<u>6,015</u>	<u>5,852</u>

3. Staff Costs

Staff costs were as follows:

Wages and Salaries	27,093	24,166
Employers NIC	-	-
Pension	12,050	10,737
	<u>39,143</u>	<u>34,903</u>

The average monthly number of employees during the year was as follows

Office Management and Caretaking	<u>1</u>	<u>1</u>
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4. Taxation

Corporation tax is provided at 19% respectively on interest income and income received from Solar Panels.

UK Corporation tax	<u>1,774</u>	<u>509</u>
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5. Tangible Fixed Assets

	Office Equipment £	Housing Property £	Total £
<u>Cost or valuation</u>			
At 1st October 2020	7,816	7,061,464	7,069,280
Additions	1,328	-	1,328
Disposals			-
At 30th September 2021	<u>9,144</u>	<u>7,061,464</u>	<u>7,070,608</u>
<u>Depreciation</u>			
At 1st October 2020	7,816	1,902,702	1,910,518
Charge for the year	266	99,842	100,108
Disposals			-
At 30th September 2021	<u>8,082</u>	<u>2,002,544</u>	<u>2,010,626</u>
Net Book Value			
At 30th September 2021	<u>1,062</u>	<u>5,058,920</u>	<u>5,059,982</u>
At 30th September 2020	<u>-</u>	<u>5,158,762</u>	<u>5,158,762</u>

VINE HOUSING CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2021

6. Debtors	2021	2020
	£	£
Rent arrears	10,581	11,072
Less: provision for bad debts	(4,642)	(4,876)
Net rent arrears	<u>5,939</u>	<u>6,196</u>
Prepayments and accrued income	<u>10,094</u>	<u>11,357</u>
	<u>16,033</u>	<u>17,553</u>

7. Cash at bank and in hand	2021	2020
	£	£
Cash at Bank	141,158	99,848
Liquid deposits	401,815	399,610
Cash in hand	-	2
	<u>542,973</u>	<u>499,460</u>

8. Creditors: Amounts falling due within one year	2021	2020
	£	£
Trade creditors	-	-
Rent paid in advance	6,358	5,026
Other creditors	6,391	5,868
Corporation tax	1,771	507
Grants	55,563	55,563
Mortgage repayment	5,868	8,496
	<u>75,951</u>	<u>75,460</u>

9. Creditors: Amounts falling due after one year

a. Housing loans

Creditors falling due after one year comprise loans, advanced by the Housing Corporation but subsequently taken over by Orchardbrook Limited, on mortgages secured by a charge on the Co-operative's properties to finance their development. The loans for properties developed under the old HAG system are repayable by equal 6-monthly instalments of principal and interest over a period of 30 years (except for the loan on 16/17 Vauxhall Grove which is repayable over 60 years) at fixed interest rates of between 9.25% and 12.25%. The loan for 23 Bonnington Square/68 Vauxhall Grove, which was developed under the new HAG scheme, is a low-start loan repayable over 30 years at the lender's variable rate. The loans are repayable as follows:

	2021	2020
	£	£
Within one year	5,868	8,496
Between one and two years	2,415	7,038
Between two and five years	7,247	10,183
After five years	66,664	65,049
	<u>82,194</u>	<u>90,766</u>
Less: Falling due within one year	(5,868)	(8,496)
	<u>76,326</u>	<u>82,270</u>

VINE HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2021

9. Creditors: Amounts falling due after one year

b. Grants

Previously capital grants received were netted off the cost of housing properties in the balance sheet, and depreciation was applied to the net cost. Under SORP 2014, the cost of housing properties are stated gross of the SHG and other capital grants and depreciation is applied to the full cost. The grants received are included in creditors and are amortised over the same period over which the structure of housing properties are depreciated.

	2021	2020
	£	£
Within one year	55,563	55,563
Between one and two years	55,563	55,563
Between two and five years	22,225	166,689
After five years	<u>3,801,158</u>	<u>3,712,257</u>
	3,878,946	3,934,509
Total grants to be released	<u>3,934,509</u>	<u>4,045,635</u>

9. Creditors Due after more than one year

Loans due after more than one year	76,326	82,270
Grants due after more than one year	<u>3,878,946</u>	<u>3,934,509</u>
	<u><u>3,955,272</u></u>	<u><u>4,016,779</u></u>

10. Furniture replacement fund

Charged to income and expenditure	3,639	15,384
Less: purchase net of sales	(12,507)	(11,904)
Funds at the start of the year	<u>75,311</u>	<u>71,831</u>
Fund at the end of the year	<u>66,443</u>	<u>75,311</u>

11. Share capital

	2021	2020
	£	£
Shares of £1 each		
At 1st October 2020	76	76
Shares issued during the year	-	-
Shares redeemed during the year	-	-
At 30th September 2021	<u>76</u>	<u>76</u>

Each member of the Co-operative holds a £1 share which is not redeemable and gives no entitlement to a dividend or distribution on winding up. It entitles the member to one vote at general meetings of the organisation.

VINE HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2021

12. Designated reserves

	Balance Bfwd £	Transfers in £	Transfers out £	Total £
Major works reserve	218,767	55,000	(38,348)	235,419
Cyclical maintenance reserve	20,000	-	-	20,000
Fixed assets reserve	1,077,924	-	(34,645)	1,043,279
				-
Total designated reserves	<u>1,316,691</u>	<u>55,000</u>	<u>(72,993)</u>	<u>1,298,698</u>

The organisation is setting aside to a designated Major works reserve prudent amounts to provide for future major works. £38,348 was utilised and transferred to the Revenue reserve towards the costs of works undertaken in the year.

Cyclical maintenance - external decorating and decoration of internal common parts - is planned on a rolling programme such that work is normally carried out on one-fifth of the housing stock (5 houses) each year. Under these circumstances the purpose of the cyclical maintenance reserve is simply to provide for unexpectedly high costs in any year - normally with a £10,000 buffer. In recent years higher amounts have been set aside to reflect slippages in the planned programme.

The purpose of the Fixed assets reserve is to reflect the organisation's funds tied up in fixed assets (i.e. the net book value of fixed assets shown in Note 5 less the total loans shown in Note 9) and the SHG.

13. Revenue reserves

	2021 £	2020 £
Balance at beginning of the year	191,458	183,879
Surplus for the year	13,097	28,252
Transfer to designated reserves	(55,000)	(55,000)
Transfer from designated reserves	72,993	34,327
	<u>222,548</u>	<u>191,458</u>

14. Financial Commitments

As at 30th September 2021, the Co-operative did not have any annual commitments under non-cancellable leases.

15. Note to the Statement of Cash Flows

	2021 £	2020 £
Surplus for the year	13,097	28,252
Taxation for the year	1,774	509
Surplus for the year before taxation	<u>14,871</u>	<u>28,761</u>
Interest receivable and similar income	(1,783)	(2,683)
Interest payable and similar income	7,191	8,314
Operating surplus	<u>20,279</u>	<u>34,392</u>
Depreciation	100,108	99,842
Grant amortisation	(55,563)	(55,563)
Other capital adjustments: Component disposals	-	-
(Increase) / Decrease in debtors	1,521	(8,415)
Increase / (Decrease) in creditors	(7,014)	4,991
Net cash inflow from operating activities	<u>59,331</u>	<u>75,247</u>

VINE HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2021

a) Changes in accounting policies

Consequential changes in accounting policies resulting from the adoption of SORP 2014 were as follows:

Previously capital grants received were netted off the cost of housing properties in the balance sheet, and depreciation was applied to the net cost. Under SORP 2014, the cost of housing properties are stated gross of the SHG and other capital grants and depreciation is applied to the full cost. The grants received are included in creditors and are amortised over the same period over which the structure of housing properties are depreciated.

16. Pension disclosures

The Co-operative participates in SHPS - the Social Housing Pension Scheme (the Scheme). The Scheme is funded and is contracted-out of the State Pension scheme.

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the Scheme is a multi-employer scheme where the Scheme assets are co-mingled for investment purposes, and benefits are paid from total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to address the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed as at 30 September 2017 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £4,553 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,522 million, equivalent to a past service funding level of 75.0%.

Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £1,522 million would be dealt with by the payment of deficit contributions as follows. Firstly 8.6% of pensionable salaries, increasing each year by 2.0% on each 1 April 2020 and annually thereafter. The recovery plan will be reviewed as part of the September 2020 actuarial valuation.

As the scheme is treated under FRS17 as a defined contribution scheme no future deficit contributions have been provided for in the accounts but will be reflected as an expense as they fall due for payment. As a result of pension scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

As at 30 September 2020 (the latest date for which information is available) the estimated employer debt for the Co-operative was £131,998.

VINE HOUSING CO-OPERATIVE LIMITED

Detailed Income and expenditure account

FOR THE YEAR ENDED 30TH SEPTEMBER 2021

		2021		2020	
		£	£	£	£
Turnover					
Rents Receivable net of charges		226,350		227,993	
Service Charges - inc replacement fund income		25,892		15,384	
Gross rent receivable		<u>252,242</u>		<u>243,377</u>	
Less: Rent losses from voids		<u>(6,330)</u>		<u>(4,916)</u>	
Income from lettings	a)	245,912		238,461	
Income from Solar Panels (renewable energy)		8,708		8,799	
			254,620		247,260
Bank Interest			1,783		2,683
Grant Released			55,563		55,563
Other income			-		-
Total Income			<u><u>311,966</u></u>		<u><u>305,506</u></u>
Furniture funds	1		<u>(12,506)</u>		<u>(11,904)</u>
Mortgage Interest	1		<u>(7,191)</u>		<u>(8,314)</u>
Estate Costs					
Licences and permits		662		227	
Major Repairs		39,607		25,863	
Planned Maintenance		22,036		25,132	
Day to day maintenance		21,708		19,720	
Cyclical maintenance		22,496		18,056	
Communal Costs		1,226		2,681	
Depreciation of housing properties & Equipment		99,842		99,842	
Property insurance		11,719		9,533	
Bad Debt written off		-		226	
Bad Debt provision for bad debts		<u>(234)</u>		<u>151</u>	
	1		<u>(219,062)</u>		<u>(201,431)</u>
Administrative expenses					
Employee cost:					
Salary		27,093		24,166	
Employers Social security costs (National Insurance)		-		-	
Pensions costs		<u>12,050</u>		<u>10,737</u>	
	2		<u>(39,143)</u>		<u>(34,903)</u>
General administrative expenses					
Postage, Printing and Stationery		201		157	
Computer costs		1,431		2,214	
Bank charges		-		-	
Telephone		710		636	
Affiliations		648		744	
Fidelity Insurance /Office		1,226		671	
Office costs		1,757		852	
Office equipment depreciation		266		-	
Training & travel		2,530		495	
Meeting cost		683		622	
Donations and community projects		405		700	
Welfare fund		977		2,629	
Sundry expenses / income		<u>2,246</u>		<u>1,778</u>	
	2		<u>(13,080)</u>		<u>(11,498)</u>
Legal and Professional cost:					
Auditors remuneration		6,015		5,852	
Accountancy		-		1,332	
Development /Consultancy fees		-		317	
Legal & Professional fees		<u>98</u>		<u>1,194</u>	
	2		<u>(6,113)</u>		<u>(8,695)</u>
Total expenditure			<u>(297,095)</u>		<u>(276,745)</u>
Loss on disposal of fixed assets			-		-
Surplus			14,871		28,761
Taxation			<u>(1,774)</u>		<u>(509)</u>
Surplus after Taxation			<u>13,097</u>		<u>28,252</u>

This page does not form part of the financial statements.