



ANNUAL REPORT AND FINANCIAL ACCOUNTS

For the year ended 31 DECEMBER 2020

Registered number: LH0869

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CHAIR'S REPORT

I am delighted to present Rockdale's annual report and accounts, and to have the opportunity to provide an update on the challenges 2020 brought about and how the Association rose to meet them.

At the time of this report the world is still managing the Covid-19 pandemic and I cannot underestimate the impact this has had on each and every one of us. The past 12 months has been the most challenging time in the Associations' history, with the coronavirus pandemic affecting every facet of daily life at Rockdale and one which has had a devastating impact on our care home.

Throughout this, Rockdale has remained committed to its core purpose and I am immensely proud of our staff who mobilised quickly to support our residents and keep essential services running. Their professionalism, dedication and reliance enabled them to rapidly adapt to emerging and changing situations. This has had a profound impact on our business, with non-essential staff working remotely for the last 12 months creating additional challenges and hurdles to overcome. Despite these difficulties we have continued to provide an effective service to all our residents, ensuring 24-hour on-site support service continued, adapted meal provision, maintained an emergency repair service and conducted key health and safety checks.

Given these challenges, I am pleased to report that 2020 shows an acceptable financial year overall for the Association. The financial statements show an operating deficit of £(196,501) and a deficit before other comprehensive income of £(98,635).

Due to the challenges some short-term projects were reviewed and consequently placed on hold to ensure resident wellbeing by not spreading the virus. We have however successfully completed the refurbishment project to the common room in Beatrice Wilson, this included redecoration and replacement carpet and furnishing items following consultation with residents. Our residents are yet to see the benefit of this, but we are hopeful access restrictions can be lifted in Spring/Summer 2021.

We continued to carry out major works across the site in line with our 25-year planned maintenance programme. During 2021 we are forecasting to spend £465,100 on planned maintenance projects, which equates to 13.8% of our budgeted income from lettings. In addition, we are also forecasting to spend an additional £130,500 on capital projects and £143,400 on leasehold works. Of this spend, £125,550 is for new projects in the coming year and the rest for projects deferred from 2020 due to Covid restrictions.

We strive to achieve value for money across all departments and undertake regular reviews 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 and have reviewed our supplier list in 2020 to deliver this key objective.

2020 continued to be a challenging year for Rockdale House with the departure of the Home Manager. The Association has been fortunate that Mrs Ros Ward stepped in as Interim Manager whilst recruitment for the post is underway. Since August, Mrs

Ward has made significant improvements to the quality of care and support offered to both residents and staff. In the care home due in part to the stringent infection control methods adopted early in the pandemic, Rockdale House remained Covid-19 free for all of 2020. This position changed dramatically in January 2021 despite the residents and staff receiving their first vaccinations, when sadly the Association lost 12 residents due to the virus. This had a huge impact on staff, some of whom required counselling.

During 2020 void levels in the care home improved considerably on the previous year's position. Staffing and agency costs remained high, incurred due to ongoing difficulties with recruitment and covering Covid related absence as a result of staff needing to shield or self-isolate. The focus going forward will be on recovering from the impact of the pandemic, filling empty rooms, recruitment of key Management roles, and reducing costs associated with the management of our care home.

In June 2020 we welcomed a new Head of Housing following the retirement of the Housing Manager who had been in post over 20 years. This has enabled Rockdale to review a number of its current processes with an aim of enhancing its service delivery to both new and existing residents and to provide ongoing support for staff.

In 2020, 31 rented apartments became available for re-let. 6 units were offered to transferring residents and 14 to residents from the waiting list. This is a significant increase compared to previous years and consequently the Association has seen increased refurbishment and void loss costs. We have also seen 4 leasehold apartments changed hands. Due to the Covid pandemic we encountered significant challenges with our lettings process due to lockdown and social distancing restrictions and to overcome these interim Assessment and Viewing Procedures were devised. As part of the refurbishment work, washing machine outlets were installed in apartments where this was possible, this has proven to be a value for money incentive which is anticipated to benefit both the resident and Rockdale long term.

Looking forward, the long-term impact of the Covid-19 pandemic remains unclear and 2021 continues to be dominated by the effects of a further national lock-down. With the vaccine roll-out well under way, there is a glimmer of hope for some level of normality to return.

Our priority for the year is supporting Rockdale's residents through the pandemic and looking after the mental and physical wellbeing of our staff. Our operating environment has change significantly and there is an opportunity to review how we do things in the future. Like many housing organisations the longer-term focus will be on liquidity and the challenges around funding our charitable aims.

Finally, I would like to take this opportunity thank the Board, Care & Assessment committee members, the Executive Team, and all Rockdale employees who have worked so incredibly hard this year in supporting our residents through very challenging times.

Ian Grattidge
Chair of the Board of Trustees
March 2021

STRATEGIC REPORT

The Sevenoaks and District Old People's Housing Association was founded in 1947 with the aim of providing suitable housing for older 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 2020 were:

Rents

		Rent	Services	Support	Total monthly charge	
		2020	2020	2020	2020	2019
Rockdale Road	Studio	£389.24	£247.95	£102.76	£739.95	£724.67
Rockdale Road	1 bedroom	£456.71	£272.73	£102.76	£832.20	£815.16
Stable Court	1 bedroom	£456.71	£238.61*	£102.76	£798.08	£781.86
Rockdale House	Residential care home	£3,744.25	-	-	£3,565.95	£3,565.95

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

2. Offer high quality residential care. This means we will:
 - Ø Aim to establish Rockdale House as a model of excellence in residential care
 - Ø 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:
 - Ø 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
 - Ø Account clearly for our charitable work through external reporting
 - Ø 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 2020, the Associations activities were severely impacted by the Covid-19 crisis and resulted in the majority of larger projects being postponed until the second half of 2021. Many activities were also placed on hold whilst front line staff prioritised delivering essential services to residents and vital infection control measures.

The table below shows the Association's progress during 2020.

Objective	Comments at year end 2020
To complete major projects including Webbs meadow courtyard project, Beatrice Wilson common room redecoration and Beatrice Wilson additional lift project	Ongoing- The deferred re-decorating of the common room has been completed. The lift project has been severely delayed by the Covid pandemic and work has been rescheduled for September 2021. Several design issues were identified for the Webbs Courtyard project which led to a review of the project. Full costings and design are subject to further resident consultation which has been delayed due to Covid restrictions. This has been rescheduled for Quarter three in 2021
To produce a long-term plan to update the fabric of each building	Ongoing- The project has been delayed due to the availability of the consultant following the lockdown in March and additional restrictions imposed later in the year which caused a back log of work. This is due to be completed by Summer 2021
To maintain occupancy at budgeted levels in Rockdale House	Ongoing – Void levels in the care home fluctuated throughout the year due to periods of time when admissions were not allowed. Levels started to stabilise at the end of 2020 although this position worsened at the start of 2021 when an outbreak of Covid-19 occurred.
To reduce the use of agency staff	Ongoing – Staff shortages associated with self -isolation and shielding made reducing agency staffing extremely challenging during the year. This activity has been carried forward to 2021 but may prove difficult to achieve until the later part of the year due to the ongoing Covid situation.
To seek new opportunities through the use of technology to improve the quality of care and support to residents.	Delayed – The roll out of an electronic medication system has been placed on hold and is unlikely to be considered until 2022. This is to allow the home to stabilise, recruit a new manager and fill vacancies
Investigate opportunities to improve on our previous CQC rating and approaches for continual improvement	Ongoing – in June 2020, the Board conducted a review of the care home which resulted in the implementation of an improvement plan focusing on communication and wellbeing. In addition to managing the homes response to Covid, the focus has been on addressing issues in this area. Going forward the Interim manager will look for other opportunities for continuous improvement.

Working with IT partners to develop and implement new Housing Management /maintenance data base to support operational activities across, Finance and Maintenance departments, Housing management and Care Home.	Completed - The new Housing management database and rent ledger was implemented in October 2020. The finance module is due to be rolled out in Quarter two of the new financial year
To refresh current promotional material	Completed – All new resident information packs have been updated and refreshed
To introduce an environmental impact policy for approved contractors To look at the introduction of a recycling scheme for residents, with their involvement To start recording measurable recycling statistics	Delayed – The introduction of environmental policies and schemes have been put on hold until Covid restrictions are lifted in order to involve residents and the Associations' principal contractors in the process. This position will be reviewed in July 2020 when it is anticipated that the majority of restrictions will be lifted.

OPERATIONAL PERFORMANCE

The following statistics outline our performance in key areas:

Operational Metrics					
Measure	2018	2019	2020	Per Quartile position	2021 Target
Homes					
Current tenant arrears (rented flats) as % of annual rent due	1.4	1.1	1.3	2	1.1
Repairs completed within target	100	98	98	2	99
Emergency repairs completed within target	100	100	100	N/A	100
Cost per property pa - Housing Management £	-	646	691	3	-
Cost per property pa- Responsive repairs £	963	569	854	4	-
Cost per property pa- Major & Cyclical works £	1846	1743	1172	3	-
Average re-let time (in days)	56	35	60	4	45
% of Rent loss through empty properties (excluding care home)	2.6	0.9	4.0	4	2
Services					
Satisfaction with overall services	96	96	96	2	98
Satisfaction with responsive repairs	96	98	98	2	99
Satisfaction - VFM rent	96	98	98	2	99
People					
Staff turnover	26.59	29.03	28.12	2	22%
Average days lost to sickness absence	6.9	5.3	10.06**	2	5
Average days lost due to short term sickness absence	3.3	2.3	1.98	2	1.75
Average days lost to long term sickness absence	3.3	2.9	2.55	2	2

**includes Covid-19 related sickness and isolation periods

Assets

The lost income arising from our 2020 void flats was £ 43,102 which equates to 4% of total Sevenoaks rented flats income, in line with our budgeted level of 3.7%. We carried out improvement works in all void 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. This also included the installation of 7 kitchens and 5 bathrooms.

During 2020 we spent £80,686 on planned maintenance projects, £167,411 on capital projects and £24,475 on leasehold apartment works. This included the upgrading of flats to maintain our decent homes status, the refurbishing of the Common Room at Beatrice Wilson and improvements to guttering round the site.

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 2020	Total % of void cost 2019	Total % of void cost 2018
Rented apartments (Tunbridge Wells included in 2018)	4%	0.9%	2.19%
Rockdale House	10%	15%	7.5%

Our cost per unit for repairs, reactive, and planned maintenance decreased over the course of the year due to the impact of the national lockdown periods and Government restrictions on movement & activities for a considerable part of 2020 as a direct result of Covid-19.

As expected, Housing Management costs per property for the year have shown an increase. This is partly due to the increased costs of personal protective clothing due to Covid-19 but also because costs have been reallocated to the main Rockdale site following the sale of Tunbridge Wells in 2019.

Maintenance

Our in-house maintenance staff carried out in total 502 maintenance jobs in 2020. This is a 62% reduction in the number of jobs carried out compared to 2019, this is as a direct result of the Associations response to the Governments Covid -19 requirements to only carry out emergency and urgent work. In response to the Covid restrictions, priority was given to infection control within communal areas and maintenance of the wider site. An additional 11.5 hours of infection control per week has been absorbed into the maintenance schedules.

Due to the significant reduction in the number of maintenance requests the Association has seen an improvement in response times, as only requests assessed as either emergency or urgent were attended as these required an almost immediate response.

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.

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

Contractors	2020	2019	2018	2017
Emergency repairs	100%	100%	100%	100%
Urgent Repairs	100%	100%	96.51%	93.58%
Routine repairs	93.4%	94.34%	94.16%	95.9%

VALUE FOR MONEY

The Board acknowledges 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 adequate evidence to demonstrate compliance with the VFM standard.

Annually, the Association provides an assessment of its performance setting out how Rockdale is achieving Value for Money in delivering its 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 to understand 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

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.

Metric set by the Regulator	2018	2019	2020	Benchmarking Median	Benchmarking Quartile position
Reinvestment %	3.07	5.4	1.08	4.05	4
New supply delivered % (Social Housing units) (N.B. no Non-Social Housing units were supplied in the year)	0	0	0	2.40	4
Reinvestment into the existing stock has been lower than planned due to the effect of Covid -19 lockdowns on our building works program. The direction of future development projects is currently being considered in wake of the Pandemic					
Gearing %	0	0	0	2	Not available
Gearing is zero because the value of long-term loans is much smaller than the value of the housing stock.					
Earnings before interest, tax, depreciation, amortisation, (EBITDA MR) as % of interest	-1,475	502	765	927	Not available
EBITDA measures the level of operating surplus compared to interest payable, avoiding distortions from non-cash items e.g., depreciation but including costs of capital repairs. 2020 shows an increase, closer to the benchmark median, due to reduced capital building works due to Covid-19 and an increase in interest received on investments. In 2018 a pension deficit of £381,000 was incurred and capital works were significantly higher than in the two more recent years					
Headline Social housing cost per unit	7,404	7,955	7,330	5,413	Not available
This measure is shown for the rental flats and is higher than the benchmarking median as Rockdale provides support as well as housing to our tenants and provision to an older age group is recognised as increasing these headline costs. The 2020 headline cost is however lower than expected due to the slowing of the capital repairs program as a result of Covid-19					
Operating margin %	-10.71	-3.16	-5.95	9.6	4
Return on Capital Employed (ROCE) %	-2.6	10.7	-1.4	-0.05	Not available
Both operating margin and ROCE assess the Association's profitability and ROCE also looks at the efficiency with which capital is used. The above two measures have declined since 2019 due to pressure on costs from the effect of Covid-19. Staff and agency costs were higher in 2020 due to extra pay awarded to staff working to care and support our residents and tenants. Extra costs were also incurred to cover staff who were self-isolating or sick and to provide suitable personal protective clothing. These costs affected the Care Home more significantly than the rental stock.					

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
Impact of Brexit as the UK prepares to leave the EU on 31 December 2020	<ul style="list-style-type: none"> • The Association reviewed advice from the Government and reviewed supply chains, checked for issues and reviewed business continuity plans. Registered Manager identifying possible links with local partners such as Health and the Local authority in the event of issues or ongoing problems in the care home. The Head of Finance reviewed the Associations finances, considering cash availability to ensure liquidity. • Political and fiscal policy may change which could impact residents and their income in future years, as a result to cuts in benefits and grants etc. The finance & housing teams have identified residents likely to be affected and are monitoring areas closely, stepping in quickly to assist where issues occur. In addition, the Association could experience issues with data sharing and access which may need to be considered in the future
Impact of increasing Coronavirus infections, resulting in severe staff shortages and challenges to our ability to manage/ provide services within the care home safely	<ul style="list-style-type: none"> • The Association has ensured that all staff have been offered and encouraged to take up a Covid vaccination. Information on how to book vaccinations is regularly provided to staff who may have not yet taken up offers • Increased infection control measures are in place to prevent infection, including the use of high protection face masks Residents are required to undertake monthly PCR Covid testing, and staff are required to test weekly. Lateral Flow (30minute) test are conducted twice a week for staff. These will also be in use for relative visits once visits can take place again. • Regular infection control cleaning takes place
High staff turnover due to poor staff retention	<ul style="list-style-type: none"> • Management to review succession plans, identify training and development needs and provide support and mentoring opportunities

<p>Long term financial implications of Covid on the Associations ability to fill vacant rooms in the care home</p>	<ul style="list-style-type: none"> • The Association will initiate a marketing campaign once restrictions are lifted to fill vacancies and attract new residents • Staff are maintaining rooms to a high standard to make them attractive to potential new residents. • Rockdale House staff are actively working to increase "carehome.co.uk" satisfaction score to 9.5%
<p>Risk that the Association has inadequate fire policies and procedures in place to meet its obligations under Fire Safety requirements</p>	<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 FRA was carried out in Dec 2020. Staff also conduct regular fire inspections and tests. • Items identified from the FRA are recorded on an action log along with required remedial works. Previously identified actions were the buggy store which has now been completed and the replacement of fire doors which is due to commence Summer 2021
<p>Not making the best use of the Associations assets either through investment or development opportunities and not maintaining existing housing provision</p>	<ul style="list-style-type: none"> • Development feasibility study has been delayed due to Covid-19 restrictions. Ongoing discussions about the future development strategy will take place early 2021 with the final strategy document due for completion by the end of the year

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 is based on the candidate's ability to provide considerable technical knowledge, expertise and make 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.

On 31 December 2020, the Board of Management consisted of seven non-executive members, Mrs R Ward having temporarily stepped down from the Board to take on the role of Interim Home Manager. All Trustees are £1 shareholders.

The Board has undertaken a skills review in 2020 and having gone through external recruitment, the Board is now in the process of recruiting new Trustees.

MEMBERSHIP OF BOARD AND COMMITTEES AS AT 31 DECEMBER 2020

		Appointed	Retired
Board Members	Roland Courtney	BSc MSc DIC 2015	
Chair	Ian Grattidge	2015	
	Jill Griffiths	2011	
Deputy Chair	Sarah Heilbron	2013	
	Jim Latheron	2013	22.5.20
	David McKee	2016	
	Gillian Shepherd-Coates	Cert of Social Work CCETSW Dip Man Henley College 2009	
	Patricia Smith	2018	
Care & Assessment Committee			
Chair	Sarah Heilbron		
Members	Meryl Edwards		
	Sara Thomson		
	Rachel Robbins		
	Gillian Roberts		
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		
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 2020.

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 a fundamental 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 2020 we were supporting 7 residents in Rockdale House and 60 sheltered housing residents.

COMPLIANCE WITH THE GOVERNANCE AND FINANCIAL VIABILITY STANDARD

The Association has adopted the principles and provisions of the National Housing Federation ('NHF') Code of Governance 2005 and has carried out a compliance self-assessment against the requirements of the Regulator of Social Housing's Governance and Financial Viability Standards. The Board considers that the Association complies with all requirements of the Regulatory Framework.

In 2020, the Board initiated an external review of Governance and Board effectiveness. During 2021 the aim is to strengthen the Board through recruitment of four additional Board members to help develop and drive the Associations strategy for the next 5 years. 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.

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 2020, 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 2020 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

In auditing the financial statements, we have concluded that the Board of Managements 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 of Management with respect

to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the 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.

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

- We obtained an understanding of the legal and regulatory framework applying to the Trust, in particular 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, and the procedures that management adopt to ensure compliance;
- We assigned an engagement team to the audit with particular familiarity in dealing with registered providers of social housing;
- We assessed the susceptibility of the Associations' financial statement to material misstatement, including considering how fraud might occur;
- We obtained the Board of Management's assessment of fraud risk and enquired as to any known or suspected instances of fraud; and
- We designed and performed audit procedures to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations, including enquiry of the Board of Management, review of minutes and correspondence, and review of the completeness and accuracy of disclosures made in the 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

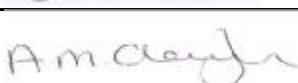
Date: *6/5/21*
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North House
198 High Street
Tonbridge
Kent TN9 1BE

Rockdale Housing Association Ltd
 STATEMENT of COMPREHENSIVE INCOME
 for the YEAR ENDED 31st DECEMBER 2020

	Note	2020	2019
		£	£
TURNOVER			
Income from Lettings	3	3,191,699	3,090,593
OPERATING EXPENDITURE			
Direct Property Management and Administration	3	<u>(3,434,049)</u>	<u>(3,201,014)</u>
		(242,350)	(110,421)
Gain on disposal of housing properties		-	1,629,930
Other Operating Income		100,286	58,816
Other Operating Costs		<u>(54,437)</u>	<u>(45,169)</u>
OPERATING (DEFICIT) / SURPLUS		(196,501)	1,533,156
Interest Receivable and Other Income	7	159,025	115,294
Interest Payable and Other Costs	8	(85,598)	(72,446)
Net gains /(losses) on investments		24,439	9,914
(DEFICIT) / SURPLUS FOR THE YEAR	10	<u>(98,635)</u>	<u>1,585,918</u>
OTHER COMPREHENSIVE INCOME			
Actuarial losses in respect of pension schemes		(220,000)	(13,000)
Initial recognition of multi-employer defined benefit schemes		-	100,972
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>(318,635)</u></u>	<u><u>1,673,890</u></u>

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

	I Grattidge - Chairman
	S Heilbron - Deputy Chairman
	A Cleugh - Secretary

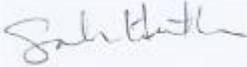
Rockdale Housing Association Ltd
STATEMENT OF FINANCIAL POSITION as at 31st DECEMBER 2020

	Note	2020		2019 as restated
		£	£	£
FIXED ASSETS				
Housing Properties	11		8,005,367	8,238,155
Other tangible fixed assets	12		111,189	83,191
Investments	13 & (a) below		<u>2,704,949</u>	<u>2,024,224</u>
			10,821,505	10,345,570
CURRENT ASSETS				
Trade and other debtors	14	191,887		153,288
Cash and cash equivalents	(a) below	<u>3,442,063</u>	<u>4,190,726</u>	
		3,633,950	4,344,014	
CREDITORS				
Amounts falling due within one year	15	<u>(508,119)</u>	<u>(416,025)</u>	
NET CURRENT ASSETS			<u>3,125,831</u>	<u>3,927,989</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			13,947,336	14,273,559
CREDITORS				
Amounts falling due after more than one year	16,17		<u>(1,860,120)</u>	<u>(1,969,709)</u>
NET ASSETS EXCLUDING PENSION LIABILITY			12,087,216	12,303,850
PROVISIONS FOR LIABILITIES				
Defined benefit pension scheme liability	18		<u>(965,000)</u>	<u>(863,000)</u>
TOTAL NET ASSETS			<u><u>11,122,216</u></u>	<u><u>11,440,850</u></u>
EQUITY				
Called-up share capital	19		51	50
Reserves:				
Restricted reserves	20		388,310	374,007
Income and Expenditure reserve			<u>10,733,855</u>	<u>11,066,793</u>
			<u><u>11,122,216</u></u>	<u><u>11,440,850</u></u>

The comparatives for 2019 have been restated as explained in note 24 to the accounts

The financial statements on page 20 to 38 were approved by and authorised for issue by the Board of Management on 26 April 2021 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 2020

	Called up share capital	Restricted Reserves	Income and Expenditure Reserve	Total
	£	£	£	£
Balance at 1 January 2020	50	374,007	11,066,793	11,440,850
Share issued during the year	1	-	-	1
(Deficit) from Statement of Comprehensive Income	-	-	(318,635)	(318,635)
Restricted Reserves Income and Expenditure	-	14,303	(14,303)	-
Balance at 31 December 2020	51	388,310	10,733,855	11,122,216
Balance at 1 January 2019	50	360,324	9,406,586	9,766,960
Surplus for the year	-	-	1,673,890	1,673,890
Transfers	-	13,683	(13,683)	-
Balance at 31 December 2019	50	374,007	11,066,793	11,440,850

Rockdale Housing Association Ltd
STATEMENT OF CASH FLOWS
for the YEAR ENDED 31st DECEMBER 2020

	2020	2019
	£	£
Cash flows from operating activities		as restated
Operating (deficit)/ surplus for the year	(98,635)	1,585,918
Adjustments for:		
Depreciation of tangible fixed assets	355,522	368,643
Loss/profit on disposal of tangible fixed assets	1,034	(1,629,930)
Gain on fixed asset investments	(24,439)	(9,914)
Amortised social housing grant	(58,896)	(72,525)
Difference in net pension expense and contributions paid	(118,000)	950,972
Change in stock	-	-
Change in trade and other debtors	(41,436)	(56,917)
Change in trade and other creditors	42,753	(965,913)
Interest payable	16,741	16,902
Interest and dividends receivable	(97,315)	(45,550)
	<u>75,964</u>	<u>(1,444,232)</u>
Net cash from operating activities	(22,671)	141,686
Cash flows from investing activities		
Acquisition & construction of properties	(86,814)	(445,023)
Purchases of other fixed assets	(64,952)	(52,517)
Sale proceeds from tangible fixed assets	-	1,802,735
Purchases of investments	(1,061,286)	(2,014,310)
Sale proceeds from investments	405,000	-
Interest and dividends received	100,152	34,761
	<u>100,152</u>	<u>34,761</u>
	(707,900)	(674,354)
Cash flows from financing activities		
Interest paid	(16,809)	(16,932)
Repayments of borrowings	(1,284)	(1,159)
Share Capital issued	1	-
	<u>1</u>	<u>-</u>
	(18,092)	(18,091)
Net change in cash and cash equivalents	(748,663)	(550,759)
Cash and cash equivalents at start of year	Note 13 <u>4,190,726</u>	<u>4,741,485</u>
Cash and cash equivalents at end of year	<u><u>3,442,063</u></u>	<u><u>4,190,726</u></u>

Notes to the cash flow statement

	At 1 Jan 2020	Cash flows	Non-cash changes	At 31 Dec 2020
	£	£		£
a. Analysis of changes in net debt				
Cash and bank deposits	4,190,726	(748,663)		3,442,063
Debts due within 1 year (housing loan)	(1,280)	1,280	(1,420)	(1,420)
Debts due after 1 year (housing loan)	(161,047)		1,420	(159,623)
Total	<u>4,028,399</u>	<u>(747,383)</u>	0	<u>3,281,020</u>

Rockdale Housing Association Ltd
NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st
DECEMBER 2020

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. Information regarding the Association's underlying assets and liabilities has been provided by the pension scheme administrators and 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 2020

(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 2020

(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.

Cash balances held by the Investment Company are shown in Cash in the Statement of Financial Position.

(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 2020

(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 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 extra depreciation of £34,834 being charged in these accounts.

A further example would be that if the discount rate used to calculate the provision on the defined benefit pension scheme were changed from 1.34% to 1.44%, the provision at the year-end would alter from £965,000 to £877,000. Also, the actuarial loss shown in Total Comprehensive Income would decrease from £(220,000) to £(132,000).

Rockdale Housing Association Ltd
NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st
DECEMBER 2020

3. INCOME AND EXPENDITURE for Social Housing

	2020	2019
Fees receivable	2,249,617	2,172,263
Rents receivable	617,645	605,030
Service charges receivable	506,857	491,724
Support charges receivable	221,951	213,751
Amortised Social Housing Grant	58,896	72,525
	<u>3,654,966</u>	<u>3,555,293</u>
Less: Voids, Losses and Charitable Contributions (Note 4)	<u>(463,267)</u>	<u>(464,700)</u>
Income from Lettings	3,191,699	3,090,593
Direct Property Operating Costs:		
Staff costs (Note 6)	(2,230,703)	(2,093,458)
Maintenance costs	(266,992)	(185,896)
Depreciation and loss on disposal of tangible fixed assets	(355,522)	(368,643)
Utilities, rates and insurance	(199,974)	(208,715)
Other costs	<u>(380,858)</u>	<u>(344,302)</u>
Operating Expenditure	<u>(3,434,049)</u>	<u>(3,201,014)</u>
Operating (Deficit) from Social Housing Activities	<u><u>(242,350)</u></u>	<u><u>(110,421)</u></u>

3. a) POST BALANCE SHEET EVENT

Throughout 2020 Rockdale managed to stay free of Covid-19, but in early 2021 it was unfortunately detected in the Care Home and the decision was taken not to allow further admissions until this was resolved. The financial impact of this is not yet clear, although total income for the first three months of 2021 has reduced by 13% compared to the budget.

Rockdale Housing Association Ltd
NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st
DECEMBER 2020

4. VOIDS, LOSSES AND CHARITABLE CONTRIBUTIONS

	2020	2019
Voids due to vacancies	255,599	307,553
Charitable contributions to fees and support charges	207,540	157,110
Write offs and other losses	128	37
	<u>£463,267</u>	<u>£464,700</u>

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, comprising the Chief Executive, the Head of Finance, the Head of Maintenance, 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:

	2020	2019
Remuneration paid on behalf of Key Management Personnel, including national insurance and pension contributions	<u>£298,114</u>	<u>£244,471</u>
Remuneration to the highest paid director, excluding national insurance and pension contributions	<u>£59,006</u>	<u>£57,954</u>

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

Two staff were paid more than £60,000 in total, one was the highest paid director as shown above and the other earned just over £60,000. Emoluments totalling £3,000 were paid in the year to two members on the Board of Management for a one-off project.

6. EMPLOYEE INFORMATION

	2020	2019
The average number of full time equivalent persons (working 37 hours per week), employed during the year was	<u>74</u>	<u>73</u>
The average number of persons employed during the year was	<u>86</u>	<u>85</u>

Staff costs included in other operating costs during the year amounted to:

Wages and Salaries	2,049,527	1,907,794
Social Security Costs	142,678	123,951
Other Pension Costs	93,504	109,235
	<u>£2,285,709</u>	<u>£2,140,980</u>

Staff costs include £115,843 for agency staff, (2019: £159,008).

A reconciliation of the total above to total staff costs in note 3 is shown overleaf.

Rockdale Housing Association Ltd
NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st
DECEMBER 2020

6. EMPLOYEE INFORMATION (Continued)]

	2020	2019
Reconciliation of Staff Costs on prior page to Note 3:		
Staff Costs as above	2,285,709	2,140,980
Included in Note 3 in headings other than Staff costs:		
Home Help staff and health insurance included in		
Other costs	(55,006)	(47,043)
Maintenance staff included in Maintenance costs	-	(479)
Staff Costs per Note 3	<u>£2,230,703</u>	<u>£2,093,458</u>

7. INTEREST RECEIVABLE AND OTHER INCOME

	2020	2019
Deposit interest receivable	14,800	40,363
Investment income receivable	82,515	5,187
Charitable donations and bequests	24,847	37,133
Leasehold Properties Sinking Fund Income	36,863	32,611
	<u>£159,025</u>	<u>£115,294</u>

8. INTEREST PAYABLE AND OTHER COSTS

	2020	2019
Fundraising, publicity and awareness costs	28,567	31,544
Investment management fees	25,290	-
Net interest expense on defined benefit pensions	15,000	24,000
Loans payable wholly or partly after five years	16,741	16,902
	<u>£85,598</u>	<u>£72,446</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. DEFICIT / SURPLUS FOR THE YEAR

	2020	2019
Deficit / Surplus for the year is after charging:		
Depreciation - tangible fixed assets	£355,522	£368,643
Loss / (Profit) on disposal of tangible fixed assets	£634	(£1,629,930)
Auditors' remuneration, including irrecoverable VAT:		
- in the capacity of Auditors	£10,100	£11,460
- in other capacity	£2,008	£1,980

Rockdale Housing Association Ltd

NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st
DECEMBER 2020

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 2020	168,276	11,145,644	236,135	11,550,055
Additions	-	86,814	-	86,814
Disposals	-	(18,911)	-	(18,911)
At 31st December 2020	<u>£168,276</u>	<u>£11,213,547</u>	<u>£236,135</u>	<u>£11,617,958</u>
DEPRECIATION				
At 1st January 2020	62,563	3,125,486	123,851	3,311,900
Charge for year	3,366	312,308	3,928	319,602
Disposals	-	(18,911)	-	(18,911)
At 31st December 2020	<u>£65,929</u>	<u>£3,418,883</u>	<u>£127,779</u>	<u>£3,612,591</u>
NET BOOK VALUE				
At 1st January 2020	<u>£105,713</u>	<u>£8,020,158</u>	<u>£112,284</u>	<u>£8,238,155</u>
At 31st December 2020	<u>£102,347</u>	<u>£7,794,664</u>	<u>£108,356</u>	<u>£8,005,367</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.

The building of a new lift for the tenants in the Beatrice Wilson flats was planned for completion in 2020, but had to be rescheduled to 2021 due to the Covid-19 lockdown restrictions. The proposed contractual amount is for £194,000, which is covered by existing reserves and included in the 2021 Capital budget.

Rockdale Housing Association Ltd

NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st DECEMBER 2020

12. OTHER FIXED ASSETS

	Plant, Machinery, Fixtures & Equipment	Computer Hardware & Software	Total
COST			
At 1st January 2020	316,342	52,283	368,625
Additions	44,678	20,274	64,952
Disposals	(44,760)	(2,341)	(47,101)
At 31st December 2020	<u>£316,260</u>	<u>£70,216</u>	<u>£386,476</u>
DEPRECIATION			
At 1st January 2020	257,047	28,387	285,434
Charge for year	22,009	13,911	35,920
Released on disposal	(43,845)	(2,222)	(46,067)
At 31st December 2020	<u>£235,211</u>	<u>£40,076</u>	<u>£275,287</u>
NET BOOK VALUE			
At 1st January 2020	<u>£59,295</u>	<u>£23,896</u>	<u>£83,191</u>
At 31st December 2020	<u>£81,049</u>	<u>£30,140</u>	<u>£111,189</u>

13. INVESTMENTS

	2020	2019
Fixed interest bonds and gilts	2,436,989	1,874,097
UK equities	91,300	108,500
Alternative investments (infrastructure)	176,660	41,628
	<u>£2,704,949</u>	<u>2,024,225</u>

Investment 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.

	Investments	Cash held	Total
Market value at 1 January 2020	2,024,222	735,740	2,759,962
Additions at cost	1,061,286	(1,061,286)	-
Disposal proceeds	(405,000)	405,000	-
Realised loss on disposal of investments	(29,403)	-	(29,403)
Fair value gain on investments	53,844	-	53,844
Net Income for transfer	-	1,440	1,440
Market value at 31 December 2020	<u>£2,704,949</u>	<u>£80,894</u>	<u>£2,785,843</u>

In the comparative figures, cash balances held with the Investment portfolio are now analysed within cash and cash equivalents.

Rockdale Housing Association Ltd

NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st DECEMBER 2020

14. DEBTORS: Due within one year

	2020	2019
Interest receivable	18,132	20,782
Rent receivable	34,764	1,193
Other debtors and prepayments	138,991	131,313
	<u>£191,887</u>	<u>£153,288</u>

15. CREDITORS: Amounts falling due within one year

	Note	2020	2019
PAYE and National Insurance		31,397	33,887
Pension contributions		23,779	23,191
Social Housing Grants Deferred	17	58,896	71,777
Social Housing Grant for repayment	17	62,150	-
Balfour Beatty retention		77,091	77,091
Accruals		132,387	89,414
Covid Grants prepaid		33,730	-
Other creditors		88,689	120,665
		<u>£508,119</u>	<u>£416,025</u>

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

	Note	2020	2019
Social Housing Grants Deferred	17	1,700,497	1,746,512
Recycled Social Housing Grant Liability	17	-	62,150
Pensions Deficit Contributions	18	-	-
Housing loans - Orchardbrook Limited		159,623	161,047
		<u>£1,860,120</u>	<u>£1,969,709</u>

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

17. SOCIAL HOUSING GRANTS DEFERRED

	Note	2020	2019
At 1st January	15, 16	1,818,289	1,928,599
Grants removed to Recycled Grant Liability		-	(62,150)
Amortisation added back on above grants		-	24,365
Amortisation for the year		(58,896)	(72,525)
Social Housing Grants Deferred at 31st December		£1,759,393	£1,818,289
Less amount included in Creditors due within one year:		<u>(58,896)</u>	<u>(71,777)</u>
At 31st December - Creditors due after more than one year		<u>£1,700,497</u>	<u>£1,746,512</u>

Total cumulative grants received as at 31 December 2020 were £3,307,808.

The decision was made to repay the recycled Grant Liability of £62,150, which has been moved to Creditors within one year, see note 15. This reflects changes in Development plans as these have been reformulated in the wake of Covid-19.

Rockdale Housing Association Ltd
NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st
DECEMBER 2020

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 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.

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 next triennial valuation as at 30 September 2020 is underway, but the results are not yet published. There will still be a significant deficit on the Scheme and that a revised Recovery Plan will be instigated from April 2021. The amount of deficit contributions required from Rockdale Housing Association and pattern of payment is currently unknown.

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)

	2020	2019
Fair value of plan assets	4,757,000	4,168,000
Present value of defined benefit obligation	5,722,000	5,031,000
Surplus (deficit) in plan and defined benefit (liability) to be recognised	<u>(965,000)</u>	<u>(863,000)</u>

Rockdale Housing Association Ltd
 NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st DECEMBER
 2020

18. PENSION OBLIGATIONS continued

DEFINED BENEFIT OBLIGATION	1 January to 31 December 2020
Defined benefit obligation at start of period	5,031,000
Current service cost	13,000
Expenses	6,000
Interest expense	98,000
Contributions by plan participants	5,000
Actuarial losses (gains) due to scheme experience	36,000
Actuarial losses (gains) due to changes in demographic assumptions	(62,000)
Actuarial losses (gains) due to changes in financial assumptions	766,000
Benefits paid and expenses	<u>(171,000)</u>
Defined benefit obligation at end of period	<u><u>£5,722,000</u></u>

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

	1 January to 31 December 2020
Fair value of plan assets at start of period	4,168,000
Interest income	83,000
Experience on plan assets (excluding amounts included in interest income)	520,000
Contributions by the employer	152,000
Contributions by plan participants	5,000
Benefits paid and expenses	<u>(171,000)</u>
Defined benefit obligation at end of period	<u><u>£4,757,000</u></u>

The actual return on plan assets (including any changes in share of assets) over the year was £603,000.

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

	1 January to 31 December 2020
Current service cost	13,000
Expenses	6,000
Net interest expense	<u>15,000</u>
Defined benefit costs recognised in statement of comprehensive income (SoCI)	<u><u>£34,000</u></u>

Rockdale Housing Association Ltd
NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st
DECEMBER 2020

18. PENSION OBLIGATIONS continued		Gain/ (loss):
DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME		2020
Experience on plan assets (excluding amounts included in net interest cost)		520,000
Experience gains and losses arising on the plan liabilities		(36,000)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation		62,000
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation		(766,000)
Total actuarial gains and losses, and Total amount recognised in other comprehensive income		<u>(220,000)</u>

ASSETS	2020	2019
Global Equity	760,000	839,000
Absolute Return	226,000	199,000
Distressed Opportunities	114,000	81,000
Credit Relative Value	124,000	109,000
Alternative Risk Premia	164,000	276,000
Fund of Hedge Funds	1,000	4,000
Emerging Markets Debt	198,000	154,000
Risk Sharing	169,000	137,000
Insurance-Linked Securities	117,000	116,000
Property	93,000	92,000
Infrastructure	290,000	294,000
Private Debt	108,000	83,000
Opportunistic Illiquid Credit	111,000	76,000
High Yield	147,000	-
Opportunistic Credit	112,000	-
Cash	47,000	-
Corporate Bond Fund	275,000	202,000
Liquid Credit	54,000	-
Long Lease Property	73,000	81,000
Secured Income	158,000	136,000
Liability Driven Investment	1,405,000	1,267,000
Net Current Assets	11,000	22,000
Total Assets	<u>4,757,000</u>	<u>4,168,000</u>

KEY ASSUMPTIONS	2020	2019
	% per annum	% per annum
Discount Rate	1.34	1.98
Inflation RPI	3.02	3.05
Inflation CPI	2.48	2.05
Salary Growth	3.48	3.05
Allowance for commutation of pension for cash at retirement: 75% of maximum allowance.		

Rockdale Housing Association Ltd

NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st DECEMBER 2020

18. PENSION OBLIGATIONS continued

The mortality assumptions adopted at 31 December 2020 imply the following life expectancies at the age of 65 Years:

	Expectancy:
Male retiring in 2020	21.5
Female retiring in 2020	23.3
Male retiring in 2040	22.9
Female retiring in 2040	24.5

19. SHARE CAPITAL

	2020	2019
Shares of £1 each issued and fully paid at beginning of year	50	50
Shares issued during year	1	-
Balance at 31st December	<u>£51</u>	<u>£50</u>

20. RESTRICTED RESERVES

	At 1st January	Income	Expenditure	At 31st December
Akehurst Lane Reserves	370,053	18,704	(20,390)	368,367
Summerbank Reserves	7,945	8,291	(1,433)	14,803
Laurie House 1-11 Reserves	5,300	3	(759)	4,544
Laurie House 12-19 Reserves	(9,291)	11,780	(1,893)	596
Infection Control Grant (see below)	-	48,268	(48,268)	-
Total	<u>£374,007</u>	<u>£87,046</u>	<u>(£72,743)</u>	<u>£388,310</u>
2019				
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>

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.

The Infection Control Grant was received from the Department of Social Health and Care for the purpose of supporting infection control measures to reduce the risk of Covid-19 infection in the Care Home at Rockdale House.

Rockdale Housing Association Ltd

NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st DECEMBER 2020

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:

	2020	2019
Planned Maintenance Fund:		
Funds set aside for future planned maintenance expenditure	1,142,514	1,089,307
Capital Reserve Fund:		
Funds set aside for future capital expenditure	149,185	78,496

22. OPERATING LEASE COMMITMENTS

At 31 December 2020 the association had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020	2019
Not later than one year	11,006	7,358
Later than one and not later than five years	25,426	5,711
Total Commitments to end of lease period	£36,432	£13,069

23. ACCOMMODATION IN MANAGEMENT

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

	At 1st January 2020	Movement in year	At 31st December 2020
Sheltered apartments for rent:- Housing for older people	123	-	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
	228	-	228

24. RESTATEMENT OF 2019 COMPARATIVES IN THE BALANCE SHEET

In the comparative figures for 2019, cash balances of £735,740 held with the Investment portfolio have been reanalysed from Investments to Cash and Cash Equivalents.