

**WIRRAL METHODIST HOUSING
ASSOCIATION LIMITED**

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2021

Registered Number: 16740R



WIRRAL METHODIST HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

31 March 2021

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WIRRAL METHODIST HOUSING ASSOCIATION LIMITED

INFORMATION

31 March 2021

Board members: B McPaul (Chair from April 2021)
N Schorah (Secretary)
L Bolland (Chair to March 2021)
C Fouracre
T Sault (Chair of Governance and Internal Control Committee)
Dr I Cubbin
M Thorne (Chair of Tenants and Communications Committee)
D Smith
C Page
M Cornall

R Selby and R Burns* retired on 8 September 2020. M Thorne was re-elected for a 3 year period. On 25 September 2020 at the AGM M Cornall, C Page & L Thomas were elected. On 9 February 2021 L Thomas retired.

* Tenant Board member - terms and conditions of tenancy are consistent with all other tenants.

Senior Management Team: Paul Carhart (Chief Executive)
Anne Steel (Head of Housing) - deceased August 2020
David Corran (Head of Asset Management) - left September 2020
Pam Cairns (Head of Finance)
Sandra Davies (Head of Housing)
Judith Kerwick (Head of Governance & Excellence)
Steve Parrington (Interim Head of Asset Management)

Registered office: 42 Hamilton Street
Birkenhead
CH41 5AE

Registered number: Regulator of Social Housing - L0848
Registered Society under the Co-operative & Community Benefit Act 2014 - 16740R

External Auditors: Mitchell Charlesworth LLP
Chartered Accountants
3rd Floor
5 Temple Square
Temple Street
Liverpool
L2 5RH

Internal Auditors: TIAA Ltd
Artillery House
Fort Fareham
Newgate Lane
Fareham
PO14 1AH

Bankers: Barclays Bank plc
182-184 Grange Road
Birkenhead
CH41 6EA

Solicitors: Guy Williams Layton
Pacific Chamber
11/13 Victoria Street
Liverpool
L2 5QQ

WIRRAL METHODIST HOUSING ASSOCIATION LIMITED

BOARD REPORT

For the year ended 31 March 2021

The Board members present their report and the financial statements for the year ended 31 March 2021.

Strategic Report and Value for Money

The mission of Wirral Methodist Housing Association is to work in the community to provide homes and services that improve the quality of life.

The values of the Association are as follows:

Customer Focus: Everything we do puts the customer at the heart of the business. This includes our tenants and residents and also each other as internal customers. Making sure that our customers' needs are met and wherever possible exceeded, is what we do.

Community: Being able to see the bigger picture is important when looking at our community impact. Making the right connections, developing relationships with people from a wide range of cultures and backgrounds and promoting equality of opportunity to improve the areas where we work and our customers lives.

Committed: Going the extra mile to make something happen and making sure a task is completed to the highest possible standard.

Technologically aware: Embrace technology to enhance and deliver the services that we offer. We will seek new ways to deliver services that are efficient allowing easy access to customers.

Efficient: Deliver value for money to increase efficiencies whilst maintaining quality and thinking outside the box to plan and prepare work.

Dynamic and Adaptable: The services we provide aren't static and we are prepared to change and adapt to keep up, deliver excellence and constantly seek new challenges. We will fit in with new ways of doing things, challenge ourselves, think about and organise our continuous development.

Team Player: Team Wirral Methodist, working together efficiently and effectively helping each other to create a more inclusive workplace to achieve continuous improvement.

Plan and Organise: These are skills to make sure we achieve deadlines, prioritise work to achieve customer outcomes.

Wirral Methodist Housing Association owns, manages and develops homes and provides services for social housing tenants. It has a total of 898 (2020: 900) housing properties split over the following categories:

	2020/21	2019/20
General Needs Housing units	642	644
Supported Housing units	239	239
Shared Ownership Properties	17	17
	<hr/>	<hr/>
Total	898	900
	<hr/>	<hr/>

The Association is a registered society under the Co-operative and Community Benefit Societies Act 2014 (previously an Industrial & Provident Society).

During the year the turnover was £5,261k (2020: £5,127k) and consisted of total Social Housing lettings £4,868k (2020: £4,664k), and Non-Social Housing Lettings £61k (2020: £91k). The surplus for the year was £1,159k (2020: £937k), this increases the Revenue Reserves of the Association. The change in pension accounting resulted in a total comprehensive income of £649k.

During the year the Association has seen the impact of COVID-19, particularly on the reporting and completion of repairs and the collection of rents. The rent arrears have increased slightly from £288k to £291k.

WIRRAL METHODIST HOUSING ASSOCIATION LIMITED

BOARD REPORT [Continued]

For the year ended 31 March 2021

Capital expenditure in the year included £8k on properties and £293k on components. There were no additions to stock this year. The components replaced during the year were changed due to Covid-19, we were unable to enter tenants' properties. Therefore, we completed replacement of windows on 65 of our properties, which minimised the access requirements. The details of the number and cost of component replacements are as follows:

Type	Amount (£'000)	Numbers Replaced
Bathrooms	15	7
Kitchens	8	5
Boilers	27	22
Central Heating	-	-
Doors	1	1
Windows	242	65

The Financial Statements for 2020/21 have been prepared under Financial Reporting Standard 102.

The Statement of Financial Position shows that at 31 March 2021 the net current assets were £1,101k. There were no loan drawdowns taken in 2020/21, instead £1.1m of the Barclays Revolving Credit Facility was repaid.

The Association is keen to continue developing to meet our objective in finding solutions for those whose housing needs have not been adequately met and to assist the Government in the delivery of additional Social Housing to meet the identified national "crisis". A further development programme is now available, consisting of 14 general needs 1 bed flats on New Chester Road, 10 units at Withens Lane (Old Manor Club) - 6 1 bed bungalows, 2 2 bed houses, 2 3 bed houses, plus the 4 general needs flats within our office conversion project. We have loan funding of £4m available with Warrington Borough Council, and an additional £1m available on the Revolving Credit Facility.

Value for money

The Association aims to use its resources as efficiently, effectively and economically as possible in pursuit of the delivery of the objectives set out in the Business Plan. The approach to Value for Money by the Association is summarised below:

Tenants and their homes: Listening to tenants' requests and survey feedback to customise services for specific needs.

Financial strength: Is about "profit for a purpose" releasing resources to allow the organisation to do more and our capacity to support investment into new and existing homes.

Providing more new homes: Maximise our income and minimise our costs to use the money we have left to provide new homes, improve existing homes.

People and our work: Promoting Value for Money throughout the organisation cascading good practice and success to all our staff and regularly reviewing our performance and reporting widely across the organisation.

Partnerships: Seeking benefits and opportunities for our tenants with existing and new partnerships.

The Regulator of Social Housing has now set out new metrics to be calculated and outlined its expectations for Registered Providers in the Value for Money Standard 2018.

The priorities we set for 2020/21 were:

Financially Strong and Compliant

We will improve tenant's safety in their homes - we did this by undertaking a full compliance health check, and data validation exercise with a third party, followed by an internal audit of property compliance. We also recruited a Property Manager whose responsibility is property compliance, and purchased additional modules of software to ensure we have reliable and timely data capture. The Association also communicated with all tenants about home safety via Buzz magazine. The work outstanding in this area is maintaining an Asset Management register, and successful delivery of the Pennington Choices Road map.

WIRRAL METHODIST HOUSING ASSOCIATION LIMITED

BOARD REPORT [Continued]

For the year ended 31 March 2021

We will have regulatory compliance and provide Board assurance - we have provided regular updates on performance against Health & Safety compliance targets, along with regular performance reporting to our Committees. VFM self-assessment was shared with Tenants, VFM actions were identified and the Strategy was completed. The Association submitted its annual regulatory Statistical Data Return.

We will have made efficient use of our resources - quarterly accounting information is produced to facilitate business decisions, these reports are being enhanced each quarter. We have maintained financial control over the Associations finance via monthly budget monitoring, and we continue to benchmark regularly against our peers. The Association implemented enhanced cashflow reporting, but the introduction of Electronic Purchase Ledger was delayed and now has a revised completion date of Autumn 2021.

We will have maintained compliance with the Code for the Voluntary and community sector and regulatory compliance - we have recruited additional Board members, and implemented effective succession planning. There is a Board training plan in place, we have reviewed the Scheme of Delegation, and reported on the annual review of the Regulatory Codes and standards. The Association now has Board champions in place for VFM and asset management, and continues to work with the Companies Secretary Group for best practice and advice. We have failed to make a decision on adopting the NHF Code of Governance.

Exceptional Place to Work

We will have improved staff capacity and capability and improved moral - we focused on health and wellbeing this year due to the reported effects of the pandemic on peoples' mental health. We did this by offering yoga classes, focussing on mental health in conversations on a 121 basis, and at the staff briefings. In addition we ran a Make a Pledge campaign for Mental Health day. The new Employee Assistance Programme was utilised throughout the year, and a learning and development plan was put in place, the training for which will continue into 21/22. We outsourced our payroll to Moorepay, this offers HR services in addition to payroll, and completed a Staff Survey.

The Association will complete the review of the staffing structure in 21/22

We will have increased financial and non-financial rewards - produced new contracts of employment, and non-financial rewards such as yoga classes, Employee Assistance Programme, and Medicash membership. These were offered to all staff. Objectives were set for all staff in relation to Performance Related Pay.

Provider of Excellent Services

We will have improved access to services utilising ICT - we have partially completed this by remodelling our service delivery for cash collection, opening hours, and established a Customer Services team. We have acquired additional hardware and software to enable remote and agile working, this has included the provision of a laptop and phone for most staff, the introduction of virtual terminal as a remote tenant payment system, and Adobe sign for tenancy agreements etc. The Annual Report was posted on the website this year with a video. The installation and utilisation of our tenant portal My Home will be completed in 2021/22 along with an effective programme of strengthening and building positive relationships with residents delivering our commitment to Together with Tenants.

We will have improved the Supported Housing Offer - we have introduced a Supported Housing strategy and policy. A Supported Housing Officer has been recruited and the Supported Housing review has been completed. The completion of the Sheltered Housing Accommodation review which was due for completion in 2020/21 has been moved back to 2021/22. The supported housing rent review will also continue into 2021/22.

Grow the Association

We will have improved the Asset Management Function - a Development Strategy has been put into place to work with private builders, and the Interim Head of Assets now has an ongoing dialogue with Wirral Borough Council.

We will have increased our asset base stock value and borrowing capacity - we have completed the refinancing with Barclays, repaid £1.1m on the RCF and extended the drawdown period on the Warrington loan.

There was no new build due to the pandemic and also the fact that we had to find a replacement site for Withens Lane. This also led to delays on the office project plan. It is our intention to complete the office project plan in 2021/22, and to have started onsite with 2 new development schemes. We will also be completing our stock condition survey this year.

WIRRAL METHODIST HOUSING ASSOCIATION LIMITED

BOARD REPORT [Continued]

For the year ended 31 March 2021

Proactive in exploring strategic partnerships

We will have developed partnerships to benefit tenants and the Association - we are working in partnership with Wirral Borough Council, Homes England, CHANW group and the Liverpool City Region group.

In addition to this we need to capture data to identify the number of tenants referred to other service providers / social services / MIH and Community Connectors, the aim is to complete this early 21/22.

Become an environmentally sustainable Housing Association

To improve and enhance our position as one of the most sustainable and environmentally-conscious Housing Associations - in 20/21 we avoided unnecessary journeys across the business and to the Office, by utilising ICT video conferencing for meetings including the AGM. We saved on paper by no longer printing meeting papers, and the Annual Report.

We plan to continue to take this objective forward in 21/22 by sourcing funding for retrofitting properties. The Association will also revise its component asset specifications to ensure that our installations are the most efficient in terms of energy saving. We will also increase communication with tenants on energy saving, and complete annual checks with our suppliers to ensure that they are environmentally compliant

The Value for Money figures for 2020/21 have been calculated utilising the Management Accounts for Quarter 4 and 2019/20 details have been supplied as a year on year comparator. The Association is a member of the benchmarking club for Community Housing Associations (North West) and the median of the group for 2020/21 has been included.

Indicator	WMHA 2020/21	WMHA 2019/20	Community Housing Associations NW Median 2020/21
Reinvestment %	1.68%	3.97%	1.88%
New Supply Delivered (Social Housing Units)	0.00%	2.4%	0.00%
New Supply Delivered (Non-Social Housing Units)	0.00%	0.00%	0.00%
Gearing %	20.61%	23.79%	-9.82%
EBITDA MRI Interest Cover	516.98%	399.20%	760.49%
Headline Social Housing Cost per Unit	£2,699.88	£4,225.98	£4,154.32
Operating Margin (Social Housing Lettings only)%	36.98%	25.91%	22.10%
Operating Margin (overall)%	38.73%	32.50%	24.45%
Return on Capital Employed	10.98%	9.85%	3.33%

The table above shows the following with regards to the Association's performance:

- WMHA's performance has reduced for new delivery to 1.68%, as we did not complete any development this year, and concentrated on replacing components. WMHA was at the lower quartile for Smaller Providers Benchmarking Median for New Supply Delivered.
- Liabilities have reduced at a faster rate than cash has increased, which has led to a decrease in gearing from 23.79% to 20.61%.
- The repayment of £1.1m on the Barclays RCF and no further drawdowns on the Warrington loan, which reduced our interest costs, and increased our EBITDA MRI (Earnings before interest, tax, depreciation, amortisation less capitalised major repairs). This shows the amount of headroom in meeting interest payments.
- WMHA's Operating Margin's overall has increased and is above the median of the peer group, this is the result of turnover increasing at a rate of 3.7% and costs reducing at a rate of 4.6%.
- WMHA's Operating Margin for Social Housing Lettings have increased from 25.91% to 36.98%, which is above the CHANW median, it has been difficult this year to keep control of spend as the costs of Covid risk management had to be met.
- Return on Capital Employed has increased from 9.85% in 2019/20 to 10.98% in 2020/21, this is however significantly higher than the median of 3.33%, which shows that we are utilising our assets better than our peers.

WIRRAL METHODIST HOUSING ASSOCIATION LIMITED

BOARD REPORT [Continued]

For the year ended 31 March 2021

The Association also measures its own performance through regular reports to the sub-committees. These include the following areas:

Budget Monitoring and Covenants Compliance - Quarterly reports to Governance and Internal Control Committee.

Developments - Reports on progress on capital schemes and on proposed new developments to Board.

Housing Management - Key performance indicators on re-let performance, void loss and tenant arrears reported to Tenants sub-committee.

The emphasis for the Association will be on the delivery of the objectives set out in the Business Plan. Further performance indicators, relevant for the Association, with targets for 2021/22 are as follows:-

Key Performance Indicators

Indicator	WMHA 2020/21	WMHA 2019/20	Target 2020/21	Target 2021/22
% of Rent Lost through dwellings being vacant - General Needs only	0.69%	0.70%	0.40%	0.40%
Average re-let times (calendar days - General Needs only)	29.51days	7.56days	7 days	21 days
Rent Arrears net of HB (General Needs only)	1.95%	2.94%	4%	3.4%-
% of Emergency Repairs completed within target time	97.34%	96.45%	100%	100%
% of Reactive Repairs completed within target time	91.56%	92.20%	97%	97%
% of dwellings with a valid gas safety certificate	100%	99.00%	100%	100%

- Rent Loss through dwellings being vacant has increased due to the increased number of voids. The number of void properties increased from 10 in 2019/20 to 69 in 2020/21.
- Average re-let times have increased as a result of Covid to 29.51 days. We have completed 101 GN re-lets in 2020/21, compared to 69 in 2019/20. WMHA have set a target for 2021/22 of 21 days, which is more realistic as the Covid restrictions do increase the turnaround time of properties.
- Rent Arrears Net of HB has reduced to 1.95%, due to a continued drive on rent collection within the organisation. The target of 4% was challenging particularly as the expected effect of the pandemic was to see a general increase in arrears, and a ban on evictions. The Association will continue the current ethos on rent arrears in general.
- Emergency Repairs completed within target has increased to 97.34%, but the job numbers have reduced from 737 jobs in 2019/20 to 714 in 2020/21.
- Reactive Repairs completed within target is below our target for 2020/21 of 97% at 91.56%. this was impacted by Covid restrictions. Job numbers have reduced from 3614 in 2019/20 to 1707 in 2020/21.

WIRRAL METHODIST HOUSING ASSOCIATION LIMITED

BOARD REPORT [Continued]

For the year ended 31 March 2021

Social and Environmental Impact

We want to build homes and create communities, one of our corporate objectives is to create thriving communities and this is what we aim to continue to do. We aim to be responsive to the wide range of housing need and flexible in ensuring we make the best use of our homes, letting them as quickly as possible. After a probationary period of 12 months we offer periodic assured tenancies providing security of tenure.

The safety of our tenants is our number one priority and we take our regulatory obligations, compliance and management of associated risk seriously. The four key areas are Decent Homes, gas safety checks, fixed wiring (electrical) tests and fire risk assessments. For gas safety we have clear and specific duties under these regulations. We use accredited contractors to undertake maintenance, repairs and servicing. Compliance in gas servicing has been impacted by the Covid-19 outbreak however at 31 March 2021 we had 100% of homes with an in date accredited gas safety. We have invested in having an external review of this area and used the finding to ensure robust monitoring and delivery of compliance, which is reported to Board using a compliance scorecard.

At 31 March 2021, 859 properties 99.88% and 100% communal areas has a valid with a valid Electrical Installation Condition Report and for Fire risk assessment 69, 100.0% had a valid Fire Risk Assessment

We put our tenants at the heart of what we do. We encourage them to play their part in shaping how we deliver our services and delivering excellent tenant satisfaction. We aim to deliver a digital tenant portal (MyHome) which will improve how our tenants engage with us. Over the last 12 months we have carried out a series of neighbourhood walkabouts which has enabled us to reach those tenants who have been excluded due to the pandemic. We have a high level of tenant satisfaction and in a recent survey over 92% of our tenants were satisfied with their landlord.

The management of complaints has been improved using the ombudsman code and the assessment against the code was reported to Tenants and Communications for approval and published on the website. In 2020 /21 we had 44 complaints of which 26 were resolved informally.

We are committed to continually improving our resident engagement approach, our Corporate Plan 2021/22 makes a commitment to review of our resident involvement approach which is currently underway, to expand our approach and create a wider range of digital ways to engage and build new opportunities for residents to co-create service improvements.

In our day to day landlord activities we provide significant support to our residents. This includes neighbourhood services; tackling anti-social behaviour, financial inclusion and sensitive handling of rent arrears situations. We have a dedicated arrears officer who assists with welfare benefits advice. Despite the pandemic we kept in touch by phone and made appointments with new tenants throughout the start of their tenancy. We signpost tenants to our social supermarket who offers value for money products. We contacted all our tenants during 2020-2021 to check on their well-being.

We offer supported accommodation to tenants who require additional services in their home.

In May 2020, we delivered supermarket bags of shopping to 40 tenants at living in sheltered schemes at the height of pandemic for a number of tenants shielding. In August 2020 we undertook 13 neighbourhood estate walkabouts making contact with tenants who had never not seen family members or friends. In December 2020 phone contact made with tenants over 650 tenants checking on tenant welfare. Also in December 2020 cupcakes were delivered at Epworth Grange and Wesley Grange for 79 tenants, working in partnership with a local bakery. 12 tenants were offered Christmas dinner which was delivered to their home for tenants with no family who would normally go to the local church for Christmas dinner. At Clifford Grange donated gifts were given out to tenants.

In 2019/20 80% of our tenants surveyed were satisfied with their neighbourhoods. We achieved this result through getting the basics of estate management right, tackling anti-social behaviour, maintaining our homes to a good standard. We have a long term commitment to our tenants and creating sustainable, thriving communities because we care about where our tenants live.

Whilst we have not developed any new homes during this year, we have continued to support tenants to live in their homes with adaptations. All our tenants deserve to live in good quality, safe and suitable homes.

The Association believes that employees deserve fair pay and have therefore implemented real living wage for all of its directly employed staff. In 2021/22 we will be putting in place a plan to ensure our contractors pay a living wage.

WIRRAL METHODIST HOUSING ASSOCIATION LIMITED

BOARD REPORT [Continued]

For the year ended 31 March 2021

We value our employees and their wellbeing is important to the organisation. This is why we have introduced the provision of an Employee Assistance Package - which offers services such as counselling, mediation etc. Staff also now have access to medical support via Medicash. During lockdown we have also run a series of on-line yoga classes, to assist with well being.

Environmental

We have begun to plan for the improvements required to our properties in order to attain EPC C Ratings on all our properties by 2030. We have ensured that all EPC ratings have been updated on our system and we currently have EPC ratings grade C and above on 63.5 % of our properties. Average Environmental (CO2) Impact Rating is 70 Average Energy Efficiency Rating is 72. - for both of these measures EPC C carries a rating of 69-80, B is 81-91, A is 92-100.

We currently have approx. 450 solar panels installed across 18 schemes, and our Office, these were installed in 2015 and provided £11k of income in 20/21.

2021/22 will see the Association completing Environmental Impact Assessments and Stock condition surveys on its properties - in order to collate data on emissions, and produce an Environmental Strategy to start us on our journey to Net Zero Carbon.

We have improved our waste management by working towards paperless - we have introduced electronic signing for our tenancy agreements, and contractor invoices are emailed into the office as opposed to printed and posted. This meant that less reams of paper were used, which led to a reduction in stationery spend of £1.9k. In terms of waste paper from the office - 95% of the paper that we send to shredding is recycled into toilet paper.

Going concern

WMHA's business activities, its current financial position and factors likely to affect its future development are set out within this report. The Association has in place a Treasury Management strategy which provides adequate resources to finance committed reinvestment and development programme, along with day to day operations. We also have a long term business plan that shows that the Association can service its debt facilities whilst continuing to comply with lenders' covenants. As at 31 March 2021 WMHA had available cash balances of £2m and a further £6m of secured but undrawn loan facilities that could be drawn at short notice.

The Board's assessment of going concern involves a number of subjective judgements including, but not limited to increased rent arrears, delayed rent collections, increased voids, and reduction in property prices. In making their assessment the Board have also considered the potential mitigations available to manage the potential impact on its cashflows and liquidity.

A wide-ranging multivariate stress test has been run on the business plan including the normal suite of scenarios that are tested regularly. The multivariate stress test includes the impact of sensitivities on the association's cash flow requirements, as well as covenant compliance. This stress testing found that the business plan is robust and does not affect WMHA's ability to meet its obligations.

The Association has not suffered significant negative financial impact as a result of COVID-19 to date. As part of the going concern assessment and conclusion, the continuing effects of COVID-19 and post Brexit transition have been considered in the stress tests carried out.

On this basis, the Board has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable twelve months after the date on which this report and financial statements are signed. The Board have considered the foreseeable future for their going concern assessment to cover the period to 31 March 2023.

On this basis, the Board continues to adopt going concern basis in the financial statements.

WIRRAL METHODIST HOUSING ASSOCIATION LIMITED

BOARD REPORT [Continued]

For the year ended 31 March 2021

Statement of Board responsibilities in respect of the Report and the financial statements

The Board is responsible for preparing the Board Report and the financial statements in accordance with applicable law and regulations.

The financial statements are required by law to give a true and fair view of the state of affairs of the Association and of the surplus or deficit for that period.

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

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

The Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing Act 1996 and the Accounting Direction for Social Housing in England 2019. It has general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

Internal controls assurance

The Board recognises that no system of internal control can provide absolute assurance against material misstatement or loss or eliminate all risk of failure to achieve business objectives. The system of internal control is designed to manage key risks and to provide reasonable assurance that planned business objectives and outcomes are achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Association's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls that are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Association is exposed and is consistent with Turnbull principles.

The Association uses conventional forms of working capital to finance its day to day activities and as such the figures appearing in the accounts reflect the absolute value of amounts recoverable or payable. The Board receives regular reports on these figures in order to manage the Association's requirements.

The process adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework includes:

Identification and evaluation of key risks

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks.

There is a formal and ongoing process of management review in each area of the Association's activities. The Board and Senior Management Team regularly consider and receive reports on significant risks facing the Association and the Chief Executive is responsible for reporting to the Board any significant changes affecting key risks.

Monitoring and corrective action

A process of control, self-assessment and regular management reporting on control issues provides hierarchical assurance to successive levels of management and to the Board. This includes ensuring that corrective action is taken in relation to any significant control issues, particularly those that may have a material impact on the financial statements and delivery of services.

Environment and control procedures

The Board retains responsibility for a defined range of issues covering strategic, operational, and financial and compliance issues including treasury strategy and new investment projects. The Board works closely with the Senior Management Team to ensure controls are robust and appropriate. In place is a framework of policies and procedures with which employees must comply. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection.

WIRRAL METHODIST HOUSING ASSOCIATION LIMITED

BOARD REPORT [Continued]

For the year ended 31 March 2021

Information and financial reporting systems

Financial reporting procedures include detailed budgets for the year ahead, detailed management accounts produced quarterly and forecasts for the remainder of the financial year. These are reviewed in detail by the Senior Management Team and are considered and approved by the Board on a quarterly basis. The Board also regularly reviews performance to assess progress towards the achievement of key business objectives, targets and outcomes.

Internal Audit Assurance

The internal control framework and the risk management process are subject to regular review by Internal Auditors who advise the Senior Management Team and report to Governance and Internal Control Committee. We promote a risk-aware culture and expect reporting to consider and present risks alongside proposals. Our risk management methodology are contained within a Board approved Risk Management Policy and Framework. The Governance and Internal Control Committee scrutinises all risk at each meeting and risks are reported to the Board Business meeting as part of Board Assurance reporting.

Governance

The Association complies with the principles of "Good Governance - A Code For the Voluntary and Community Sector." except in respect of certain provisions of Principle 5 - Board Effectiveness. Significant progress had been made in 2020/21 with Board Effectiveness with an external full board review. New Board members were replace retiring members and meet the identified skills shortages which included internal audit, asset management and compliance experience. The new Board Members have become established within the Board and a new Board and Committee Membership has been agreed. The Board introduced Board champions for Environmental Impact, VFM, Repairs and Supported housing to provide support within their areas of responsibility, assisting with determining the broad goals and the scope of projects.

Board members are required to complete an annual declaration of interests and inform if there are any changes to their interests during the year in line with the Code of Conduct. At Board meetings members raise any potential conflicts of interest for the business being discussed, the member will be asked not to contribute/vote on the decision or be asked the leave the room while the business is discussed

The Association has set a maximum continuous length of service for Board Members at twelve years and considers that this and its arrangement for Board Members appraisal as set out in its "Membership and Governance Policy" (available on request) are sufficient given the voluntary nature of the Board to discharge the Code's intentions. The Association has established a Governance and Internal Controls Sub Committee that addresses the expectations of the Regulator of Social Housing in respect of internal control assurance, which includes assessments that demonstrate compliance with the Governance and Financial Viability Standard of their Regulatory Framework.

Statement of Disclosure of Information to Auditors

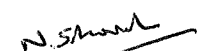
In so far as the Senior Managers are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Statement of Compliance

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

Approved by the Board on 20th July 2021 and signed on its behalf by:



N Schorah
Secretary

Mitchell Charlesworth LLP

Chartered Accountants
5 Temple Square Temple Street Liverpool L2 5RH

Independent Auditors' Report to the Members of

WIRRAL METHODIST HOUSING ASSOCIATION LIMITED

Opinion

We have audited the financial statements of Wirral Methodist Housing Association Limited (the 'Association') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

Mitchell Charlesworth LLP

Chartered Accountants

5 Temple Square Temple Street Liverpool L2 5RH

Independent Auditors' Report to the Members of

WIRRAL METHODIST HOUSING ASSOCIATION LIMITED

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page 5, 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 it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

Identifying and assessing potential risks related to irregularities

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

Mitchell Charlesworth LLP

Chartered Accountants

5 Temple Square Temple Street Liverpool L2 5RH

Independent Auditors' Report to the Members of

WIRRAL METHODIST HOUSING ASSOCIATION LIMITED

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

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud as follows:

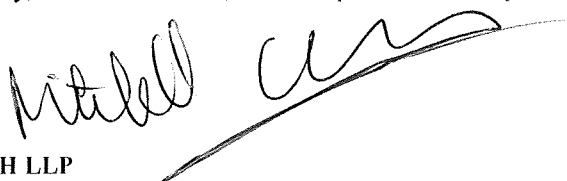
- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the accounts from our experience in the sector and knowledge of the company, as well as through discussions. The most significant of these was deemed to be compliance with laws and regulations that directly affect the accounts including financial reporting legislation and taxation legislation.
- We considered opportunities and incentives that may exist within the organisation and identified the greatest potential for fraud to be the posting of unusual journals and timing of recognition of income.
- In common with all audits under ISAs (UK) we are required to perform specific procedures to respond to the risk of management override.
- We established an understanding of the control environment, and the segregation of duties exercised to assist with the design of our audit testing.

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

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

Use of our report

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



MITCHELL CHARLESWORTH LLP
Statutory Auditor

WIRRAL METHODIST HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
Turnover	2	5,261	5,127
Less: Operating costs	2	(3,339)	(3,439)
Operating surplus	5	1,922	1,688
(Loss)/Gain on disposal of housing properties, land, plant and equipment	20	(31)	10
Interest receivable and other income		3	15
Interest payable and similar charges	4	(714)	(689)
Pension net interest expense	16	(15)	(29)
Pension expense	16	(6)	(8)
Pension current service cost	16	-	(50)
Surplus for the year		1,159	937
Pension - total actuarial gains & losses - loss	16	(510)	740
Total comprehensive income for the year		649	1,677

The Association's turnover and operating surplus all relate to continuing operations.

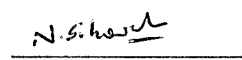
The notes detailing items in the financial statements are included on pages 18 to 33.

All recognised gains and losses are included in this statement.

The financial statements on pages 14 to 33 were approved by the Board on 20th July 2021 and were signed on its behalf by:


Chair


Board Member


Secretary

WIRRAL METHODIST HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN RESERVES

For the year ended 31 March 2021

	Income and Expenditure Reserve £'000
Balance at 1 April 2020	16,946
Surplus from statement of comprehensive income	649
Transfer from statement of Shared Owner Reserve to statement of comprehensive income	34
Balance at 31 March 2021	<u>17,629</u>

STATEMENT OF CHANGES IN NET DEBT	2021 £'000	2020 £'000
Net debt 1 April 2020	(15,859)	(15,156)
Increase in cash	64	698
Decrease/(Increase) in debt	1,721	(1,401)
Change in net debt due to cash flow	1,785	(703)
Net debt 31 March 2021	<u>(14,074)</u>	<u>(15,859)</u>

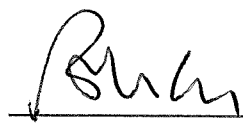
WIRRAL METHODIST HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION

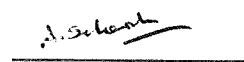
As at 31 March 2021

Fixed assets	Notes	£'000	2020 £'000	2020 £'000
Tangible fixed assets				
Properties held for letting:				
- housing properties at cost	8		61,151	61,106
- depreciation	8		(13,011)	(12,185)
Other tangible fixed assets	9		126	113
			<u>48,266</u>	<u>49,034</u>
Current assets				
Trade and other debtors	10	539		429
Stock		4		3
Cash at bank and in hand		<u>2,045</u>		<u>1,981</u>
			<u>2,588</u>	<u>2,413</u>
Creditors: Amounts falling due within one year	11	<u>(1,538)</u>		<u>(1,248)</u>
Net current assets			<u>1,050</u>	<u>1,165</u>
Total assets less current liabilities			<u>49,316</u>	<u>50,199</u>
Creditors: Amounts falling due after more than one year	12	(30,781)		(32,738)
Provisions for liability				
Pension liability	16	<u>(906)</u>		<u>(515)</u>
			<u>(31,687)</u>	<u>(33,253)</u>
Total net Assets			<u>17,629</u>	<u>16,946</u>
Reserves				
Non equity share capital	13		-	-
Income and expenditure reserve	21		<u>17,629</u>	<u>16,946</u>
			<u>17,629</u>	<u>16,946</u>

The financial statements on pages 14 to 33 were approved by the Board on 20th July 2021 and were signed on its behalf by:


Chair


Board Member


Secretary

WIRRAL METHODIST HOUSING ASSOCIATION LIMITED

CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended 31 March 2021

		2021	2020
Cashflow from operating activities:	Notes	£'000	£'000
Surplus for year		649	1,677
Adjustments for non-cash items:			
Depreciation of tangible fixed assets		999	988
Loss on disposal of components		(31)	-
Increase/(Decrease) in trade and other debtors		110	(326)
Increase in trade and other creditors		315	677
Decrease in cosy/help loans		(38)	(90)
Increase of stock		1	(6)
Increase in reserves		(33)	(8)
Pension costs less contributions payable		-	-
Increase/decrease in pension liability		391	(653)
Loss on sale of housing properties		-	-
Government grants utilised in the year		(332)	(372)
Carrying amount of tangible fixed assets disposals		(32)	(10)
		<u>1,350</u>	<u>200</u>
Net cash generated from operating activities		1,999	1,877
Cashflow from investing activities:			
Purchase of tangible fixed assets - properties		(293)	(1,093)
Purchase of tangible fixed assets - other		(33)	(39)
Receipts from sale of fixed assets		-	-
		<u>(326)</u>	<u>(1,132)</u>
Cashflow from financing activities:			
New secured loans		-	1,000
Repayments of borrowings		(1,609)	(1,047)
		<u>(1,609)</u>	<u>(47)</u>
Net change in cash and cash equivalents		64	698
Cash and cash equivalents at beginning of year		1,981	1,283
Cash and cash equivalents at end of year		2,045	1,981

WIRRAL METHODIST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. Principal accounting policies

The accounts have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UKGAAP), the Statement of Recommended Practice: 'Housing SORP 2018: Statement of Recommended Practice for Social Housing Providers'.

Basis of accounting

The financial statements comply with the Co-operative and Communities 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 financial statements to 31 March 2021 have been prepared in compliance with FRS102.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Association's financial statements:

Going concern

The financial statements have been prepared on a going concern basis, which assumes an ability to continue operating for the foreseeable future. The Association undertakes an annual review of its financial position and its ability to meet its financial obligations. At the time of approving the financial statements and having due regard to the impact of COVID-19, the Board have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, the Board continue to adopt the going concern basis of accounting in preparing the financial statements.

Amortisation of provisions & liabilities

Premiums received on bonds are amortised to the revenue account over the life of the bond issue on a straight line basis.

Apportionment of management expenses

Direct employee, administration and operating costs have been apportioned to the most appropriate cost headings, based upon an internal assessment by the Association.

Statement of Cash flows

Under the requirements of FRS102 the Association has prepared a cash flow statement on the basis of continuing operations.

Housing properties

Housing properties are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings, and development costs directly bringing properties into use. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

Direct costs relating to development activities are capitalised.

Impairment

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model.

Improvements to properties

Expenditure on improvements to existing properties, which result in an increase in the net rental stream over the life of the property, are deemed to enhance the economic benefits of the asset and are capitalised. An increase to the net rental stream may arise through an increase in the net rental income, a reduction in future maintenance costs or a significant increase in the useable life of the property.

Turnover

Turnover represents rents and amounts invoiced in respect of the provision of services and amortised government grants.

WIRRAL METHODIST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. Principal accounting policies [Continued]

Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets on a straight line basis over their estimated useful lives. Following the adoption of component accounting different lives have been assigned to each component: The depreciation rates are as follows:

Housing properties - Structure	50 - 100 years
Roofs	70 years
Windows	30 years
Doors	30 years
Central Heating	30 years
Boilers	15 years
Kitchens	17.5 years
Bathrooms	25 years
Premises and leasehold improvements	5 - 35 years
Fixtures and fittings	3 - 5 years
Computer equipment and software	3 years

Designated reserve

This reserve relates to a welfare fund for tenants. Expenditure is charged to this fund in exceptional circumstances, at the discretion of the Housing Manager, based on tenant need.

Shared ownership reserve

This reserve relates to contributions made by way of a service charge in excess of the costs incurred by the Association. These funds have been restricted to cover future major repairs works on the shared ownership schemes.

Financial instruments

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets on the company after deducting all of its liabilities.

Interest and finance costs

All interest is charged to the Income and Expenditure account in the year in which it is incurred.

Operating leases

Rentals payable under operating leases are charged on a straight line basis over the term of the lease.

Pension costs

The Association participates in the Social Housing Pension Scheme (SHPS). The scheme is a defined contribution scheme. The defined benefit pension scheme was closed last year, and the assets of the scheme are held separately from those of the Association in an independently administered fund.

The disclosures in the accounts follow the requirements of FRS102. Contributions payable under an agreement with SHPS to fund past deficits are recognised as a liability in the Association's financial statements. Defined contributions are expensed in the year in which they relate to via the SOCI.

Social Housing (SHG) and other grants

SHG and similar capital grants are amortised over the life of the structure and credited to income. Unamortised SHG is shown as deferred income. SHG may be recycled or repaid under certain circumstances, primarily following sale of a property but will normally be restricted to net proceeds of sale. Grants for revenue expenditure are credited to the income and expenditure account as they become receivable.

Where SHG is recycled, the SHG is credited to a recycled capital grant fund which appears as a creditor until spent.

WIRRAL METHODIST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. Principal accounting policies [Continued]

Supporting people

Supporting people income and expenditure are recognised within the period to which they relate.

Value Added Tax

Wirral Methodist Housing Association is VAT registered but a large proportion of its income, rents, is exempt for VAT purposes and therefore gives rise to a partial exemption calculation. Expenditure is shown inclusive of VAT as VAT recovered is a minimal amount. Input tax recovered is deducted from operating costs.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Association after deducting all of its liabilities.

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument.

Financial assets carried at amortised cost

Financial assets carried at amortised cost comprise rent arrears, trade and other receivables and cash and cash equivalents. Financial assets are initially recognised at transaction value plus directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly.

A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

If an arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial liabilities carried at amortised cost

These financial liabilities include trade and other payables and basic interest bearing loans and borrowings.

Non-current debt instruments which meet the necessary conditions in FRS 102 are initially recognised at transaction value adjusted for any directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

Significant management judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

WIRRAL METHODIST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

2. Turnover and operating costs

	2021			2020
	Turnover	Operating costs	Operating Surplus	
	£'000	£'000	£'000	£'000
Income and expenditure from lettings				
General Needs Housing	2,924	(2,027)	897	851
Supported Housing	1,523	(1,017)	506	337
Temp Social Housing	221	(146)	75	(7)
Shared Ownership	123	(101)	22	28
	<u>4,791</u>	<u>(3,291)</u>	<u>1,500</u>	<u>1,209</u>
Social housing lettings				
Other social housing activities				
Supporting People	26	(6)	20	20
Women and Vulnerable People	51	(28)	23	18
	<u>77</u>	<u>(34)</u>	<u>43</u>	<u>38</u>
Total social housing lettings	<u>4,868</u>	<u>(3,325)</u>	<u>1,543</u>	<u>1,247</u>
Non social housing lettings				
Commercial	59	(14)	45	66
Energy loans	2	-	2	3
	<u>61</u>	<u>(14)</u>	<u>47</u>	<u>69</u>
Total non social housing lettings	<u>61</u>	<u>(14)</u>	<u>47</u>	<u>69</u>
Government grant amortised	<u>332</u>	<u>-</u>	<u>332</u>	<u>372</u>
Total turnover and operating costs	<u>5,261</u>	<u>(3,339)</u>	<u>1,922</u>	<u>1,688</u>

WIRRAL METHODIST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

2. Turnover and operating costs [Continued]

	2020			2019
	Turnover	Operating costs	Operating Surplus	
	£'000	£'000	£'000	£'000
Income and expenditure from lettings				
General Needs Housing	2,830	(1,979)	851	877
Supported Housing	1,448	(1,111)	337	458
Temp Social Housing	207	(214)	(7)	37
Shared Ownership	100	(72)	28	25
Social housing lettings	4,585	(3,376)	1,209	1,397
Other social housing activities				
Supporting People	26	(6)	20	20
Women and Vulnerable People	53	(35)	18	24
	79	(41)	38	44
Total social housing lettings	4,664	(3,417)	1,247	1,441
Non social housing lettings				
Commercial	87	(21)	66	39
Energy loans	4	(1)	3	4
Total non social housing lettings	91	(22)	69	43
Government grants amortised	372	-	372	377
Total turnover and operating costs	5,127	(3,439)	1,688	1,861

WIRRAL METHODIST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. Operating surplus/(deficit) on social housing lettings

	2021					2020
	General Needs Housing £'000	Supported Housing £'000	Temporary Social Housing £'000	Shared Ownership £'000	Total £'000	Total £'000
Income from lettings						
Net rents receivable	2,877	1,202	242	46	4,367	4,210
Net service income	55	321	11	77	464	407
Gross rental income	2,932	1,523	253	123	4,831	4,617
Lease charges	(8)	-	(32)	-	(40)	(33)
Net rental income	2,924	1,523	221	123	4,791	4,584
Other income	-	-	-	-	-	1
Government grant amortised	268	83	(26)	7	332	372
Net turnover	3,192	1,606	195	130	5,123	4,957
Management	(714)	(360)	(44)	(30)	(1,148)	(1,011)
Service costs	(168)	(319)	(58)	(19)	(564)	(577)
Routine maintenance	(380)	(68)	(31)	-	(479)	(556)
Planned maintenance	(28)	(3)	(2)	-	(33)	(160)
Major repairs	-	(23)	(1)	-	(24)	(103)
Bad debts	8	5	-	-	13	4
Depreciation - properties	(655)	(246)	(10)	(52)	(963)	(950)
Loss on disposal - components	(90)	(3)	-	-	(93)	(44)
Operating costs	(2,027)	(1,017)	(146)	(101)	(3,291)	(3,397)
Operating surplus	1,165	589	549	329	1,832	1,560
Voids	18	34	3	-	55	42

WIRRAL METHODIST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

4. Interest payable and similar charges	2021	2020
	£'000	£'000
Interest on bank loans	610	674
Other financing costs	104	15
	<u>714</u>	<u>689</u>
	<u><u>714</u></u>	<u><u>689</u></u>
5. Surplus on operating activities	2021	2020
	£'000	£'000
Surplus on operating activities for the year is stated after charging:		
Depreciation on properties	963	950
Depreciation on other tangible fixed assets and short life properties	36	38
Amortisation of loan premium	(23)	(23)
Auditors' remuneration:		
External audit - audit services	8	8
Internal audit - audit services	12	11
Loss on disposal of properties	31	(10)
Loss on disposal of components	93	72
	<u>933</u>	<u>1038</u>
	<u><u>933</u></u>	<u><u>1038</u></u>
6. Staff costs	2021	2020
	£'000	£'000
Staff costs:		
Wages and salaries	627	682
Social security costs	57	62
Other pension costs	183	136
	<u>867</u>	<u>880</u>
	<u><u>867</u></u>	<u><u>880</u></u>
Average number of persons (including the Senior Management Team) employed during the year expressed as full time equivalents:	FTE	FTE
	2021	2020
Office staff	15	15
Scheme Managers	2	3
Cleaners	1	1
	<u>18</u>	<u>19</u>
	<u><u>18</u></u>	<u><u>19</u></u>
The remuneration of the Senior Management was:	2021	2020
	£'000	£'000
Emoluments	358	302
	<u>358</u>	<u>302</u>
The emoluments paid to the highest paid director disclosed above: (excluding pension contributions)		
Chief Executive	84	76
	<u>84</u>	<u>76</u>

WIRRAL METHODIST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

6. Staff costs [Continued]

The Chief Executive is an ordinary member of the pension scheme and no enhanced or special terms apply. There are no additional pension arrangements.

The Board Members are not paid a salary. Expenses totalling £1,722 were paid in the year.

7. Taxation

The Association has charitable status for tax purposes and is therefore exempt from United Kingdom corporation tax.

8. Tangible fixed assets - housing properties

	Assets under Construction £'000	Short life & Leasehold £'000	Shared Ownership £'000	Freehold £'000	Total Housing Properties £'000
Cost					
At 1 April 2020	-	1,937	1,112	58,057	61,106
Additions	-	-	-	8	8
Additions - components	-	2	1	290	293
Disposals	-	(44)	-	-	(44)
Disposals - components	-	(2)	-	(210)	(212)
Completed in year	-	-	-	-	-
At 31 March 2021	-	1,893	1,113	58,145	61,151
Depreciation					
At 1 April 2020	-	(781)	(126)	(11,278)	(12,185)
Disposals	-	18	-	-	18
Disposals - components	-	2	-	117	119
Charges for period	-	(56)	(10)	(897)	(963)
At 31 March 2020	-	(817)	(136)	(12,058)	(13,011)
Net Book Values					
At 31 March 2021	-	1,076	977	46,087	48,140
At 31 March 2020	-	1,156	986	46,779	48,921

Additions to housing properties include £8k (2020: £62k) of capitalised development overheads.

Housing properties are reviewed for impairment annually. The value of land included in housing properties not depreciated amounts to £9,917,598 (2020: £9,917,598). All the housing properties are freehold.

WIRRAL METHODIST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

8. Tangible fixed assets - housing properties [Continued]

Housing properties are reviewed for impairment on an annual basis.

	2021	2020
Housing properties units comprise:		
General Needs Housing	642	644
Supported Housing	239	239
Shared Ownership	17	17
	<u>898</u>	<u>900</u>
	2021	2020
Freeholds	841	841
Leaseholds	57	59
	<u>898</u>	<u>900</u>

No interest has been capitalised for 2020/21 (2019/20£Nil).

9. Tangible fixed assets - other	Furniture & Equipment £'000	Office Premises £'000	I T £'000	Total £'000
Cost				
At 1 April 2020	229	376	128	733
Additions	8	26	15	49
Disposals	(14)	(2)	-	(16)
At 31 March 2021	223	400	143	766
Depreciation				
At 1 April 2020	(192)	(315)	(113)	(620)
Charge for year	(12)	(9)	(15)	(36)
Disposals	14	2	-	16
At 31 March 2021	(190)	(322)	(128)	(640)
Net book value				
At 31 March 2021	33	78	15	126
At 31 March 2020	37	61	15	113

WIRRAL METHODIST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

10. Debtors	2021 £'000	2020 £'000
Rental debtors	292	125
Less: Provisions for bad debts	(80)	(98)
	<u>212</u>	<u>27</u>
Other debtors	58	91
Less: Provisions for bad debts	(17)	(12)
Lees: Other provision	(22)	-
Prepayments	<u>308</u>	<u>323</u>
	<u>539</u>	<u>429</u>

No disclosure has been made of the net present value of rent arrears subject to repayment plans as the amount is considered to be insignificant.

11. Creditors: Amounts falling due within one year	2021 £'000	2020 £'000
Trade creditors and accruals	435	185
Other taxation and social security	21	3
Prepaid rent	79	51
Housing loans	525	509
Recycled Capital Grant Fund - Note 15	76	54
Unamortised Government Grants	385	392
Energy loans	17	54
	<u>1,538</u>	<u>1,248</u>

12. Creditors: Amounts falling due after one year	2021 £'000	2020 £'000
Housing loans	11,958	13,567
Recycled Capital Grant Fund - note 15	24	22
Housing loans, current portion	(525)	(509)
	<u>11,457</u>	<u>13,080</u>
Unamortised Government grants	<u>19,324</u>	<u>19,659</u>
Total	<u>30,781</u>	<u>32,739</u>

The housing loans are secured by specific charges on the Association's housing property and are repayable at rates of interest between 1.30% to 10.10%. The Effective interest rate across our loan portfolio is 5.10%. Amounts due in instalments are as follows:

	2021 £'000	2020 £'000
In one year or less	525	509
Between one and two years	1,740	2,625
Between two and five years	1,940	2,435
In more than five years	<u>7,753</u>	<u>7,998</u>
	<u>11,958</u>	<u>13,567</u>

WIRRAL METHODIST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

12. Creditors: Amounts falling due after one year [Continued]

Unamortised government grants

The amount of unamortised Government grants at the year end relate to Social Housing Grant which is amortised in accordance with the stated accounting policy:

	2021 £'000	2020 £'000
Balance at 1 April 2020	(20,051)	(20,206)
Grant received in the year	(6)	(217)
Grant written off – disposals	16	-
Released to income in the year	332	372
	<hr/>	<hr/>
Balance at 31 March 2021	(19,709)	(20,051)
	<hr/>	<hr/>
Amount due to be released < 1 year	385	392
Amount due to be released > 1 year	19,324	19,659
	<hr/>	<hr/>

13. Share capital

	2021 £	2020 £
At 1 April 2020	44	41
Shares issued in year	1	3
Shares cancelled in year	-	-
	<hr/>	<hr/>
At 31 March 2021	45	44
	<hr/>	<hr/>

The shares do not have rights to any dividends, nor to a distribution in a winding-up, and they are not redeemable. Each share carries one vote in a general meeting of the Association.

14. Social Housing Grant - housing properties

	2021 £'000	2020 £'000
Total Accumulated SHG received at the balance sheet date	27,207	27,219
	<hr/>	<hr/>
Held as unamortised capital grant	19,706	20,051
Recognised as income in statement of comprehensive income	7,501	7,168
	<hr/>	<hr/>
	27,207	27,219
	<hr/>	<hr/>

WIRRAL METHODIST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

15. Recycled Capital Grant Fund	2021 £'000	2020 £'000
Balance at 1 April 2020	76	76
Grants recycled	24	-
Notional interest	-	-
RCGF utilised - properties	-	-
RCGF utilised - adaptations	-	-
	<hr/>	<hr/>
Balance at 31 March 2021	100	76
	<hr/>	<hr/>
Amounts due to be utilised less than 1 year old	75	54
Amounts due to be utilised more than 1 year old	25	22
	<hr/>	<hr/>
	100	76
	<hr/>	<hr/>

£76k of RCGF has been carried forward for more than 3 years, there is therefore the possibility that Homes England may not allow us to carry this over any further..

Last year £19k of this was ring fenced for Cardigan Road extension, which has suffered delays.

	£'000
2018/19	23
2017/18	4
2016/17	30
2015/16	19
	<hr/>
	76
	<hr/>

16. Pension Scheme

The Association participates in the Social Housing pension scheme (the scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. The Association has operated the final salary with a 1/60th accrual rate for active members as at 1 April 2007, when this scheme was closed to new entrants. For new entrants from 1 April 2007 the Association has operated the career average re-valued earnings (CARE) with a 1/60th accrual rate. The Association added the option of a defined contribution pension from May 2015. This scheme was utilised for auto-enrolment in 2016/17. The defined benefit scheme was closed in 2019/20, a consultation took place and employees were transferred to the defined contribution scheme.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

The Scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

WIRRAL METHODIST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

16. Pension Scheme [Continued]

For financial years ending on or before 28 February 2019, it was not possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme. For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March 2019 to 29 February 2020 inclusive.

Similarly, actuarial valuations of the scheme were carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive, and as at 30 September 2020 to inform the liabilities for accounting year ends from 31 March 2021 to 28 February 2022 inclusive.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

FAIR VALUE OF PLAN ASSETS, PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, AND DEFINED BENEFIT ASSET (LIABILITY)	31 March 2021 (£'000s)	31 March 2020 (£'000s)
Fair value of plan assets	4,313	4,004
Present value of defined benefit obligation	5,209	4,514
Surplus/(deficit) in plan	(896)	(510)
Unrecognised surplus	-	-
Defined benefit asset/(liability) to be recognised	(896)	(510)
Deferred tax	-	-
Net defined benefit asset/(liability) to be recognised	(896)	(510)
RECONCILIATION OF THE IMPACT OF THE ASSET CEILING		Period from 31 March 2020 to 31 March 2021 (£'000s)
Impact of asset ceiling at start of period		-
Effect of the asset ceiling included in net interest cost		-
Actuarial losses/(gains) on asset ceiling		-
Impact of asset ceiling at end of period		-
RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION		Period from 31 March 2020 to 31 March 2021 (£'000s)
Defined benefit obligation at start of period		4,514
Current service cost		-
Expenses		4
Interest expense		105
Member contributions		-
Actuarial losses/(gains) due to Scheme experience		(236)
Actuarial losses/(gains) due to changes in demographic assumptions		19
Actuarial losses/(gains) due to changes in financial assumptions		1,013
Benefits paid and expenses		210
Liabilities extinguished on settlements		-
Losses/(gains) on curtailments		-
Exchange rate changes		-
Defined benefit obligation at end of period		5,209

WIRRAL METHODIST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

16. Pension Scheme [Continued]

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS	Period from 31 March 2020 to 31 March 2021 (£'000s)
Fair value of plan assets at start of period	4,004
Interest income	94
Experience on plan assets (excluding amounts included in interest income) - gain/(loss)	286
Employer contributions	139
Member contributions	-
Benefits paid and expenses	(210)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	4,313
The actual return on the plan assets (including any changes in share of assets) over the period from 31 March 2020 to 31 March 2021 was £370,000	
DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCİ)	Period from 31 March 2020 to 31 March 2021 (£'000s)
Current service cost	-
Expenses	4
Net interest expense	11
Losses/(gains) on business combinations	-
Losses/(gains) on settlement	-
Losses/(gains) on curtailments	-
Losses/(gains) due to benefit changes	-
Defined benefit costs recognised in statement of comprehensive income (SOCİ)	15
DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME (OCI)	Period from 31 March 2020 to 31 March 2021 (£'000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain/(loss)	286
Experience gains and losses arising on the plan liabilities - gain/(loss)	236
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain/(loss)	(19)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain/(loss)	(1,013)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain/(loss)	(510)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain/(loss)	-
Total amount recognised in other comprehensive income - gain/(loss)	(510)

WIRRAL METHODIST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

16. Pension Scheme [Continued]

ASSETS	31 March 2021 (£'000s)	31 March 2020 (£'000s)
Absolute Return	238	209
Alternative Risk Premia	162	280
Corporate Bond Fund	255	228
Credit Opportunities	118	-
Credit Relative Value	136	110
Distressed Opportunities	125	77
Emerging Markets Debt	174	121
Fund of Hedge Funds	-	2
Global Equity	687	586
High Yield	129	-
Indexed Linked All Stock Gilts	-	-
Infrastructure	288	298
Insurance-Linked Securities	104	123
Liability Driven Investment	1,096	1,329
Liquid Credit	51	2
Long Lease Property	85	69
Net current assets	26	17
Opportunistic Liquid Credit	110	2
Over 15 Year Gilts	-	-
Private debt	103	81
Property	90	88
Risk sharing	157	135
Secured income	179	152
Total assets	4,313	4,004

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

17. Capital commitments	2021	2020
	£'000	£'000

Capital expenditure contracted for but not provided for in the financial statements

175 -

18. Related party disclosures

Its Board Members, all of whom own one share, control the Association. The Tenant Board Member who retired in September 2020 has normal tenancy terms. The transactions are not disclosed as there is only one tenant board member and amounts cannot be aggregated. There have been no further related party transactions that are considered material.

19. Contingent liabilities

There is a contingent liability of £4,387,617 in respect of the employer debt on the Social Housing Pension Scheme. This is the amount that would have been payable if the Association had withdrawn from the Social Housing Pension Scheme as at 30 September 2019. Further details are included at Note 16.

WIRRAL METHODIST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

20. Surplus on disposal of housing properties, land, plant and equipment

	2021 £'000	2020 £'000
Net cost of properties sold	31	(10)
Sale proceeds	-	-
Cost of sales	-	-
Net proceeds	-	-
Surplus on disposals	(31)	10

21. Financial instruments

2021
£

2020
£

The Association has the following financial instruments:

Financial assets that are debt instruments measured at amortised cost:

Cash at bank and in hand	2,045	1,981
Money Market Investments	-	-
Rental debtors (Note 10)	292	125
Trade debtors and accrued income (Note 10)	366	414
	2,703	2,520

Financial liabilities measured at amortised cost:

Loans		
Rents paid in advance (Note 11)	79	51
Trade creditors and accruals (Note 11)	435	185
Unamortised Government Grants (Note 12)	19,709	20,054
	20,223	20,290

22. Income & expenditure reserve

Included within the Income & Expenditure Reserve is an amount for Shared Owners, a Welfare Fund for Tenants and a donation received in 2012/13. Details on these are shown below:

	Shared Owners Reserve £'000	Welfare Fund £'000	Donation £'000
Balance 1 April 2020	146	4	11
Transfers to	36	1	-
Transfers from	(4)	-	-
Balance 31 March 2021	178	5	11

