



ANNUAL REPORT AND FINANCIAL ACCOUNTS

For the year ended 31 DECEMBER 2019

Registered number: LH0869

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CHAIR'S REPORT

Before I take a look back at the Association's performance during 2019, I wanted to take this opportunity to highlight the tremendous efforts made by staff in their response to the Covid-19 pandemic. We found ourselves in a rapidly evolving environment, and working under unprecedented pressures to continue to provide critical services, whilst maintaining the safety and wellbeing of our residents, staff and contractors.

Our business continuity and emergency plans have been tested to their limits and thankfully, Rockdale's investment in technology over recent years enabled staff to continue with the majority of business functions remotely, allowing our key workers to focus on caring and supporting residents. Throughout the crisis staff continued to follow Government advice and guidance, ensuring residents and colleagues adhered to social distancing guidelines, followed self-isolation and lockdown requirements.

At this point in time, it is difficult to ascertain the direct impact this crisis will have on the Association given that we are still in the midst of it, but it is likely to be far reaching. It is fair to say that there will be lost rental income as a result of not being able to fill void flats, as well as, an increase in staffing costs, as a direct result of providing cover for staff who are either off work self-isolating or who have the virus.

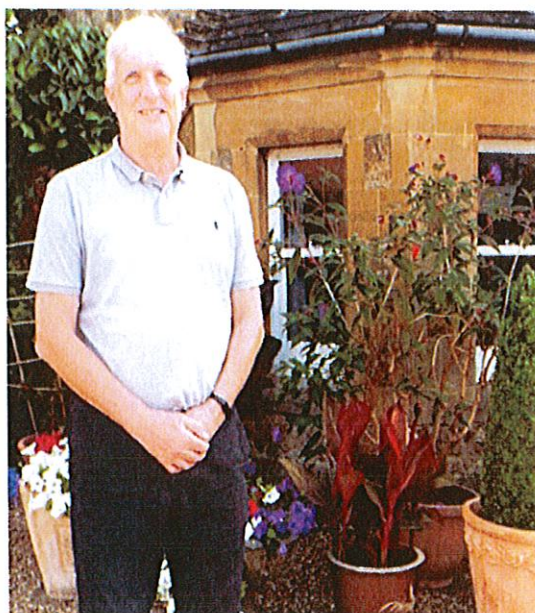
However long this crisis lasts and whatever challenges lay ahead, I know that Rockdale staff will rise to the challenge and stand stronger together.

* * *

In my first year as Chair I am delighted to present Rockdale's annual report and accounts, and to have the opportunity to provide an update on progress the Association has made during 2019.

Despite another challenging year, Rockdale has continued to perform well and deliver a number of improvements during 2019. These included several planned maintenance projects as part of our programme of improvement works and include the new kitchen extension works and scooter storage projects which have been completed and the additional lift in Beatrice Wilson which is due for completion in the summer.

Continuing with our ongoing strategy to ensure the Association makes the best use of its assets, our Tunbridge Wells properties at Frant Road and Madeira Park were sold. Staff supported the 14 residents living in the apartments through every step of the move process, to make the transition as smooth and as stress free as possible. The sale proceeds from the properties will help fund future



improvements on the main site. A feasibility study in to potential development opportunities is also underway and due for consideration later this year.

2019 was another solid financial year in overall operating terms for the Association. The financial statements show an operating surplus of £1,533,156 and a surplus before other comprehensive income of £1,585,918. These figures however include the significant surplus made from the sale of Tunbridge Wells of £1,629,930 and when removed, this results in a deficit of £(44,012). This performance is discussed more fully later in the report. The accounts also show net adjustments of £87,972 in other comprehensive income, which relate to our defined benefit pensions schemes. From 1 January 2019, Rockdale has been provided with extra information to enable these schemes to be accounted for as defined benefit schemes. Previously, this was not possible and these schemes were treated as defined contribution schemes.

We strive to achieve value for money across all departments but especially in areas of high value costs such as those associated with repair work, maintenance contracts and utility costs. We work hard to negotiate cost effective contracts to ensure that we are able to deliver this key objective.

We continued to carry out major works across the site in line with our 25-year planned maintenance programme. During 2020 we are forecasting to spend £196,000 on planned maintenance projects, which equates to 6.1% of our budgeted income from lettings. In addition, we are also forecasting to spend an additional £626,600 on capital projects, £437,500 of which is for new projects in the coming year.

During 2019, the Association reviewed its investment policy on cash deposits and reserves and as a result, the decision was taken to place funds into listed investments with an Asset Management Company. The aim is to improve the return earned on the Association's funds

2019 has proved to be a challenging year for Rockdale House following an unstable period without a permanent Home Manager. Fortunately, we have recruited a highly experienced Manager in Jo-Ann Davis who completed her registration with the Care Quality Commission in December.

As a result of the instability, void levels in the house were significantly higher than anticipated. Higher than forecast staffing and agency costs were also incurred due to ongoing difficulties with recruitment. However, towards the end of the year the voids position improved considerably and staffing levels have stabilised. The focus going forward is on reducing the costs associated with the management of our care home and the implementation of new electronic care plan and medication system to strengthen regulatory compliance.

Our approach to residential care in Rockdale House remains focused on the delivery of high-quality care in a way which empowers residents and which puts people at the very heart of everything do. In recent years we have seen the profile of our resident's change, who are now coming in to residential care at a later stage in life. With increased age comes an increase in mobility issues and health conditions. In response to this the shift change the Association appointed a Head of Care role to strengthen its position in managing complex needs, ensuing a high standard of care provision and future viability.

Throughout the year there has been greater focus on providing meaningful activities for residents, offering a person-centred approach to establish individualised activities. To help achieve this aim we recruited an additional activity coordinator. Rockdale House is supported by a variety of volunteers from Sevenoaks and Tonbridge schools who enrich and enhance the lives of our residents and in doing so help the Association forge strong links with the local community. This year the Association has also provided placement opportunities for Kent Police Students as part of their Equality and Diversity training.

In 2019, fourteen rented apartments became available for re-let. These were refurbished, where necessary, in line with the Decent Homes standards. Four leasehold apartments changed hands; this has no significant impact on the accounts other than a percentage of the sale proceeds is added to the sinking fund for major refurbishments.

Our fundraising department continued its focus on promoting and encouraging membership of our "Friends of Rockdale Scheme" which aims to support a number of activities, as well charitably supporting residents in Rockdale House where possible.

At the beginning of 2019 we recruited a new marketing role and developed a marketing strategy to help raise the Association's profile in the local community. During the year we worked with a neighbouring housing association through their employment programme to help fill vacancies in Rockdale House and commissioned GDPR training through them. We networked with Sevenoaks Chamber of Commerce and provided a platform for their work experience week with local schools, we partnered with the Sevenoaks Three Arts Festival which provided our residents with free invitations to attend the festival and created a platform to publicise Rockdale's services. We also organised a wellbeing event for residents bringing external organisations in to deliver a range of activities and services.

The Board also saw a number of changes to membership following the retirement of Dr Sian Watt and Jane Budack during the year. This year, I very much look forward to welcoming Rosalind Ward to the Board. Ros is a registered nurse, a former Health visitor and registered manager of a care home so I am sure her expertise in adult social care will be an invaluable asset to the Board.

Finally, I would like to take this opportunity to thank my fellow Trustees for their support and their continued commitment to residents and staff of Rockdale over the past twelve months.

Ian Grattidge
Chair of the Board of Trustees
March 2020

STRATEGIC REPORT

The Sevenoaks and District Old People's Housing Association was founded in 1947 to provide suitable housing for elderly people of restricted means who were members of the working classes in Sevenoaks and elsewhere. Renamed Rockdale Housing Association Ltd in 1979, the Association is a community benefit society registered under the Co-operative and Community Benefit Societies Act 2014 (registered No.13507R), a registered provider of social housing as defined under the Housing and Regeneration Act 2008 (Registered No. LH0869), and an exempt charity.

Properties in Management

Rockdale House, Sevenoaks Registered Residential Care Home	48 rooms 2 short stay rooms
Rockdale Road, Sevenoaks	123 sheltered apartments for rent
Webbs Meadow, Sevenoaks	18 sheltered leasehold apartments
Constant Meadow, Sevenoaks	10 sheltered leasehold apartments
Summerbank, Rockdale Road, Sevenoaks	10 sheltered leasehold apartments
Laurie House 1-19, Sevenoaks	19 sheltered leasehold apartments

The average monthly charges for the various types of properties during 2019 were:

Rents

		Rent 2019	Services 2019	Support 2019	Total monthly charge	
					2019	2018
Rockdale Road	Studio	£382.47	£241.93	£100.27	£724.67	£717.59
Rockdale Road	1 bedroom	£448.77	£266.12	£100.27	£815.16	£807.87
Stable Court	1 bedroom	£448.77	£232.82*	£100.27	£781.86	£775.55
Rockdale House	Residential care home	£3,565.95	-	-	£3,565.95	£3,317.16

* Heating & hot water not included in services

STRATEGIC OBJECTIVES

Mission

Rockdale's mission is to provide affordable housing, care and other help to improve the quality of life for older people

We will:

1. Provide good quality homes and support services for older people which meet their changing needs. This means we will:

- Provide well managed housing cost-effectively and to high standards
- Consult with residents, tenants and leaseholders on the services provided
- Regularly monitor, evaluate and strive to improve services
- Provide efficient and responsive repair services, and make adequate provision for planned maintenance
- Make the best use of our assets to maintain a sustainable community
- Offer appropriate advice to services and welfare benefits

2. Offer high quality residential care. This means we will:

- Aim to establish Rockdale House as a model of excellence in residential care
- Recognise that the quality of residential care is dependent on the quality of the staff providing it, and thus place a high priority on the recruitment, training and retention of staff

3. Sustain and develop our charitable work. This means we will:

- Set aside such capacity and funding as can be afforded by the Association for the support of those who do not have the financial means to access our services
- Account clearly for our charitable work through external reporting
- Seek grants and donations for the support and expansion of our charitable work

The Board is responsible for the monitoring the Association's business plan activities. During 2019, the majority of activities within the business plan were completed and significant progress made in developing a 10-year asset management strategy that includes opportunities for development.

The table below shows our achievements during 2019.

Objective	Comments at year end 2019
To conduct a strategic review of the property portfolio to make best use of the Association's assets	Completed – Following the review of the Associations assets which took place in 2018 both the Tunbridge Wells properties at Frant Road and Madeira Park were sold. A potential development scheme on the main Rockdale site has been identified and a full feasibility study is being conducted to determine suitability and likely cost.
To complete major projects including Webbs meadow courtyard project, Beatrice Wilson Kitchen project, Beatrice Wilson additional lift project	Ongoing - The Kitchen refurbishment in Beatrice Wilson has been completed and deferred decorating in the common room will take place during 2020. The lift project is underway for completion by summer 2020. Several design issues were identified for the Webbs Courtyard project which resulted in new plans being drawn up and a review of the cost of the project being conducted. Full costings and design are subject to resident consultation in February 2020 before being presented to the Board for their decision in April 2020.
Work with Support Solutions to optimise income following the loss of Supporting People funding stream in April 2018	Completed - A review of additional income generation streams took place and after consideration the Board decided not to proceed due to the risk to the Associations reputation.
Working with IT partners develop and implement new Housing Management /maintenance data base to support operational activities across, Finance and Maintenance departments, Housing management and Care Home.	Ongoing – Organisational requirements could not be fulfilled by the nominated IT provider as originally scoped. A new provider has been identified which meets the housing management and support requirements for the Sheltered apartments. Work is currently underway to migrate the data to the new platform with a "go live" date planned for June 2020. Rockdale House will also be moving to a new care planning system from March 2020 and Electronic Medication system from June 2020.
Reduce void turnaround times by a further 2 days to maximise rental income	Completed.
To review and improve Health & Safety requirements on site	Completed –Full risk assessment have been conducted across the site with key actions either completed or underway. Regular site inspections along with fire risk reviews take place to identify any issues which are also added to the log and tracked.

OPERATIONAL PERFORMANCE

The following statistics outline our performance in key areas: -

Description	2017	2018	2019	Benchmarking Quartile position	Trend	2020 Target
Current tenant arrears (rented flats) as % of annual rent debit	1.0	1.4	1.1	2		1.0
Average re-let time (in days)	59	56	35	4		28
% of Rent loss through empty properties (excluding care home)	3.7	2.6	0.9	4		3.7
% of repairs completed contractor within timescale by external contractor	96	100	98	1		66
Average days lost to sickness absence	7.2	6.9	5.3	2		4
Average days lost due to short term sickness absence	3.2	3.3	2.3	2		2
Average days lost to long term sickness absence	4.0	3.3	2.9	2		2

During 2019 there was a marked improvement in performance in relation to void costs and a reduction in the overall number of days lost through staff sickness.

Assets

The lost income arising from our 2019 void flats equates to 0.9% of total Sevenoaks rented flats income, significantly less than our budgeted level of 4.3%. We carried out improvement works in all these flats in order to continue to achieve our 100% decent home standard and ensure they remain attractive to let.

In addition to the decent home's maintenance expenditure, we carried out other major works around the site in accordance with our 25-year planned and capital maintenance programme.

During 2019 we spent £14,415 on planned maintenance projects, £497,540 on capital projects and £54,753 on leasehold apartment works. This included the installation of an external scooter storage facility (required because of a revision to the fire regulations), the revamping of the Beatrice Wilson kitchen and redecoration of leasehold flats.

The loss of rent and service charges over the year as a whole (voids) expressed as a percentage of the gross debit (chargeable if all properties were fully occupied) was:

	Total % of void cost 2019	Total % of void cost 2018	Total % of void cost 2017
Rented apartments (Tunbridge Wells included in 2018 and prior)	0.9%	2.19%	3.0%
Rockdale House	15%	7.5%	7.58%

Our cost per unit spend for repairs, reactive, and planned maintenance decreased over the course of the year.

Housing Management costs for the year decreased slightly, but it is worth noting that the unit costs are likely to increase next year when the Tunbridge Wells apartments are sold and the Housing Management costs are reallocated to the main Rockdale site.

Maintenance

Our in-house maintenance staff carried out in total 1,330 maintenance jobs in 2019 in addition to their cleaning and other scheduled routine work. Our aim is to carry out all emergency and urgent jobs within the same target times as the contractor repairs, and as many of the routine jobs within seven days as we can. The mean wait time for work to be completed during 2019 was 2 days, still within target but 1 day longer than the previous year. 91.6% of jobs were completed within 7 days in the apartments and 88.63% in Rockdale House. Overall, there has been a slight decline in performance due in part to a 19% increase in the number of works requested and under resourcing in the staff team for the last 3 months of the year.

Our target time for carrying out repairs is 24 hours for emergency repairs, 5 working days for urgent repairs, and one calendar month for routine repairs.

All of the in-house maintenance jobs completed were followed up with a satisfaction survey. Of the 1330 repair requests issued, only 179 were returned, of these 95.53% were satisfied with the work. Similarly, only 28% of external satisfaction surveys were returned and of these only one was dissatisfied due to the time taken in sourcing replacement parts. As a result of poor return rates changes have been made to the process and residents will now receive a follow up telephone call if a contractor survey is not returned.

The table below shows how we have performed compared to previous years.

Contractors	2019	2018	2017	2016
Emergency repairs	100%	100%	100%	96.88%
Urgent Repairs	100%	96.51%	93.58%	96.92%
Routine repairs	94.34%	94.16%	95.9%	94.35%

VALUE FOR MONEY

The Board recognises that it is ultimately responsible for ensuring compliance with the regulatory standard on Value for Money (VFM). The Board regularly receives a range of internal and external information providing sufficient evidence demonstrating compliance with the VFM standard.

Each year the Association provides an assessment of its performance setting out how Rockdale is achieving Value for Money in delivering our purpose, objectives and services to residents and this can be found on our website www.rockdale.org.uk

The Regulator of Social Housing issued a new Value for Money Standard in 2018, setting out specific requirements for registered providers to publish evidence within their statutory accounts of its value for money targets and metrics set out by the regulator, as well as setting out how performance compares to that of its peers. Rockdale is a member of the Acuity benchmarking group for older people, the care home benchmarking group and the Sector Scorecard (administered by Housemark). A key focus for the Association is in understanding performance and costs in relation to our peers through regular benchmarking.

The Association demonstrates Value for Money by: -

- 🏠 Ensuring Value for Money is embedded through all decision-making processes
- 🏠 Setting clear strategic objectives
- 🏠 Having a framework of strategies, policies & processes in place to ensure optimal benefits are achieved from both assets and resources
- 🏠 Ensuring services are cost effective, efficient and customer driven.
- 🏠 Recruiting and retaining the best staff to deliver our services

Metric set by the Regulator	2017 (restated)	2018	2019	Benchmarking Median	Benchmarking Quartile position
Reinvestment %	4.08	3.07	5.4	4.05	4
New supply delivered % (Social Housing units) (N.B. Rockdale did not supply Non-Social Housing units in the period) (Note 1)	0.8	0	0	2.40	4
Gearing %	0	0	0	2	Not available
Earnings before interest, tax, depreciation, amortisation, (EBITDA MRI) as % of interest (Note 2)	2,161	-1,475	502	927	Not available
Headline Social housing cost per unit (Note 3)	6,500	7,404	7,955	5,413	Not available

Operating margin %	13.32	-10.71	-3.16	9.6	4
Return on Capital Employed (ROCE) % (Note 4)	3.2	-2.6	10.7	-0.05	Not available

Note 1: No new supply of housing units was delivered during 2019, although following a strategic review of all of its assets the Association has identified a potential development opportunity which is currently being considered has sold two schemes at Frant Road and Madeira Park in Tunbridge Wells to help fund future development projects.

Note 2: EBITDA measures the level of operating surplus compared to interest payable, avoiding distortions from depreciation. Rockdale shows a dramatic dip in 2018 compared to 2017 and some improvement in 2019. The 2018 performance was impacted by a large provision required for Rockdale's defined salary pension schemes. In 2019, EBITDA has been adversely affected by the operational difficulties highlighted on page 3.

Note 3: The social housing cost per unit measure (which includes capitalised major repairs) has increased by 7.5% compared to 2018 but this has slowed since the prior year. The increase is partially due to increased energy costs as contracts were renegotiated in the year and partially due to central costs being allocated over fewer properties since the closure of Tunbridge Wells.

Note 4: Return on capital employed (ROCE) assesses the Associations profitability and the efficiency with which its capital is used. The 2019 position highlights that Rockdale performs well overall compared to the capital employed in the Association.

KEY STRATEGIC AND OPERATIONAL RISKS

Risk management is a fundamental element intrinsically linked to the Association's overall strategy and business planning activities. The key strategic risks affecting Rockdale Housing Association, as of 31 December 2019, are summarised in the table below. These risks are regularly reviewed and the Board monitor risks at each board meeting.

Strategic Risk	Measures to mitigate risks
Risk of not making the best use of the Association's assets either through investment or development opportunities.	<ul style="list-style-type: none"> • Disposal of the Tunbridge Wells properties at Frant Road & Madeira park. • Feasibility study underway regarding development on main site • Review of long-term investment strategy resulting investments now being made with an investment company, improving returns.
Impact of Brexit as the UK prepares to leave the EU on 31 January 2020 and enters the transition period.	<ul style="list-style-type: none"> • The Association followed advice from the Government who suggest that organisations reviewed supply chains, check for issues and review business continuity plans. • Policy, procedures, processes and Business Continuity plans were reviewed and updated. • Links with local partners such as Health and the Local authority in the event of issues or ongoing problems were identified and contingency plans put in place. • Additional cash was made available to ensure liquidity.
Risk the Pension Deficit will have a financial impact on the Association's ability to maintain services.	<ul style="list-style-type: none"> • Advice was sought from an actuary regarding current and future liabilities. • The Board of trustees agreed to close all Rockdale Defined Benefit (DB) schemes to existing members with effect from 1 April 2020 and transfer members to the SHPS Defined Contribution (DC) Section. An enhancement of 100% of the difference between the DB contribution rate and the DC contribution rate (employer and employee combined) will be offered for the first year and 50% in year 2, normal contributions would be payable thereafter
Risk that the Association has inadequate fire policies and procedures in place to meet its obligations under Fire Safety requirements	<ul style="list-style-type: none"> • An external qualified Fire consultant was appointed in 2017 to carry out 6 monthly reviews and to annual update the Associations Fire Risk Assessments (FRA). The last. The last FRA was carried out in Dec 2019. • Items identified from the FRA are recorded on an action log along with required remedial works. Previously identified actions which were outstanding were the buggy store which has now been completed and the replacement of fire doors, which was on hold whilst the Association waited for the outcome of a Government review, a programme for the door replacement is being drawn up and is due for completion by Q3 2020. • The Association has forged strong links with Kent Fire Brigade, who visit regularly offering advice and guidance, showcasing good practice and partnership working with Rockdale.

STATEMENT OF BOARD OF MANAGEMENT'S RESPONSIBILITIES

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

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which provide a true and fair view of the state of affairs of the Association and of its income and expenditure for the period.

In preparing these financial statements the Board is required to:

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

The Board is responsible for the keeping of proper accounting records which disclose with reasonable accuracy at any time the financial position of the association, and enable it to ensure its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing & Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing England 2019. It has general responsibility for taking reasonable steps to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

The Board proactively review and manage potential risk exposure through the risk register and aim to mitigate this risk as much as possible

POLICY ON BOARD MEMBERSHIP

Membership to the Board of Management or Sub-Committee will be based on the candidate's ability to provide a substantial contribution to the long-term wellbeing of the Association. Applications for membership to the Board or Committees should be in writing and will be individually determined by the Board based on the above criteria.

At 31 March 2019 the Board of Management consisted of ten non-executive members, all of which are £1 shareholders.

MEMBERSHIP OF BOARD AND COMMITTEES AS AT 31 DECEMBER 2019

Board Members			Appointed	Retired
	Roland Courtney	BSc MSc DIC	2015	
	Jane Budack	RGN	2015	27.9.19
Chair	Ian Grattidge	MSPP, FCCA	2015	
	Jill Griffiths		2011	
Deputy Chair	Sarah Heilbron		2013	
	Jim Latheron		2013	
	David McKee		2016	
	Gillian Shepherd-Coates	Cert of Social Work CCETSW Dip Man Henley College	2009	
	Patricia Smith		2018	
	Dr Sian Watt	PhD Cultural Anthropologist	2015	25.2.19
Care & Assessment Committee				
Chair	Sarah Heilbron			
Members	Meryl Edwards			
	Sara Thomson			
	Rachel Robbins			
	Jai White			
Senior Staff	Anita Cleugh, Chief Executive (Appointed 2016)			
Bankers	National Westminster bank plc, 67 High Street, Sevenoaks, Kent TN13 1JY			
Auditors	Lindeyer Francis Ferguson Ltd, North House, 198 High Street, Tonbridge, Kent TN9 1BE			
Solicitors	Devonshire's, Salisbury House, 30 Finsbury Circus, London, EC2M 5QY			

Capsticks, 1 St George's Rd, Wimbledon,
London SW19 4DR

Registered office Rockdale Lodge, Rockdale Road,
Sevenoaks, Kent, TN13 1JT

Statutory registration Co-operative and Community Benefit Society (13507R) and
the Regulator of Social Housing (LH0869)

STATEMENT OF INTERNAL FINANCIAL CONTROLS

The Board acknowledge their ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

- 🏠 the reliability of financial information used within the Association or for publication
- 🏠 the maintenance of proper accounting records, and
- 🏠 the safeguarding of assets against unauthorised use or disposition
- 🏠 It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial miss-statement or loss. Key elements include ensuring that:
 - 🏠 formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets
 - 🏠 experienced and suitably qualified staff take responsibility for key business functions. Annual appraisal procedures have been established to maintain standards of performance
 - 🏠 forecasts and budgets are prepared which allow the Board and senior staff to monitor the key business risks, the financial objectives and progress towards financial plans set for the year. In the medium term, regular management accounts are prepared promptly, providing relevant, reliable, up-to-date financial and other information highlighting significant variances from budgets which are investigated as appropriate
 - 🏠 all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures
 - 🏠 the Board reviews reports from the senior staff and from the external auditors to provide reasonable assurance that control procedures are in place and that they are being followed. This includes a general review of the major risks facing the Association at each Board meeting
 - 🏠 actions required to rectify any weaknesses identified from the above reports are dealt with on an individual basis. In all cases these actions will be recorded, monitored and reported to the Board
 - 🏠 the Board proactively reviews and manages potential risk exposure through the risk register with an aim for risk mitigation

The Board has reviewed the effectiveness of the internal financial control systems in existence within the Association for the year ending 31 December 2019.

No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties or which required disclosure in the financial statements or in the auditors' report on the financial statements.

STATEMENT OF PUBLIC BENEFIT

The Association refers to the Charity Commission's general guidance on public benefit when reviewing its mission statement and in planning future activities.

Originally founded to assist the local people of Sevenoaks in need of affordable housing and or care, this ethos remains part of Rockdale's culture today and we continue to charitably support some residents who need our housing, support and care but who may not have the financial means to access it. The Association does this in a variety of ways including keeping our fees as low as possible and accepting local authority residents at reduced rates, supplemented by our own funds. At 31 December 2019 we were supporting 6 residents in Rockdale House and 60 sheltered housing residents.

CODE OF GOVERNANCE

The Association complies with the National Housing Federation Code of Governance and the Regulator of Social Housing's Governance and Financial Viability Standard. Whilst the Association understands the importance of Board regeneration it also feels it is important for Trustees to have experience, knowledge and history of the Association to best serve the local community.

Each year the Association provides an assessment of its performance setting out how we are achieving Value for Money in delivering our purpose, objectives and services to residents and this can be found on our website www.rockdale.org.uk under resources.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROCKDALE HOUSING ASSOCIATION

Opinion

We have audited the financial statements of Rockdale Housing Association for the year ended 31 December 2019, which comprise the statement of comprehensive income, statement of financial position, statement of changes in reserves, statement of cash flows 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 December 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board of Management's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board of Management have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- a satisfactory system of control over transactions has not been maintained; or
- the Association 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 require for our audit.

Responsibilities of the Board of Management

As explained more fully in the Board of Management's responsibilities statement set out on page 13, the Board of Management is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Management either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance

is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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 auditors' 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.

Lindeyer Francis Ferguson Ltd

Lindeyer Francis Ferguson Limited

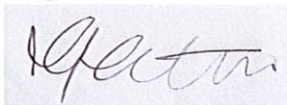
Chartered Accountants
Statutory Auditors
North House
198 High Street
Tonbridge
Kent TN9 1BE

Date: 12 May 2020

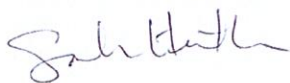
Rockdale Housing Association Ltd
STATEMENT of COMPREHENSIVE INCOME
for the YEAR ENDED 31st DECEMBER 2019

	Note	2019	2018
		£	£
TURNOVER			
Income from Lettings	3	3,090,593	3,113,621
OPERATING EXPENDITURE			
Direct Property Management and Administration	3	<u>(3,201,014)</u>	<u>(3,448,067)</u>
		(110,421)	(334,446)
Gain on disposal of housing properties		1,629,930	-
Other Operating Income		58,816	53,392
Other Operating Costs		<u>(45,169)</u>	<u>(50,523)</u>
OPERATING SURPLUS /(DEFICIT)		1,533,156	(331,577)
Interest Receivable and Other Income	7	115,294	105,431
Interest Payable and Other Costs	8	(72,446)	(53,918)
Fair value gain in fixed asset investments		9,914	-
SURPLUS / (DEFICIT) FOR THE YEAR	10	1,585,918	(280,064)
OTHER COMPREHENSIVE INCOME			
Initial recognition of multi-employer defined benefit schemes		100,972	-
Actuarial losses in respect of pension schemes		<u>(13,000)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,673,890</u>	<u>(280,064)</u>

The turnover and surplus / (deficit) for the current and previous years relate to continuing activities



I Grattidge - Chairman



S Heilbron - Deputy Chairman

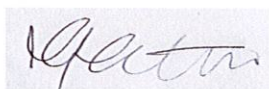


A Cleugh - Secretary

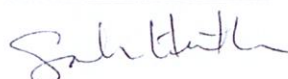
Rockdale Housing Association Ltd
STATEMENT OF FINANCIAL POSITION as at 31st DECEMBER 2019

	Note	2019		2018
		£	£	£
FIXED ASSETS				
Housing Properties	11		8,238,155	8,301,669
Other tangible fixed assets	12		83,191	63,585
Investments	13		2,759,964	-
			<u>11,081,310</u>	<u>8,365,254</u>
CURRENT ASSETS				
Trade and other debtors	14	153,288		85,582
Cash and cash equivalents		3,454,986		4,741,485
		<u>3,608,274</u>		<u>4,827,067</u>
CREDITORS				
Amounts falling due within one year	15	(416,025)		(519,721)
NET CURRENT ASSETS			<u>3,192,249</u>	<u>4,307,346</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>14,273,559</u>	<u>12,672,600</u>
CREDITORS				
Amounts falling due after more than one year	16,17		(1,969,709)	(2,905,640)
NET ASSETS EXCLUDING PENSION LIABILITY			<u>12,303,850</u>	<u>9,766,960</u>
PROVISIONS FOR LIABILITIES				
Defined benefit pension scheme liability	18		(863,000)	-
TOTAL NET ASSETS			<u><u>11,440,850</u></u>	<u><u>9,766,960</u></u>
EQUITY				
Called-up share capital	19		50	50
Reserves:				
Restricted reserves	20		374,007	360,324
Income and Expenditure reserve			11,066,793	9,406,586
			<u>11,440,850</u>	<u>9,766,960</u>

The financial statements on page 20 to 38 were approved by and authorised for issue by the Board of Management on 7 May 2020 and were signed on its behalf by



I Grattidge - Chairman



S Heilbron - Deputy Chairman



A Cleugh - Director

Rockdale Housing Association Ltd
STATEMENT OF CHANGES IN RESERVES
for the YEAR ENDED 31st DECEMBER 2019

	Called up share capital	Restricted Reserves	Income and Expenditure Reserve	Total
	£	£	£	£
Balance at 1 January 2019	50	360,324	9,406,586	9,766,960
Share issued during the year	-	-	-	-
Surplus from Statement of Comprehensive Income	-	-	1,673,890	1,673,890
Restricted Reserves Income and Expenditure	-	13,683	(13,683)	-
Balance at 31 December 2019	50	374,007	11,066,793	11,440,850
Balance at 1 January 2018	49	369,263	9,677,711	10,047,023
Share issued during the year	1	-	-	1
Deficit for the year	-	-	(280,064)	(280,064)
Transfers	-	(8,939)	8,939	-
Balance at 31 December 2018	50	360,324	9,406,586	9,766,960

Rockdale Housing Association Ltd
STATEMENT OF CASH FLOWS
for the YEAR ENDED 31st DECEMBER 2019

	2019	2018
	£	£
Cash flows from operating activities		
Operating surplus / (deficit) for the year	1,585,918	(280,064)
Adjustments for:		
Depreciation of tangible fixed assets	368,643	363,345
Profit on disposal of tangible fixed assets	(1,629,930)	(1,830)
Gain on fixed asset investments	(9,914)	-
Amortised social housing grant	(72,525)	(76,300)
Difference between pension contributions paid and charge made	950,972	-
Change in stock	-	14,406
Change in trade and other debtors	(56,917)	13,514
Change in trade and other creditors	(965,913)	341,687
Interest payable	16,902	17,017
Interest and dividends receivable	(45,550)	(34,563)
	<u>(1,444,232)</u>	<u>637,276</u>
Net cash from operating activities	141,686	357,212
Cash flows from investing activities		
Acquisition & construction of properties	(445,023)	(254,579)
Purchases of other fixed assets	(52,517)	(34,317)
Sale proceeds from tangible fixed assets	1,802,735	5,545
Purchases of fixed asset investments	(2,750,050)	-
Interest and dividends received	34,761	33,534
	<u>(1,410,094)</u>	<u>(249,817)</u>
Cash flows from financing activities		
Interest paid	(16,932)	(17,045)
Repayments of borrowings	(1,159)	(1,048)
Share Capital issued	-	1
	<u>(18,091)</u>	<u>(18,092)</u>
Net change in cash and cash equivalents	(1,286,499)	89,303
Cash and cash equivalents at beginning of year	4,741,485	4,652,182
Cash and cash equivalents at end of year	<u>3,454,986</u>	<u>4,741,485</u>

Notes to the cash flow statement

	At 1 Jan 2019	Cash flows	Non-cash changes	At 31 Dec 2019
	£	£		£
a. Analysis of changes in net debt				
Cash and bank deposits	4,741,485	(1,286,499)		3,454,986
Debts due within 1 year (housing loan)	(1,118)	1,160	(1,322)	(1,280)
Debts due after 1 year (housing loan)	(162,368)		1,322	(161,047)
Total	<u>4,577,999</u>	<u>(1,285,339)</u>	0	<u>3,292,659</u>

Rockdale Housing Association Ltd
NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st
DECEMBER 2019

1. STATUS

Rockdale Housing Association Limited is registered under the Co-operative and Community Benefit Societies Act 2014 as an exempt charity (No. 13507R) and a private registered provider of social housing in the United Kingdom registered with the Regulator of Social Housing (No.LH0869) under the Housing Act 1996. The Association is a Public benefit entity (PBE) as defined in the glossary of FRS 102.

The Association's registered address is Rockdale Lodge, Rockdale Road, Sevenoaks, Kent, TN13 1JT. The nature of the Association's operations is given in the Director's Report.

2. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102, the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102); the Statement of Recommended Practice for Social Housing Providers 2018 update; and with the Accounting Direction for private registered providers of social housing in England 2019. The financial statements are also prepared under the Co-operative and Community Benefit Societies Act 2014. The financial statements are prepared in pounds sterling which is the functional currency of the Association and are rounded to the nearest pound.

The principal accounting policies of the Association are set out in paragraphs (a) to (l) below.

(a) Basis of Accounting

These financial statements have been prepared on the going concern basis under the historical cost convention.

(b) Turnover

Turnover is measured at the fair value of the consideration received or receivable. Turnover represents rental and service charges income receivable in the year net of rent and service charge losses from voids, and revenue grants.

(c) Pension Costs

The pension scheme is a defined benefit multi-employer scheme. Within the financial year, information regarding the Association's underlying assets and liabilities has been provided by the pension scheme administrators. Up until 31 December 2018 the scheme was treated as a defined contribution scheme in line with the information then available and the costs charged in the financial statements represented the contributions arising under the contractual agreement between the scheme and the Association. In the year to 31 December 2019 the scheme assets and liabilities have been included in the Association's financial statements at fair value as detailed in note 18.

Rockdale Housing Association Ltd
NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st
DECEMBER 2019

(d) Fixed Assets - Housing, Land and Buildings

Housing properties are stated at cost which includes the following:

- Costs of acquiring land and buildings including legal fees;
- Development expenditure including consultants' fees;
- Interest charged on the mortgage loans raised to finance the scheme;
- Expenditure on improvements including consultants' fees;
- Amounts equal to allowances for administration and supervision of schemes approved for Social Housing Grant (SHG).

Any invoices and architects' certificates relating to capital expenditure incurred in the year are included in the financial statements for the year at gross value before retentions, provided that the dates of issue or valuation are prior to the year end.

Depreciation is provided on housing properties, excluding land, so as to write off the net cost less estimated residual value of each asset over its remaining estimated useful life. Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the structure to which they relate, if shorter, as follows:

Main fabric/structure	50 years straight line
Roof	25-50 years straight line
Windows, bathrooms, heating systems	20 years straight line
Kitchens, lifts	15 years straight line

Assets under construction are carried at cost and are not depreciated until they are brought into use. Expenditure on improvements is only capitalised where it results in incremental future benefits such as increased rental income, reduced maintenance costs, a significant extension in the useful economic life of the asset or a major component is replaced. Works to existing properties are treated as improvements where they comply with this policy.

(e) Other Fixed Assets

Tangible fixed assets other than housing properties are stated at cost less accumulated depreciation. Depreciation is calculated to write off the cost over the estimated useful economic life at the following rates:

Fixtures, fittings, machinery and equipment,	5 years straight line
Computers and IT equipment	3 years straight line

Rockdale Housing Association Ltd
NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st
DECEMBER 2019

(f) Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each accounting reference date. The key indicators considered are declines in market value, physical damage, changes in demand and contamination issues (e.g. the identification of asbestos requiring removal), among others. If such indicators exist, the recoverable amount is estimated and compared to the carrying amount. Where the carrying amount exceeds the recoverable amount, an impairment loss is recognised in the statement of comprehensive income.

(g) Investments

These are measured at fair value as follows:

UK quoted securities and Unit Trusts are valued at the mid-market price quoted by the London Stock Exchange. Overseas securities are valued at the mid-market or last traded price on the relevant stock exchange.

OEICs are valued at the price calculated by the OEIC Manager on the valuation date. Unquoted securities are valued at prices obtained from accredited sources.

(h) Debtors and Creditors Receivable / Payable Within One Year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income.

Unutilised contributions made by leaseholders to service charges are provided for in creditors due within one year, in so far as reductions will be made to future service charge contributions in respect of these. Additionally under-recovered service charges are recognised in debtors in so far as the recovery of the balance is virtually certain.

(i) Loans and Borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a financing transaction it is measured at present value.

(j) Social Housing Grants

Social Housing Grants (SHG) are included in deferred income and then released to income on a systematic basis using the accrual method. This amortisation is calculated on a pro rata basis over the expected useful life (as shown in note (d) above) of the housing properties' structure and their individual components (excluding land).

SHG is repayable under certain circumstances, primarily following the sale of the property, but will normally be restricted to net proceeds of sale. The grants are reflected in the financial statements once payment has been approved.

Rockdale Housing Association Ltd
NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st
DECEMBER 2019

(k) Restricted Reserves

Restricted reserves are those reserves which are subject to external restrictions governing their use.

(l) Critical accounting policies

In many cases, the accounting treatment of a particular transaction in these financial statements is specifically dictated by FRS 102 and does not require judgment in its application. In other cases management's judgement may be required in choosing a particular policy. Where the choice of a particular policy could materially affect the numbers disclosed in these financial statements then we consider these to be critical accounting policies.

The critical accounting policies and also the important estimates used in the preparation of these accounts are set out below:

A key source of estimation uncertainty arises from the Multi-employer defined benefit pension scheme valuations of liabilities. The key assumptions used in the actuarial calculations include the discount rate, inflation rate, salary growth and the life expectancy of the staff members.

Useful economic lives of tangible assets:

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets and these are re-assessed annually. They are amended when necessary to reflect current estimates, based on future developments, economic utilisation and the physical condition of the assets. Note 2(d) gives the current useful economic lives for each class of assets.

As an example of the potential effect of a change in estimate, we have assessed that the structure of our buildings and certain roofs have an expected useful life of 50 years. If, however, we re-assessed and reduced this to 40 years, this would have resulted in an extra £35,700 depreciation being charged in these accounts.

Rockdale Housing Association Ltd
NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st
DECEMBER 2019

3. INCOME AND EXPENDITURE for Social Housing

	2019	2018
Fees receivable	2,172,263	1,988,154
Rents receivable	605,030	650,048
Service charges receivable	491,724	468,532
Support charges receivable	213,751	208,372
Amortised Social Housing Grant	72,525	76,299
	<u>3,555,293</u>	3,391,405
Less: Voids, Losses and Charitable Contributions (Note 4)	<u>(464,700)</u>	(277,784)
Income from Lettings	3,090,593	3,113,621
Direct Property Operating Costs:		
Staff costs	(2,093,458)	(1,827,571)
Maintenance costs	(185,896)	(281,205)
Depreciation and loss on disposal of tangible fixed assets	(368,643)	(361,515)
Pension deficit costs	-	(381,000)
Utilities, rates and insurance	(208,715)	(162,160)
Other costs	(344,302)	(434,616)
Operating Expenditure	(3,201,014)	(3,448,067)
Operating (Deficit) / Surplus from Social Housing Activities	(110,421)	(334,446)

4. VOIDS, LOSSES AND CHARITABLE CONTRIBUTIONS

	2019	2018
Voids due to vacancies	307,553	163,055
Charitable contributions to fees and support charges	157,110	114,177
Write offs and other losses	37	552
	<u>£464,700</u>	£277,784

Rockdale Housing Association Ltd
NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st
DECEMBER 2019

5. EMOLUMENTS PAID TO KEY MANAGEMENT PERSONNEL

Key Management Personnel are defined as the people responsible for planning and directing the activities of Rockdale Housing Association. These comprise the Chief Executive, the Finance and Maintenance Manager, the Home Manager and the Housing Manager. The highest paid director is the person who reports directly to the Board.

Details of emoluments paid to Key Management Personnel are given below:

	2019	2018
Remuneration paid on behalf of Key Management Personnel, including national insurance and pension contributions	£244,471	£206,299
Remuneration to the highest paid director, excluding national insurance and pension contributions	£57,954	£55,363

The Chief Executive is an ordinary member of the Social Housing Pensions Scheme the details of which are shown in Note 18

No employee is paid more than £60,000

No emoluments were paid to any of the members of the Board of Management

6. EMPLOYEE INFORMATION

	2019	2018
The average number of full time equivalent persons (working 37 hours per week), employed during the year was	73	69
The average number of persons employed during the year was	85	84

Staff costs are included in both property operating costs and other operating costs and during the year amounted to:

Wages and Salaries	1,907,794	1,694,334
Social Security Costs	123,951	118,355
Other Pension Costs	109,235	58,647
Pension Deficit Costs	0	381,000
	£2,140,980	£2,252,336

Staff costs include £159,008 for agency staff, (2018: £35,503)

Rockdale Housing Association Ltd
NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st
DECEMBER 2019

6. EMPLOYEE INFORMATION (Continued)]

	2019	2018
Reconciliation of Staff Costs above to Note 3:		
Staff Costs as above	2,140,980	2,252,336
Included in Note 3 in headings other than Staff costs: Home Help staff, Pension deficit costs and health insurance included in Other costs	(47,043)	(422,793)
Maintenance staff included in Maintenance costs	(479)	(1,972)
Staff Costs per Note 3	<u>£2,093,458</u>	<u>£1,827,571</u>

7. INTEREST RECEIVABLE AND OTHER INCOME

	2019	2018
Deposit interest receivable	40,363	34,563
Investment income receivable	5,187	-
Charitable donations and bequests	37,133	43,699
Leasehold Properties Sinking Fund Income	32,611	27,169
	<u>£115,294</u>	<u>£105,431</u>

8. INTEREST PAYABLE AND OTHER COSTS

	2019	2018
Fundraising, publicity and awareness costs	31,544	26,901
Net interest expense on defined benefit pensions	24,000	10,000
Loans payable wholly or partly after five years	16,902	17,017
	<u>£72,446</u>	<u>£53,918</u>

9. TAXATION

The Association is an exempt charity, registered under the Co-operative and Community Benefit Societies Act 2014, number 13507R, and by virtue of Section 505 of the Income and Corporation Taxes Act 1988 is therefore exempt from liability to taxation on its income and gains

10. SURPLUS / (DEFICIT) FOR THE YEAR

	2019	2018
Surplus / (Deficit) for the year is after charging:		
Depreciation - tangible fixed assets	£368,643	£363,345
(Profit) on disposal of tangible fixed assets	(£1,629,930)	(£1,830)
Auditors' remuneration, including irrecoverable VAT:		
- in the capacity of Auditors	£11,460	£9,930
- in other capacity	£1,980	£1,920

Rockdale Housing Association Ltd**NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st
DECEMBER 2019**

11. TANGIBLE FIXED ASSETS - HOUSING PROPERTIES

	Freehold Housing Properties under Shared Ownership	Freehold Housing Properties Held for Letting	Freehold Offices	Total
COST				
At 1st January 2019	168,276	11,012,559	236,135	11,416,970
Additions	-	445,023	-	445,023
Disposals	-	(311,938)	-	(311,938)
At 31st December 2019	<u>£168,276</u>	<u>£11,145,644</u>	<u>£236,135</u>	<u>£11,550,055</u>
DEPRECIATION				
At 1st January 2019	59,197	2,937,657	118,447	3,115,301
Charge for year	3,366	327,777	5,404	336,547
Disposals	-	(139,948)	-	(139,948)
At 31st December 2019	<u>£62,563</u>	<u>£3,125,486</u>	<u>£123,851</u>	<u>£3,311,900</u>
NET BOOK VALUE				
At 1st January 2019	£109,079	£8,074,902	£117,688	£8,301,669
At 31st December 2019	<u>£105,713</u>	<u>£8,020,158</u>	<u>£112,284</u>	<u>£8,238,155</u>

There exists a charge and a pending charge in favour of Balfour Beatty over three of the Association's properties. These charges are to be released, and the leases assigned within the next financial year. No significant additional liability is expected to arise from this arrangement.

Disposals include the two freehold properties in Tunbridge Wells, comprising 14 flats. Vacant possession was obtained on the final tenanted flat in the year and the properties were sold by September 2019

Rockdale Housing Association Ltd**NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st
DECEMBER 2019**

12. OTHER FIXED ASSETS

	Plant, Machinery, Fixtures & Equipment	Computer Hardware & Software	Total
COST			
At 1st January 2019	330,264	38,671	368,935
Additions	30,836	21,681	52,517
Disposals	(44,758)	(8,069)	(52,827)
At 31st December 2019	<u>£316,342</u>	<u>£52,283</u>	<u>£368,625</u>
DEPRECIATION			
At 1st January 2019	281,329	24,021	305,350
Charge for year	19,859	12,237	32,096
Released on disposal	(44,141)	(7,871)	(52,012)
At 31st December 2019	<u>£257,047</u>	<u>£28,387</u>	<u>£285,434</u>
NET BOOK VALUE			
At 1st January 2019	£48,935	£14,650	£63,585
At 31st December 2019	<u>£59,295</u>	<u>£23,896</u>	<u>£83,191</u>

13. INVESTMENTS

	2019	2018
Fixed interest bonds and gilts	1,874,097	-
UK equities	108,500	-
Alternative investments (infrastructure)	41,628	-
Cash waiting for investment	735,739	-
	<u>£2,759,964</u>	-

Within the year funds have been passed to an Asset Management Company who placed these in investments as shown above. The aim is to improve the investment return on the Association's funds. Funds are shown at fair value: Quoted securities and unit trusts are valued at the mid-market or last traded price on the relevant stock exchange. Further information on the basis of valuations are given in Principal Accounting Policies 2(g) on page 26.

14. DEBTORS: Due within one year

	2019	2018
Interest receivable	20,782	9,993
Rent receivable	1,193	6,814
Other debtors and prepayments	131,313	68,775
	<u>£153,288</u>	<u>£85,582</u>

Rockdale Housing Association Ltd**NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st
DECEMBER 2019**

15. CREDITORS: Amounts falling due within one year

	Note	2019	2018
PAYE and National Insurance		33,887	26,221
Pension contributions		23,191	17,295
Social Housing Grants Deferred	17	71,777	76,299
Pensions Deficit Contributions	18	-	127,000
Balfour Beatty retention		77,091	77,091
Accruals		89,414	108,716
Other creditors		120,665	87,099
		£416,025	£519,721

16. CREDITORS: Amounts falling due after more than one year

	Note	2019	2018
Social Housing Grants Deferred	17	1,746,512	1,852,300
Recycled Social Housing Grant Liability	17	62,150	-
Pensions Deficit Contributions	18	-	890,972
Housing loans - Orchardbrook Limited		161,047	162,368
		£1,969,709	£2,905,640

The loan from Orchardbrook Limited is repayable over 60 years from 1985 and interest is fixed at 10.375%. The loan is secured by a first legal charge over the relevant properties. The amount of loan repayable within one year, being £1,280, is included in other creditors in note 15 above.

17. SOCIAL HOUSING GRANTS DEFERRED

	Note	2019	2018
At 1st January	15, 16	1,928,599	2,004,899
Grants removed to Recycled Grant Liability		(62,150)	-
Amortisation added back on above grants		24,365	-
Amortisation for the year		(72,525)	(76,300)
Social Housing Grants Deferred at 31st December		£1,818,289	£1,928,599
Less amount included in Creditors due within one year:		(71,777)	(76,299)
At 31st December - Creditors due after more than one year		£1,746,512	£1,852,300

Total cumulative grants received as at 31 December 2018 were £3,369,938. During 2019 the two Tunbridge Wells properties were sold and their respective grants moved to a Recycled Grant Liability, see note 16. Total grants therefore reduced by £62,150 to £3,307,808 as at 31 December 2019. The amortisation on these grants has been added back to Social Housing Grants then charged against the profit on the sale of the properties. The intention is that these grants will be rolled-over to new developments that are currently in the planning stage.

Rockdale Housing Association Ltd
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18. PENSION OBLIGATIONS

Rockdale Housing Association Ltd. participates in the Social Housing Pension Scheme (SHPS), a multi employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30th 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 triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. The 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 Association 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.

For financial years ending on or before 28 February 2019, it has not been possible for the Association 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 after 31 March 2019, it is possible to obtain sufficient information to enable the Association to account for the Scheme as a defined benefit scheme.

For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates and are used in conjunction with the Association's fair share of the Scheme's total assets to calculate the net deficit or surplus at the accounting period start and end dates.

PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)

	Note	2019	2018
Fair value of plan assets		4,168,000	3,713,000
Present value of defined benefit obligation		5,031,000	4,630,000
Surplus (deficit) in plan and, defined benefit (liability) to be recognised		(863,000)	(917,000)

RECONCILIATION OF THE IMPACT OF THE ASSET CEILING

	Period ended
	31 December 2019
Impact of asset ceiling at start and end of period	-
Effect included in net interest cost and actuarial losses (gains) on asset ceiling	-

Rockdale Housing Association Ltd
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18. PENSION OBLIGATIONS continued

DEFINED BENEFIT OBLIGATION

	2019
Defined benefit obligation at start of period	4,630,000
Current service cost	65,000
Expenses	6,000
Interest expense	125,000
Contributions by plan participants	17,000
Actuarial losses (gains) due to scheme experience	(49,000)
Actuarial losses (gains) due to changes in demographic assumptions	15,000
Actuarial losses (gains) due to changes in financial assumptions	416,000
Benefits paid and expenses	<u>(194,000)</u>
Defined benefit obligation at end of period	<u><u>£5,031,000</u></u>

RECONCILIATION OF OPENING AND CLOSING BALANCES
OF THE FAIR VALUE OF PLAN ASSETS

	2019
Fair value of plan assets at start of period	3,713,000
Interest income	101,000
Experience on plan assets (excluding amounts included in interest income)	369,000
Contributions by the employer	162,000
Contributions by plan participants	17,000
Benefits paid and expenses	<u>(194,000)</u>
Defined benefit obligation at end of period	<u><u>£4,168,000</u></u>

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF
COMPREHENSIVE INCOME (SoCI)

	Period from 1 January to 31 December 2019
Current service cost	65,000
Expenses	6,000
Net interest expense	<u>24,000</u>
Defined benefit costs recognised in statement of comprehensive income (SoCI)	<u><u>£95,000</u></u>

Rockdale Housing Association Ltd
NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st
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18. PENSION OBLIGATIONS continued	Gain/ (loss):
DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME	2019
Experience on plan assets (excluding amounts included in net interest cost)	369,000
Experience gains and losses arising on the plan liabilities	49,000
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation	(15,000)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation	(416,000)
Total actuarial gains and losses, and, Total amount recognised in other comprehensive income	(13,000)

ASSETS	2019	2018
Global Equity	839,000	575,000
Absolute Return	199,000	343,000
Distressed Opportunities	81,000	74,000
Credit Relative Value	109,000	73,000
Alternative Risk Premia	276,000	185,000
Fund of Hedge Funds	4,000	65,000
Emerging Markets Debt	154,000	129,000
Risk Sharing	137,000	125,000
Insurance-Linked Securities	116,000	122,000
Property	92,000	162,000
Infrastructure	294,000	166,000
Private Debt	83,000	49,000
Opportunistic Illiquid Credit	76,000	-
Corporate Bond Fund	202,000	180,000
Long Lease Property	81,000	-
Secured Income	136,000	145,000
Liability Driven Investment	1,267,000	1,309,000
Net Current Assets	22,000	11,000
Total Assets	4,168,000	3,713,000

KEY ASSUMPTIONS	2019	2018
	% per annum	% per annum
Discount Rate	1.98	2.73
Inflation RPI	3.05	3.25
Inflation CPI	2.05	2.25
Salary Growth	3.05	3.25
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	

The mortality assumptions adopted at 31 December 2019 imply the following life expectancies:

	Life expectancy at age 65 (Years):
Male retiring in 2019	21.8
Female retiring in 2019	23.5
Male retiring in 2039	23.2
Female retiring in 2039	24.7

Rockdale Housing Association Ltd**NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st
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19. SHARE CAPITAL

	2019	2018
Shares of £1 each issued and fully paid at beginning of year	50	49
Shares issued during year	-	1
Balance at 31st December	<u>£50</u>	<u>£50</u>

20. RESTRICTED RESERVES

	At 1st January	Income	Expenditure	At 31st December
Akehurst Lane Reserves	353,202	31,910	(15,059)	370,053
Summerbank Reserves	8,086	12	(153)	7,945
Laurie House 1-11 Reserves	1,466	4,003	(169)	5,300
Laurie House 12-19 Reserves	(2,430)	-	(6,861)	(9,291)
Total	<u>£360,324</u>	<u>£35,925</u>	<u>(£22,242)</u>	<u>£374,007</u>
2018				
Akehurst Lane Reserves	366,243	24,924	(37,965)	353,202
Summerbank Reserves	3,492	4,847	(253)	8,086
Laurie House 1-11 Reserves	1,748	2	(284)	1,466
Laurie House 12-19 Reserves	(2,220)	-	(210)	(2,430)
Total	<u>£369,263</u>	<u>£29,773</u>	<u>(£38,712)</u>	<u>£360,324</u>

These reserves are only expendable in the management and maintenance of the specific blocks of Leasehold apartments as indicated. They comprise the sinking fund as specified in the leases.

Rockdale Housing Association Ltd

NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st DECEMBER 2019

21. DESIGNATED RESERVES

Certain funds have been set aside within unrestricted funds by the Board for management purposes and called designated reserves. The Board feel it is useful to give information on these funds as disclosed below:

	2019	2018
Planned Maintenance Fund:		
Funds set aside for future planned maintenance expenditure	1,089,307	999,901
Capital Reserve Fund:		
Funds set aside for future capital expenditure	78,496	130,000

Access to Care Fund:

The balance on this fund has been added back to general funds as sufficient information on this activity is already available in the accounts (note 4 shows the charitable contributions provided to people requiring help to access care at Rockdale and note 7 shows donations received in the year)

22. OPERATING LEASE COMMITMENTS

At 31 December 2019 the association had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019	2018
Not later than one year	7,358	7,358
Later than one and not later than five years	5,711	13,069
Total Commitments to end of lease period	<u>£13,069</u>	<u>£20,427</u>

23. ACCOMMODATION IN MANAGEMENT

Number of units in management at the beginning and end of the year:

	At 1st January 2019	Movement in year	At 31st December 2019
General Needs housing:- Social rent	1	(1)	-
Sheltered apartments for rent:- Housing for older people	122	1	123
Care home:- Providing personal care under the Care Standards Act 2000	48	-	48
Leasehold properties:- Shared Ownership	28	-	28
Leasehold properties:- Fully owned by Lessee	29	-	29
	<u>228</u>	-	<u>228</u>

The remaining 1 general needs flat was taken out of management and the property sold, see note 11 for more information.