



Eastlight Community Homes Limited
(formerly Greenfields Community Housing Limited)

**Annual Report
and Financial Statements
For the year ended 31 March 2021**

Co-operative and Community Benefit Society Registration No. 30124R
Registered Provider No. L4499
Regulated by the Regulator of Social Housing
A charity exempt from registration

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Eastlight Board and Committees

The Board members who served from 1 April 2020 to the date of approval of the financial statements were as follows;

Chair	Hattie Llewelyn-Davies (Appointed 01.07.20) Dale Butcher (to 30.06.20)
Vice Chair	Dale Butcher (From 01.07.20)
Senior Independent Director	David Russell (From 01.07.20) Suzanne Wicks (Resigned 30.06.20)
Other Board Members	Neil Coughlan (Appointed 20.01.20, Resigned 30.11.20) Alison Inman (Appointed 01.07.20) Simon Jones (Appointed 01.07.20) Malcolm O'Brien (Appointed 01.07.20) Charanjit Patel Charlotte Smith (Appointed 01.07.20, Resigned 31.3.21) Kay Vowles Michelle Baker (appointed 25.05.21)
Committee Members	<i>Governance, Nominations & Remuneration Committee</i> Joanne Savage (Appointed 01.07.20) Julia Thomas (Appointed 01.07.20) <i>Investment Committee</i> Chris Ellison (Appointed 01.07.20, Resigned 29.10.20) Andrew Hill (Appointed 01.12.20) Mike Johnson (Appointed 01.12.20) Chris Miller (Appointed 01.12.20) Alex Shelock (Appointed 01.07.20, Resigned 29.10.20) <i>Customer Influence Committee</i> Steve Blows (Appointed 01.04.21) Marlene Carter (Appointed 01.04.21) Joanne Farmer (Appointed 01.04.21) Michael Gooderham (Appointed 01.04.21) Paul Hocker (Appointed 01.04.21) Penny Newby (Appointed 01.04.21)

Eastlight Executive Directors

The executive directors hold no interest in the Association's shares and act as executives within the authority delegated by the Board.

Chief Executive	Emma Palmer
Deputy Chief Executive	Sara Thakkar (Appointed 01.07.20, Resigned 31.07.20)
Executive Director Resources	David Hall
Executive Director Operations	Dan Jones (Appointed 28.9.20) Richard Gormley (Appointed 01.04.19, Resigned 28.9.20)
Executive Director People	Sharon Ault (appointed 01.04.20)
Executive Director Housing & Customer Excellence	Sandra Crosby (to 30.06.20)
Executive Director Corporate Services	Andrina Warsop (Resigned 15.05.20)
Secretary	David Hall

Greenfields Community Housing Limited Board and Committees

The following people served as members of the Board of Greenfields Community Housing Limited between 1 April 2020 and 30 June 2020:

Dale Butcher (Chair), Keith Carter, Neil Coughlan, Emma Keegan, Charanjit Patel, David Russell, Joanne Savage, Alex Shelock, Kay Vowles.

The following people served as members of committees of Greenfields Community Housing Limited between 1 April 2020 and 30 June 2020:

Paul Newbold, David Wallis.

Colne Housing Society 1 April to 30 June 2020

The following people served as members of the Board of Colne Housing Society between 1 April 2020 and 30 June 2020:

Hattie Llewelyn-Davies (Chair), Chris Ellison, Andrew Hill, Alison Inman, Malcolm O'Brien, Phillip Purkiss, Sara Thakkar, Julia Thomas.

Registered Office	Eastlight House Charter Way Braintree Essex CM77 8FG
External Auditor	Beever and Struthers, 15 Bunhill Row, London EC1Y 8LP
Principal Solicitors	Trowers & Hamlins LLP, Devonshires LLP.
Principal Bankers	Lloyds Bank plc, Barclays Bank plc

CHAIR'S STATEMENT

I am delighted to report on our first year as Eastlight; it has been challenging for all of us, but I am incredibly proud of what we have achieved. I offer my sincere thanks to our residents who have worked with us as we have navigated the changes together and to our colleagues who have given so much support to our residents. Throughout the year we have focussed on key service commitments, providing the best service we can, keeping our residents and colleagues safe, and supporting our vulnerable residents.

What has shone through is the strength and determination of the Eastlight team to deliver. I am proud to be part of this new organisation and of what we have already achieved.

We recognise the difficult personal circumstances that many have faced during this year, whether our residents, local community or colleagues. We have tried to ensure that no-one's needs get overlooked.

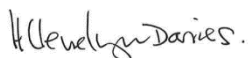
Our purpose at Eastlight is working together with our communities, creating affordable homes and great neighbourhoods. During the year we engaged our residents and colleagues in a series of workshops and in a virtual festival to help us shape our strategy and how together we turn the ambition we set out in our merger proposals into clear outcomes. We have made the first steps in delivering on our commitments with the extension of the repairs service provided by our Home Solutions Team across all residents and opened a new hub in Marks Tey to support the team.

Eastlight Community Homes is a community led housing association, the largest in the country, and we remain absolutely committed to our communities. When we consulted with our customers about the creation of Eastlight their responses reminded us of how important this is to them. We have formed a new Customer Influence Committee to extend our customers' ability to influence our services and hold us to account. We have also launched our new Community Empowerment Strategy and I am very excited about the opportunities this will offer for our communities to flourish. I encourage all of our residents to get involved in a way that suits you.

Over this year we have focussed on the importance of equality, diversity and inclusion. Our strategic approach is at the heart of ensuring that our residents and team have the greatest range of opportunities – I am delighted that Eastlight is working with the National Housing Foundation as a champion for equality diversity and inclusion for the Eastern region.

Looking ahead there are significant challenges before us and much to do. We must work together to ensure that we emerge strongly from this pandemic and that we learn from the experience, we must play our part in the global response to climate change and moving to net zero carbon and we must ensure that our current and future homes meet our residents' needs. These will be priorities for us. I am delighted that we have secured significant new investment from MORhomes and four new North American based investors. This reflects our strong financial health and will enable us to begin to address these challenges.

I offer my thanks to all of our colleagues who have worked so hard over this period, our involved residents, our volunteers, and our wider stakeholders who have all enabled us to make a difference for so many people.



Hattie Llewelyn-Davies

PRINCIPAL ACTIVITIES

The Association is incorporated as a Registered Society under the Co-operative and Community Benefit Societies Act 2014, Registered No. 30124R and is also registered with the Regulator of Social Housing in England (RSH), in accordance with the Housing & Regeneration Act 2008 Registered No. L4499.

The Association has adopted charitable objects and is recognised as a charity by HM Revenue and Customs, reference EW79540. As a public benefit entity, Eastlight Community Homes Limited (“Eastlight”) has applied the public benefit entity ‘PBE’ prefixed paragraphs of FRS 102.

MERGER OF GREENFIELDS COMMUNITY HOUSING AND COLNE HOUSING SOCIETY

During 2019, the Board of Colne Housing Society selected Greenfields Community Housing Limited as its preferred partner to deliver a shared strategic vision for the future development of homes and services in the East of England. The Boards of the respective organisations worked together to develop proposals to Unlock Eastern Potential Together, and in April 2020 agreed the shared business case for the merger of the two organisations.

On 1 July 2020, the merger was completed via a Transfer of Engagements, and the assets and liabilities of Colne Housing Society Limited (Registered under the Co-operative and Community Benefit Societies Act 2014 with registration number: 20799R) in accordance with Section 110 of the Co-operative and Community Benefit Societies Act 2014, were transferred into Greenfields Community Housing Limited. On the same date Greenfields Community Housing Limited registered a change of name with the Financial Conduct Authority to Eastlight Community Homes Limited and began trading as such as the combined Registered Society and Registered Social Housing Provider.

The process was backed up by robust due diligence exercises on each organisation looking at legal, financial and operational activities. These did not highlight any issues which would prevent the amalgamation taking place.

Lender consent to the amalgamation was obtained and existing loan facilities were transferred to Eastlight Community Homes. As a result of the amalgamation Eastlight is the sole borrower and is obliged to undertake all obligations included in the respective loan agreements.

It was deemed that the amalgamation met the criteria for merger accounting and the accounts have been produced under merger accounting principles, whereby the new combined Association is treated from a financial reporting perspective, as if they had always been constituted the way they are post amalgamation.

In July 2020 Eastlight received an interim regulatory grading of G1 V1 from the Regulator of Social Housing, the highest attainable grading, reflecting our financial strength and strong governance.

The new Board have agreed a number of clear commitments for the next five years:

- To develop 3,800 new homes for social and affordable rent and for low cost home ownership in the next 5 years
- To invest £130m in existing homes
- To invest £1.75m to empower residents and communities to improve lives and enable independent living
- To improve value for money, efficiency and release capacity, becoming stronger financially together and more resilient

A new financial plan was agreed by the Board that incorporates these commitments and demonstrates the strength of the new organisation now and into the future.

The Board has recruited members from both Colne and Greenfields former boards and through external recruitment to provide the skills, knowledge and experience that it needs to govern the business going forward and to deliver the ambition. The Board has also agreed a new structure of committees that have been implemented during 2020/21. The details of Board members are provided on page 2.

Eastlight is established as a community gateway organisation and this model will continue to embed empowerment for residents including their ability to influence our decisions and clear mechanisms for residents to work with us and challenge us to improve the safety and quality of our homes and surrounding neighbourhoods.

The following Strategic Report focusses on the performance of Eastlight Community Homes Limited for the year ended 31 March 2021 and includes the trading activity of both the legacy organisations from 1 April to the merger date 1 July 2020.

OPERATING REVIEW

This financial year has been one of significant uncertainty for many, and the COVID virus will define this year and continue to do so for some time into the future. Eastlight have been and will remain committed not only to supporting our residents, but also the wider community, working closely with government agencies and support networks to ensure the best possible outcomes for our residents.

Building on our merger commitments, we have taken a fresh look at our how we do things, and developed new and ambitious strategies that will enable us to deliver more homes, modern services and give our residents more opportunities to influence decision making.

Our Homes

During 2020/21, we delivered 182 new affordable homes, and a further 54 shared ownership properties, giving those who want to, an opportunity to get on the property ladder. At year end, we were in contract for 1,142 new homes and a pipeline of an additional 912. Of these, 30% are expected to be delivered via Eastlight-led projects, reflecting our ambition to rebalance our future programme so that reliance on developer-led delivery is reduced and Eastlight directly delivers new homes. We have secured continued Investment Partner status with Homes England and are qualified to bid for grant through the Affordable Homes Programme 2021-26.

Our New Homes Strategy 2021-26, sets out to deliver 3,800 homes over the next five years and we are prioritising the delivery of safe and decent homes, that are cheap to run, energy efficient and are close to amenities. We will meet the Lifetime Homes standards and provide modifications where required, making sure our design brief provides homes for the future.

We have introduced and refined project appraisal methodology and programme management software which enables better structure and more consistency when assessing new development schemes.

We are continuing to consider new development schemes, re-balancing our development portfolio between s.106 schemes and land led opportunities so that we have more influence over the projects and can take further advantage of government grant funding.

This year Eastlight invested £13m in our existing stock through capital and planned works. We provided 223 new bathrooms, 106 new kitchens, 465 new boilers, 118 central heating systems, 182 new roofs and 681 new doors and windows, helping improve the comfort and efficiency of our homes for our residents.

At the year-end, 97.82% of our homes have been assessed for a SAP rating, with an average rating of 68.65%. We have maintained 100% compliance with the Decent Homes Standard and all our homes have had a valid Landlord Gas Safety Record in place throughout the year.

We will continue with our five-year cycle of stock condition surveys to ensure that our property data is up to date and can be relied upon to inform our business decisions. With the Zero Carbon Neutral agenda in mind, we are now beginning to plan for the longer term, exploring what this will mean for Eastlight and the future impact it might have on the delivery of our services.

Our residents and communities

Eastlight is now the largest community gateway association in the country and this year we are launching a trailblazing approach to community empowerment. We will bring our communities together by equipping local people with the power to tackle the issues that matter to them. This will include a commitment to fund teams of local people to work full-time in the community where they will look for solutions to these issues. Then, we will invest in the best ideas so they can improve lives in our communities.

Throughout, local people will decide everything, from the challenges we focus on to the ideas that together we bring to life. In the process a strong, diverse network will be created, one made up of local people with the confidence, belief and skills they need to support our communities in the future.

Adding the community empowerment programme to our operations further strengthens Eastlight's continued commitment to supporting its residents. Throughout the pandemic, we made 12,500 calls to our vulnerable residents, supported 410 residents to maintain their independence and 400 residents received advice

regarding budgeting, employment, fuel poverty, referrals to Citizens Advice and to make a Universal Credit applications.

Our volunteering activities were curtailed this year as a result of lockdown, but we have continued to fund within our community in a number of different ways, including the provision of food bank vouchers, Christmas hampers, fuel vouchers and together, with Braintree District Council, we provided £130,000 of grants for essential support. Our hardship fund also awarded £19,904 to 44 families in need and we funded £37,663 for community improvements.

Our commitment to our residents and communities will remain at the heart of what we do.

Efficiency and financial strength

Since the merger, we have been working hard to align our services and a key part of this was to bring all the repairs services in-house. This will deliver a potential saving of £200k a year. In May 2021 we successfully completed this transition and Eastlight residents can now book all their repairs through the Eastlight Customer Service number. They can also enjoy peace of mind with the benefits of Home MOT's, where comprehensive checks of their home can identify required repairs which can frequently be completed during the visit. Last year, 88% of repairs and maintenance work was completed first time.

Eastlight puts customer feedback at the centre of our strategic objectives and our measurement for success. Our customer feedback system, Rant & Rave, allows customers to rate us at the point of contact, for example following a repair visit, or at the end of telephone contact. This year we received over 9,000 pieces of feedback, with 78% providing positive feedback. We also resolved 88% of customer queries at first point of contact. Acting on customer sentiment in real time demonstrates our commitment to improving our resident offer and our residents' experience of our services.

Our rent collection performance remains strong, with arrears as a percentage of rent collected only marginally deteriorating at March 2021 of 0.92% from 0.84% in 2020. By March 2021 over 3,600 of our households had made a claim for Universal Credit, but our pro-active approach in managing the service, both from our perspective and from that of our tenants, has helped more residents out of debt and kept them in their homes. We continue to focus on early support and interventions for those experiencing difficulties with their tenancies and cross business working between the Neighbourhoods and Income teams, means that we can fully understand the challenges our residents face.

Future prospects

COVID19 Pandemic

This year has been heavily influenced by the impact of COVID and the ongoing restrictions across the country. As the financial year closed, the management considered the existing and future post-COVID environment and the financial implications going forward. The principal risks identified are unchanged and include the contraction of the housing market, increased rent arrears, the availability of cash resources, the impact of economic downturn and the consequences of social distancing. Having taken steps to mitigate where possible the impact of these risks, and having extensively stress tested scenarios in the usual course of business planning, supported by short and medium term cashflow planning, the management has reasonable expectation that the business will remain financially viable.

The business has now moved to an agile working format for all staff and Eastlight will continue to offer this way of working for its staff going forward. We believe that offering the flexibility to work where and when staff do their best work, will further enhance performance and a culture of positivity.

Future plans for a return to business-as-usual operations are in place, but timings will be dependent on Government and Public Health England advice.

Financial Performance

The Board is pleased to report an overall surplus of £14.0m (2019: £12.3m) for the year. The surplus was impacted by two key factors this financial year, the reduction in shared ownership sales due to the impact of COVID on development delivery, and the step up in expenditure as Eastlight prepared to bring the repairs service for legacy Colne properties in-house from an external provider.

Financial Performance Summary

£m	2019-20	2020-21
Turnover	71.5	75.8
Income from lettings	62.5	65.7
Operating Surplus	23.3	24.2
Surplus for the year	11.7	14.0
Housing properties at cost	674.0	716.9
Net current assets/liabilities	18.5	(4.2)
Indebtedness	294.2	302.7
Total reserves	249.6	259.1

Reserves

At 31 March 2021 the Association's total reserves stood at £259.1m (2020: £249.6m). This includes the Revaluation Reserve of £96.9m (2020 - £97.6m) and the accumulated surplus on the Revenue Reserve of £162.4m (2020 - £150.3m).

The Board has established a restricted reserve in respect of the Community Housing and Investment Partnership (CHIP) Fund as required under the transfer agreement with Braintree District Council. At 31 March 2021 the balance of this reserve was £0.8m (2020 - £2.5m).

By agreement with the Council, proceeds of properties sold at auction are included in a reserve designated for reinvestment in new housing. In 2021, no properties were sold at auction that qualified transferring funds to this reserve.

Cashflow and Liquidity

The net cash in-flow from operating activities during the year was £33.7m (2020 - £33.7m).

At the end of the year the Association held £6.1m (2019 - £20.2m) in cash balances and deposits. In April 2021, £10m was drawn from existing facilities, to increase cash balances. A sum of £10m is held as a buffer against expected operating expenditure for up to three months.

Capital structure and treasury policy

During the year we arranged a new £30m loan facility with MORhomes, taking total funding facilities to £403m.

At 31 March 2021 the Association had total borrowings of £303m under the combined facilities. The balance of undrawn facilities was £100m.

The Board has approved a Treasury Management Strategy that determines the approach to be followed to provide funding needed to support the growth ambitions of the new strategic plan. In May 2021, Eastlight agreed terms and pricing for a private placement issue of £120m, which will close in August 2021.

Housing properties and other fixed assets

At the end of the year the housing properties and garages had a carrying value of £626.6m (2020 - £592.7m) net of depreciation.

The total number of housing properties owned and managed by the Association at 31 March 2021 was 11,848, including 510 shared ownership properties. Under the Right to Buy provisions 10 properties were sold during the year.

Going concern

The Board has reviewed the Association's budget for the year to March 2022 and Business Plan for 2023 onwards, and have also considered the continuing impact of COVID19 on its operations and the principal risks identified, including the contraction of the housing market, increased rent arrears, the availability of cash resources and the impact of economic downturn. Having taken steps to mitigate where possible the impact of these risks, The Board have concluded that there is a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. Therefore, the financial statements have been prepared on a going concern basis.

Risk and uncertainty

The Association maintains a strategic risk register to enable the Board to monitor and manage identified risks. The Board has identified the following key risks to the achievement of the Association's strategic objectives.

Risk	Potential impact	Key Controls and Mitigation
Net Zero Carbon	Need to assess, plan and deliver significant investment into homes to achieve Government targets, may adversely impact other priorities	Comprehensive audit underway to inform investment planning, various investment scenarios have been modelled and assessed. Board and executive leads for sustainability established.
Cyber Security	Failure to safeguard the information systems and data from attack, causing data loss and service interruption	Robust policies, procedures and training in place for the wider business with regular awareness training and updates. Penetration testing and surveillance monitoring in place. Third-party assessment undertaken which is informing improvement plan..
Safety	Ineffective management of corporate, regulatory and statutory compliance resulting in a serious issue or incident.	H&S Committee and Forum established with CEO and Director leadership and formal reporting to Board. Full programme of risk assessments, work systems and training, supported by external specialist advisor and subject to regular review. Mandatory training programme in place for staff, contractors and non-executive directors.
Financing	Insufficient funding available to meet business operating or investment requirements, due to funding market issues, local facility compliance or investment management.	Treasury management policy and procedures in place with regular monitoring of cashflows and covenants. Funding Working Group established to implement funding strategy and manage risks. Supported by specialist third-party advisors.
Cultural Development	Failure to create a consistent values based culture throughout Eastlight, causing disruption to service delivery and quality and inability to deliver the merger benefits and corporate strategy	Adoption of NHF Code of Governance 2020. Roll out of strategic key messaging, vision and values. 'Eastlight Way' cultural development programme led by CEO and Head of OD role. Specific development programme for leaders and managers.
Data Management	Poor data quality and management, undermining performance and strategic decision making and risking the safeguarding of the privacy rights of individuals.	Data integration programme to consolidate legacy data, with enhanced resourcing to support data management, data quality and improve decision making. External review of data protection management processes.
Development	Inability to identify, secure and deliver to target opportunities to develop the volume, type and quality of new homes for the right cost. Failure to achieve planned growth in property stock.	New Homes Strategy approved, and development appraisal framework agreed. Strategic decision of future role of Icen development vehicle agreed. Oversight of pipeline delivery by Executive Management Team and Investment Committee.
Resident Engagement	Ineffective resident engagement and influence results in services that do not meet resident needs and expectations and our strategic goals as a community gateway are not fully delivered.	Customer Influence Committee established and recruited. Resident shareholding membership promoted and encouraged. Assessments of compliance against White Paper and NHF Code of Governance incorporated into new Service Delivery, Property and Community Empowerment Strategies.
Pensions	Unsustainable funding requirement for pension commitments	Funding strategy in place for current scheme commitments; strategic review in progress supported by independent actuarial advisors.
Financial Shock	Material financial loss or income underrecovery, impacts operational cashflow, VFM metrics and financial covenants.	Business Plan assumptions broadly tested, and sensitivity and stress testing programme completed. Comprehensive insurance programme in place. Asset management and development plans linked to business plan. Proactive sales and rent collection programmes in place. Audit Committee and Board reviews.

Risk	Potential impact	Key Controls and Mitigation
Fraud and Financial irregularity	Failure of procedures or controls, leads to a financial loss through fraud, collusion, money laundering or similar activity.	Programme of awareness training across Board, management and employees. Programme of core financial controls and processes and risk assessments in place, included in risk focused internal audit programme. Audit Committee monitoring.
Government Policy Changes	Inability to respond and deal with Governmental Policy changes leading to business plans becoming unachievable or potential regulatory intervention and fines.	Pro-active engagement with sector bodies, policy review and stress testing of scenarios. Professional briefing and development programmes.
Recruit and Retain the Right People	Inability to manage and lead a workforce with skills, knowledge & experience to achieve strategy, and that reflects the diversity of the communities <u>in which we operate</u> .	People and EDI strategies agreed. Employee Value Proposition programme underway to provide consistent reward and recognition and people support. Bi-annual engagement survey and trend analysis. H&S Committee has oversight of employee/employer obligations relating to health, safety and well-being.

Internal control risks are regularly and routinely tested by management and internal audit. Any recommendations are presented to Audit and Risk Committee and action plans are developed and monitored to address these. Further explanation of our internal controls and assurance can be found in the statement of internal controls assurance.

Code of Governance

Under the Regulatory Framework the Board is required to select and comply with a published Code of Governance. The Board has chosen to adopt the Code of Excellence in Governance published by the National Housing Federation in 2020 as its code of governance from 1 April 2021. The Board considers that this Code is the most appropriate for the Association taking into account its size, corporate structure, community gateway principles and the nature of its activities and has an action plan to ensure full compliance with the 2020 code by 31 March 2022. This year the Board has assessed itself against the 2015 Code and is fully compliant with this code in all material respects. The Board has also chosen to adopt the NHF Code of Conduct 2012 and is equally compliant.

In December 2020, the Regulator reconfirmed G1 (Governance) and V1 (Viability) ratings for Eastlight, the highest gradings.

The Board

The Board currently comprises 9 members of a possible 10 (including co-optees). Appointments to the Board are made on the basis of carefully assessed skills, knowledge and experience, to match the profile of our future business and commercial objectives. Three places on the Board are available to appropriately skilled residents.

The Board members are drawn from a wide background bringing together professional, commercial, local and other relevant experience. The Board undertakes an annual review of skills and experience and continually aims to strengthen and enrich this when seeking new Board members.

The Board also undertakes an annual review and self-assessment of its performance and that of its Committees. An individual annual appraisal is undertaken of all Board Members and the Chair. An independent review of governance and Board effectiveness was undertaken during the year supported by Savills which has informed a plan to implement recommendations.

One third of the Board members retire by rotation each year and may be re-appointed by the Board subject to the skills, knowledge and experience required by the Association for a maximum term of office of nine years.

The Chair is appointed annually by the Members of the Board. The Chair is supported by a Senior Independent Director. The Senior Independent Director also acts as an independent point of support and guidance for board members if required.

The Board is the main decision-making body of the Association. It is responsible for the Association's continuing strategy and policy framework. The Board makes policy decisions and ensures that the Association's affairs are managed efficiently, effectively and economically and in accordance with appropriate legislation, rules and regulations. It delegates day to day management and implementation of that framework to the Chief Executive and the other Executive Directors.

The Board also has the power to establish Committees and to delegate powers and responsibilities to Committees, other working groups or employees of the Association.

The Board meets six times a year for formal business. Other specific or special meetings take place as necessary, as well as two strategic awaydays.

The ultimate responsibility for all decisions of the Association rests with the Board.

Members of the Association

As a community gateway association, residents are entitled to become shareholders.

Shareholders are entitled to attend and vote at general meetings of the Association. The Board is committed to promoting shareholding membership of the Association as a fundamental element of community gateway principles.

The Board has delegated authority for the approval of applications for membership of the Association to the Executive Directors. The detailed arrangements regarding shareholding membership are set out in the Rules of the Association.

Committees

Each of the committees act within the authority delegated by the Board (as recorded in their terms of reference) or will make recommendations to the Board where no delegated responsibility exists.

Audit and Risk Committee - considers the appointment of internal and external auditors, the scope of their work and receives reports from them and from management. It is responsible to the Board for the review of risk management practice and internal controls and reports to the Board on the effectiveness of these arrangements.

Customer Influence Committee – Ensures that residents influence the highest level of decision making including the systematic use of insight and data ensuring views from a wide variety of residents is considered. They oversee and monitor the Community Empowerment Strategy, the Asset Management Strategy, the Service Delivery Strategy and key policies that impact residents.

Governance, Nomination and Remuneration Committee - considers the recruitment and development of the Board, its committees and the effectiveness of its governance process. It has oversight of the implementation of the People and Equality, Diversity & Inclusion strategies. It also considers remuneration and terms of service for Executive Directors.

Investment Committee - considers the Association's strategy and plans for development and acquisition of new housing. The Committee also considers asset management activities and repairs and maintenance.

The terms of reference for each Committee are reviewed and agreed annually by Committee and Board.

Executive Directors

The Executive Directors of the Association who served during the year are listed on page 2. The Executive Directors are led by the Chief Executive and act within the authority delegated by the Board.

Remuneration of Board Members

Board remuneration has been in place since August 2018 to enable the Board to attract and retain the skilled individuals that it requires as board members.

The Board Members are entitled to claim reasonable reimbursement for travel, subsistence and similar expenses incurred in undertaking their duties as Board Members.

Remuneration of Executive Directors

The remuneration of Executive Directors (except the Chief Executive) is the responsibility of the Governance, Nominations and Remuneration Committee. The Committee recommends the terms of remuneration of the Chief Executive for approval by the Board.

The Association's policy is to pay close attention to remuneration levels in the sector in determining the remuneration packages of the Executive Directors. Basic salaries are set having regard to each Executive Director's responsibilities and pay levels for comparable positions.

One of the Executive Directors of Eastlight is a member of the Essex County Council Pension Scheme, a defined benefit final salary scheme. They participate in the scheme on the same terms as all other eligible employees. The Association contributes to the scheme on behalf of its employees.

The Executive Directors are also entitled to the payment of a cash allowance in lieu of a car.

The Chief Executive and other Executive Directors are employed on specific service agreements and have six month notice periods.

Directors' Indemnity

The Association has arranged Directors' and Officers' indemnity insurance.

Value for money

As the country's biggest community gateway, Eastlight is committed to empowering our residents and communities. Our resources will be effectively used for this work by being fully transparent and by embedding value for money in all our strategies. This will ensure Eastlight is economical, efficient and effective and that responsibility for value for money is shared across the business, from board, to staff, to residents.

We are embedding a clear set of value for money metrics in each strategy and will report on these each year in Eastlight's annual Value for Money Statement. These will provide a full quantitative and qualitative picture of the impact of our work to our residents and communities, allowing them to hold us to account as a community gateway. This will also provide the basis by which the Board assess Eastlight's compliance with the Value for Money Standards.

The Board publishes a separate annual report setting out our Value for Money progress and achievements, planned actions and performance for the year. The report is published on the Eastlight website www.EastlightHomes.co.uk

We track VfM performance by comparing our metrics using peer group comparisons.

In addition to benefits identified as part of the merger business case, our business change programme assesses qualitative and quantitative benefits for each project and tracks the benefits so that those that provide the most value to the business are prioritised. Progress of the programme is monitored by Change Board, the Executive Management Team and the Board.

Value for Money Metrics

The VfM Standard requires registered providers to report against a prescribed set of VfM metrics in order to support transparency and comparability across the sector. The metrics include comparisons to organisations in a similar position, with similar operating models, similar operating areas and of similar size.

Following the merger, it was recognised that given the change in size and strategies of the new organisation, the existing peer group no longer represented a sound benchmark by which to measure Eastlight's performance. Therefore, a review was undertaken to identify a new peer group for comparative purposes.

In selecting a new peer group, we have selected peers that suit both our current position and Eastlight's future plans and in doing this, considered the following:

- The number of homes – this will ensure that any benefits arising from economies of scale are similar.
- Geographical area – ensuring that income and costs are comparable and not distorted by location, for example comparing London to more rural areas.
- Strategic aspirations including:
 - Community Gateway model and significant community and resident engagement
 - Eastlight's growth strategy – Associations with unit numbers that will be achieved during Eastlight's five-year development strategy. This will focus on attaining metric targets that are comparable to organisations similar in size to Eastlight in the future.

The comparable data has been extracted from the Global Accounts compiled by the Regulator of Social Housing for the year to March 2020. The peer group data shown in the table is the average and median of the peer group, including Eastlight. The analysis also shows Eastlight's performance against those peers for the same period.

Eastlight Community Homes Limited
Strategic Report
For the year ended 31 March 2021

Our performance is demonstrated below:

Business Area	Indicator	Global Accounts		Eastlight			
		Sector Median 2019-20	Sector Average 2019-20	Actual 2019-20	Actual 2020-21	Target 2020-21	Target 2021-22
Outcomes Delivered	Reinvestment (Metric 1)	7.00%	7.20%	8.87%	7.23%	8.10%	10.37%
Development (Capacity and Supply)	New supply delivered absolute - Social	295	363	394	236	310	325
	New supply % - Social (Metric 2)	2.03%	2.29%	3.38%	1.99%	2.59%	2.65%
	Gearing (Metric 3)	47.86%	49.90%	47.71%	47.28%	49.44%	49.69%
	EBITDA MRI (as % of interest) (Metric 4)	142.59%	146.01%	227.77%	244.34%	245.35%	200.48%
Operating Efficiencies	Headline social housing cost per unit (Metric 5)	£3,894	£3,902	£3,234	£3,375	£3,460	£3,697
Business Health	Operating margin (Overall) (Metric 6)	27.72%	29.96%	32.64%	32.38%	33.05%	30.42%
	Operating margin (Social Housing Lettings) (Metric 6)	34.63%	33.72%	33.84%	34.98%	34.13%	31.80%
Effective Asset Management	Return on capital employed (ROCE) (Metric 7)	3.31%	3.37%	3.76%	3.83%	3.90%	3.49%

This comparison shows strong performance against both the average and median outcomes for the new peer comparison group, with new delivery metrics and CPU moving closer to peer group results in 2021/22 budgets. The reduction in CPU and new delivery is due to reduced spend in these areas as a result of the pandemic.

The reinvestment and new supply targets for 2021/22 clearly articulate Eastlight's new home growth strategy, which is also reflected in the change in gearing. Gearing remains in a strong position and demonstrates the capacity available to further support the development programme.

The budgeted operating margin for 2021/22 is 30.4%, reduced from 2020/21, as we launch our Community Investment Programme and extend our planned works. This is also reflected in the increased headline cost per home, but the results clearly illustrate Eastlight's ability to grow and invest in our properties whilst driving value for money and maintaining a strong financial position.

Reinvestment and new supply indicators for 2021/22 increase as we start to deliver on our New Homes and Asset Management Strategies, this is also reflected in the gearing ratio. EBITDA MRI interest cover remains stable as we achieve lower cost of borrowing in line with both our merger commitments and our Treasury Management Strategy.

The data below demonstrates the comparisons to the peer group at a detailed level:

Registered Provider	Stock Numbers	Reinvestment	New Supply Delivered	Gearing	EBITDA MRI	Headline Cost per Unit	Operating Margin		ROCE
		Metric 1	Metric 2	Metric 3	Metric 4	Metric 5	Overall	SHL	Metric 7
Eastlight 20-21	11,848	7.23%	1.99%	47.28%	244.34%	£3,375	32.38%	34.98%	3.83%
Eastlight 19-20	11,640	8.87%	3.38%	47.71%	227.77%	£3,234	32.64%	33.84%	3.76%
Peer Group 19-20	15,427	7.00%	2.03%	47.86%	142.59%	£3,894	27.72%	34.63%	3.31%
bpha Limited	16,796	8.04%	3.94%	66.40%	143.44%	£3,339	39.94%	38.88%	4.41%
Chelmer Housing	9,630	8.88%	3.96%	65.03%	121.63%	£3,789	25.17%	23.82%	2.49%
Grand Union	12,067	5.90%	1.43%	45.85%	159.37%	£3,465	29.95%	28.90%	3.70%
Moat Homes	17,582	6.75%	3.05%	36.66%	189.66%	£3,298	28.04%	39.80%	3.23%
Orbit South	19,924	9.61%	1.49%	49.17%	94.47%	£3,998	32.99%	37.63%	3.76%
Paradigm Homes	14,057	6.00%	1.79%	55.23%	109.32%	£4,059	27.40%	44.26%	2.49%
Paragon Asra Housing	20,888	7.21%	1.14%	43.12%	136.37%	£4,631	27.04%	25.70%	3.05%
Stonewater Limited	13,045	6.78%	2.16%	46.46%	141.73%	£5,164	19.85%	23.53%	3.39%
Swan Housing	9,901	7.77%	3.60%	58.10%	155.47%	£5,272	26.58%	44.58%	2.97%
Flagship Housing Group	30,586	5.90%	1.89%	46.54%	215.03%	£3,155	36.44%	31.62%	3.88%

Eastlight continues to perform well against its selected peers, out-performing Grand Union and Stonewater which are of similar size, in all areas with the exception of gearing, where both have a slightly more favourable position, and one where the new delivery metric is slightly above Eastlight on a look back basis.

The metrics for Operating Margin and Return on Capital Employed surpass most in the peer group, exceeded only by two larger providers.

The year-on-year metric results for reinvestment and new supply delivered have declined, a direct result of the pandemic where developments were paused in the earlier part of the year, and there was slower delivery throughout the remaining period. It will be insightful next year, to see the true impact on others in the sector as the comparison this year may be distorted.

The most notable change between 2019/20 and 2020/21 is the increase in cost per home. The key drivers for this are integration costs and increased repairs expenditure as we prepared to move legacy Colne repairs in-house. These were planned and budgeted in the merger business case and will deliver savings in future years. The other notable increase was in pension deficit costs, which flow through management charges and impact the metric. A pension strategy is being developed and we will be looking where possible to reduce our pension exposures.

Social Housing Cost per Unit Analysis

The Regulator continues to focus on operating costs and has calculated and published headline costs per unit derived from the annual accounts submitted by housing providers.

The Peer Group data shown below is for the same peer group above.

Name	Peer Group Lower Quartile Average	Peer Group Upper Quartile	Peer Group Median	Peer Group Average	Actual 2019/20	Actual 2020/21	Forecast 2021/22
Management Costs	623	1807	1,008	1,092	1,247	1,242	1,231
Service Charge Costs	232	713	458	469	177	160	94
Routine Maintenance Costs	563	899	746	767	536	696	699
Planned Maintenance Costs	197	557	309	357	337	253	210
Major Repairs Expenditure	461	1094	519	813	775	848	1,207
Other Costs	114	1190	121	404	162	176	256
	2,190	6,260	3,161	3,902	3,234	3,375	3,697

Management costs sit centrally between the lower and upper quartile results for the peer group, but are higher than median and average results. This is likely to be differences in allocation methods against service charge costs.

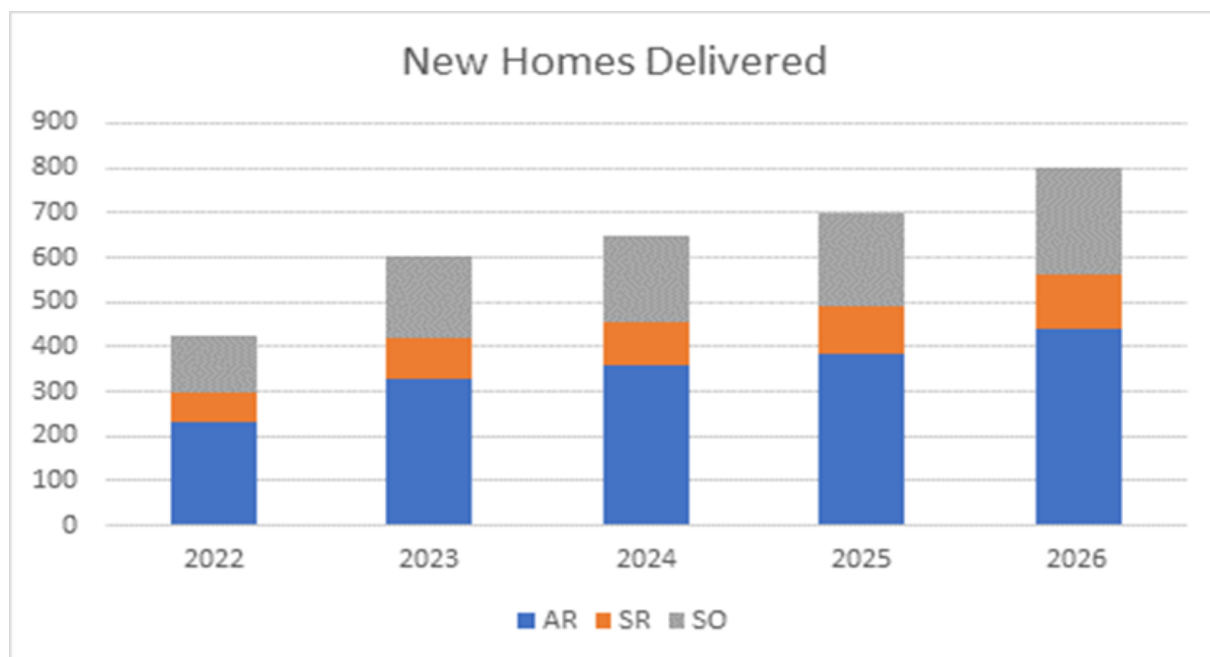
Routine and planned maintenance costs are markedly less than the peer group average costs. This performance demonstrates the efficiency of the service, whilst the customer satisfaction feedback confirms that we have not sacrificed the quality of our service delivery in this area.

We are increasing our expenditure next year on major repairs, this is to support the enhanced Eastlight standard promised at merger and to complete fire door upgrade works to keep our residents safe.

Reinvestment of VFM Gains

The Board has set out its intention to focus investment of surplus funds into the growth of new housing. The Board also agreed to secure new funding to enable the new Development Strategy, utilising and leveraging Eastlight's asset strength to support the growth ambition.

The merger business case set a target to build 3,800 new homes, with an aim to be a 15,000+ home association by 2025. The New Homes Strategy supports this target and is built into the long-term financial plan. The expected delivery profile is demonstrated below:



At 31 March 2021, Eastlight had 1,142 units in contract and 912 pipeline units. We have introduced and refined project appraisal methodology and programme management software which enables more consistency when assessing new development schemes.

We are continuing to consider new development schemes and are looking to re-balance our development portfolio between s.106 schemes and land led opportunities so that we have more influence over the projects and can take further advantage of government grant funding.

The Investment Committee has oversight of Eastlight’s development programme and consider the overall and individual financial performance of proposed schemes and the impact on local area housing needs. This ensures that we build where there is demand and deliver the homes that residents want, achieving the best value, whilst considering the wider social implications.

Social Value

In 2021, the Customer Influence Committee was formed. They will work alongside our Board to make sure we deliver on our commitments to our communities and to ensure that residents’ views influence key service decisions with the aim to improve overall resident satisfaction.

We continue to support and invest in our communities; the table below demonstrates the work we have done this year that has positively impacted the lives of our residents and the social investments we have made.

- Eastlight Community Homes and Braintree District Council awarded more than £130,000 of grants for essential support through the pandemic to young people and unpaid carers
- Our Hardship Fund awarded £19,904 to 44 applicants
- Eastlight funded £37,663 in community improvements
- Residents gained £1,080,287 following benefits advice
- 151 foodbank vouchers were issued
- 44 Fuel vouchers were issued as part of the HACT energy redress scheme
- 12 laptops were donated to residents who were identified as being digitally excluded
- 48 Christmas food hampers were delivered to households experiencing financial hardship so they could enjoy a full Christmas dinner
- 12,500 welfare calls made to our most vulnerable residents

- 401 residents received support to help them retain their independence
- 410 residents were supported with advice regarding budgeting, employment, fuel poverty, referrals to Citizens Advice and to make a Universal Credit application
- 229 residents were supported to maintain tenancy
- Eastlight cut grass for 263 for residents in need

The launch of the Community Investment Programme will further support the delivery of social value to our residents and communities, reaching out and engaging our residents in community initiatives that will make a difference to where and how they live.

Future strategy for Value for Money and Social Value

With over 12,000 homes, 300 employees and £76m turnover, Eastlight will do more, extending our reach, efficiency, effectiveness and impact. We will invest more in developing a broader, deeper service offer with our residents and communities while building many more genuinely affordable homes every day for those who need them.

VfM is embedded across the organisation, and getting the best mix of quality and price is factored into our decision making. Our new strategies support this approach and we have identified the following future savings:

- Transferring repairs and maintenance to the in-house repairs team saving £200,000 annually. This will also mean we are more responsive and can ensure that the service we provide is efficient, effective and of high quality.
- The closure of the Colchester office will deliver future savings of £80,000 plus running costs.
- Reduced internal and external audit fees saving £45,000 a year.
- Reduced professional and consultancy fees saving £78,000
- Moving all sales to the Eastlight in-house team will generate an estimated saving of £25,700 each year and will mean we have better control of the process.
- Re-negotiation of fee rates with staffing agencies to reduce recruitment costs and agency staffing commissions.

Eastlight is committed to making best use of our resources. We have a clear set of value for money metrics in each strategy and will report on these each year in our annual Value for Money Statement. These will allow us to give a full quantitative and qualitative picture of our work to our residents and communities, allowing them to hold us to account as a community gateway.

STATEMENT ON INTERNAL CONTROLS ASSURANCE

Responsibility

The Board, as the ultimate governing body, is responsible for the system of internal control, which is designed to provide reasonable assurance regarding:-

- the safeguarding of assets against unauthorised use or disposal; and
- the maintenance of proper accounting records and the reliability of financial information used within the business or for publication

Key procedures have been established and are designed to provide effective internal control. These key areas cover control, reporting information systems, monitoring and risk management.

Review of internal controls

We have reviewed the effectiveness of the system of internal control, including the sources of assurance agreed by the Board, as being appropriate for that purpose. On the basis of the evidence provided, we are satisfied that there is sufficient evidence to confirm that adequate systems of internal control existed and operated throughout the year. We are also satisfied that those systems were aligned to an ongoing process for the management of the significant risks facing the Association. No significant weaknesses were identified which the Board considers may have resulted in material misstatement or loss and which would have required disclosure in the financial statements.

Control environment and key controls

The Board has put in place an organisational structure with clearly defined lines of responsibility and delegation of authority. These are set out in the Association's Terms of Reference, Standing Orders, Financial Regulations, Scheme of Delegated Authority and detailed operational procedures. These delegations and authority levels are reviewed regularly.

Key control processes, which are reviewed annually and revised where necessary, include strategic business planning, the recruitment of experienced executive directors and senior staff, regular performance monitoring, control over capital investment projects and the setting of standards and targets for health and safety, data protection, whistleblowing and confidential disclosure, fraud prevention and detection, and environmental performance.

Procedure manuals are maintained for the main functions and service areas.

The Board is satisfied that necessary action is taken to address any significant failings or weaknesses identified by the Association.

Information and reporting systems

The Association has developed a system of financial reporting. The Annual Budget and Business Plan are approved by the Board. Actual results are reported against budget quarterly to the Board with any significant variances being reported together with explanations. The current borrowing and cashflow forecast position and compliance with lending covenants is also reviewed quarterly by the Board.

In accordance with regulatory and funding requirements, periodic financial returns are submitted to the Regulator of Social Housing and to the Association's bankers and principal lenders. There are regular meetings of the Executive Management Team to review and monitor revenue and capital spending against budget assumptions. Cash balances are checked daily, coupled with revised forecast of borrowing requirements at regular intervals as necessary. There are a number of annual reports on other functions to either the Board or a designated Committee; these include insurance arrangements and treasury management.

Monitoring System

The control system is monitored by internal audit. This is out-sourced to a specialist service provider and is reviewed regularly. The internal auditors have produced an annual report on completion of the programme of work for the year to March 2021 that concluded that the Association has an adequate and effective framework for risk management, governance and internal control. Their work identified further enhancements to the framework of risk management, governance and internal control to ensure it remains effective.

A three year Audit Needs Assessment has been completed and an annual plan is agreed which is focused on the areas of greatest risk to the Association. Monitoring is also undertaken by the Executive Directors and senior managers.

Fraud

The Association has in place policies in respect of preventing, detecting and investigating fraud. We are aware of an increasing number of attempts to fraudulently obtain funds electronically. No material loss has been incurred by the Association in the year. The Board is satisfied that the controls in place effectively manage the risk of fraud.

Risk Management

The Board receives and considers information on key risks as a specific report to each Board meeting.

The Board has agreed a risk management framework which sets out the approach for identifying, monitoring and managing current and emerging risks to the business. The Board has determined its appetite for risk across the business and has adopted a range of financial golden rule measures to enable it to monitor risk exposure. The Board undertakes regular stress testing of the business plan to the key strategic risks.

The Executive Directors have immediate responsibility for identifying risks facing each of the areas in which they operate and for putting in place procedures to mitigate and monitor risk. The strategic risk assessment is reviewed and updated every two months by the Executive Directors for consideration by the Board and Audit & Risk Committee. All projects and reports to the Board and Committees include an analysis of the relevant risks and of mitigating actions.

Statement of Compliance - Governance and Financial Viability Standard

As a Registered Provider, Eastlight is required to comply with the Regulatory Framework published by the Regulator of Social Housing.

The Regulator of Social Housing confirmed the Associations rating of G1 (governance) and V1 (financial viability), the highest compliant ratings.

The Board considers the Association to be compliant with the Governance and Financial Viability Standard in all material respects.

Statement of The Board's Responsibilities In Respect Of The Financial Statements

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 give a true and fair view of the state of affairs of the Association and of its income and expenditure for that 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 reasonably 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 keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It has general responsibility for taking reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

Disclosure of Information to The Auditors

We, the members of the Board who held office at the date of approval of these Financial Statements as set out above, confirm, so far as we are aware, that there is no relevant audit information of which the Association's auditors are unaware; and we have taken all the steps that we ought to have taken as Board members to make ourselves aware of any relevant audit information and to establish that the auditors are aware of that information.

In preparing the strategic report the Board has followed the principles set out in the Statement of Recommended Practice for Social Housing Providers (Housing SORP 2018).

The Strategic Report was approved by the Board on 27 July 2021 and signed on its behalf by:

H Llewelyn-Davies.

Hattie Llewelyn-Davies, Chair

Opinion

We have audited the financial statements of Eastlight Community Housing Limited (the Association) for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes to Reserves, Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 2. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- the Association has not maintained a satisfactory system of control over transactions; or
- the Association has not kept adequate accounting records; or
- the Association's financial statements are not in agreement with books of account; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Statement of The Board's Responsibilities In Respect Of The Financial Statements set out on page 18, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Association or to cease operations, or 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 web-site at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

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

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

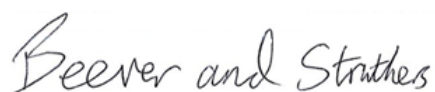
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

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

Use of our report

This report is made solely to the Association, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association for our audit work, for this report, or for the opinions we have formed.



Beever and Struthers
Chartered Accountants
Statutory Auditor

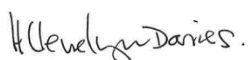
15 Bunhill Row
London
EC1Y 8LP

Date: 16 September 2021

Eastlight Community Homes Limited
Statement of Comprehensive Income for the year ended 31 March 2021

		2021	2020
		£'000	£'000
	<i>Note</i>		
Turnover	3	75,803	71,471
Cost of Sales	3	(6,733)	(5,208)
Operating expenditure	3	(44,525)	(42,856)
(Deficit)/Surplus on disposal of property, plant and equipment	4	(333)	(127)
Operating surplus	3	24,212	23,280
Finance income	5	33	287
Interest and financing costs	6	(10,874)	(11,268)
Movement in fair value of financial instruments	22	630	(561)
Surplus before tax		14,001	11,738
Taxation	10	-	-
Surplus for the year		14,001	11,738
Other Comprehensive Income			
Actuarial (loss)/gain in respect of pension schemes		(4,676)	2,084
Change in fair value of hedged financial instruments		210	(370)
Total comprehensive income for the year		9,535	13,452

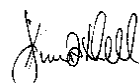
The financial statements on pages 23 – 59 were approved and authorised for issue by the Board on 27 July 2021 and were signed on its behalf by:



Hattie Llewelyn-Davies
Chair



Charanjit Patel
Board Member and
Chair of Audit & Risk Committee



David Hall
Executive Director Resources &
Secretary

The Statement of Comprehensive Income relates wholly to continuing activities and the notes on pages 28 to 59 form an integral part of these financial statements.

Eastlight Community Homes Limited
Statement of Financial Position at 31 March 2021

	Note	£'000	2021 £'000	£'000	2020 £'000
Fixed Assets					
Intangible assets	11		66		82
Housing properties	12		626,636		592,736
Other property, plant and equipment	13		7,321		5,851
Investments	14		1,965		1,469
			635,988		600,138
Current assets					
Inventories	15	6,998		6,331	
Debtors due in less than one year	16	2,748		2,683	
Debtors due in more than one year	16	-		4,656	
Investments	17	-		5,049	
Cash		6,520		15,216	
		16,266		33,935	
Creditors: amounts falling due within one year	18	(20,529)		(15,423)	
Net current assets/liabilities			(4,263)		18,512
Total assets less current liabilities			631,725		618,650
Creditors: amounts falling due after more than one year	19		(358,437)		(359,007)
Derivative Financial Instruments	23		(3,337)		(4,178)
Defined benefit pension liability	21		(10,821)		(5,870)
Net assets			259,130		249,595
Capital and reserves					
Called up share capital	24		1		1
Revenue reserve			162,428		150,298
Revaluation reserve			96,900		97,641
Cashflow hedge reserve			(1,121)		(1,331)
Restricted reserve			922		2,986
			259,130		249,595

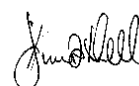
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Board Member and
Chair of Audit & Risk Committee



David Hall
Executive Director Resources &
Secretary

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Eastlight Community Homes Limited
Statement of Changes to Reserves for the year ended 31 March 2021

	Restricted Reserve CHIP Fund	Uncalled Share Capital	Restricted Reserve Social Housing Proceeds	Revaluation Reserve	Revenue Reserve	Cashflow Hedge Reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As 1 April 2019 (as originally stated)	2,528	1	458	98,432	139,256	(961)	239,714
Effect of restatement – change in Accounting Policy (Note 28)	-	-	-	-	(3,571)	-	(3,571)
At 1 April 2019 (as restated)	2,528	1	458	98,432	135,685	(961)	236,143
Surplus for the year	-	-	-	-	12,322	-	12,322
Grants made from fund	-	-	-	-	-	-	-
Social housing proceeds	-	-	-	-	-	-	-
Effect of restatement – change in Accounting Policy (Note 29)	-	-	-	-	(584)	-	(584)
Depreciation on Deemed Cost Uplift	-	-	-	(602)	602	-	-
Change in fair value of hedged instruments	-	-	-	-	-	(370)	(370)
Transfer between reserves	-	-	-	(189)	189	-	-
Actuarial gain on pension scheme	-	-	-	-	2,084	-	2,084
At 31 March 2020	2,528	1	458	97,641	150,298	(1,331)	249,595
Surplus for the year	-	-	-	-	14,001	-	14,001
Grants made from fund	(1,639)	-	-	-	1,639	-	-
Social Housing Proceeds	-	-	(425)	-	425	-	-
Depreciation on Deemed Cost Uplift	-	-	-	(602)	602	-	-
Change in fair value of hedged instruments	-	-	-	-	-	210	210
Transfer between reserves	-	-	-	(139)	139	-	-
Actuarial loss on pension scheme	-	-	-	-	(4,676)	-	(4,676)
At 31 March 2021	889	1	33	96,900	162,428	(1,121)	259,130

Eastlight Community Homes Limited
Statement of Cash Flows for the year ended 31 March 2021

	<i>Note</i>	£'000	2021 £'000	£'000	2020 £'000
Net cash generated from operating activities	A		33,750		33,717
Cash flows from investing activities					
Purchase of property, plant and equipment		(44,498)		(51,935)	
Purchase of investments		(495)		-	
Grants received		-		657	
Interest received		33		287	
Net cash flows from investing activities			(44,960)		(50,991)
Cash flows from financing activities					
Interest paid		(11,123)		(11,598)	
Tax Paid		-		-	
New loans		8,588		8,734	
Repayment of borrowings		-		-	
			(2,535)		(2,864)
Net cash flows from financing activities					
Net increase/(decrease) in cash and cash equivalents			(13,745)		(20,138)
Cash and cash equivalents at beginning of year					
Cash		15,216		26,682	
Current Asset Investments		5,049		13,721	
			20,265		40,403
Cash and cash equivalents at end of year					
Cash		6,520		15,216	
Current Asset Investments		-		5,049	
Cash and cash equivalents at end of year			6,520		20,265

Eastlight Community Homes Limited
Statement of Cash Flows for the year ended 31 March 2021

Note A

	2021	2020
	£'000	£'000
Operating surplus	24,545	23,817
Depreciation	9,541	9,879
Amortisation of intangible assets	33	29
Amortisation of Government grant	(1,007)	(842)
(Increase) / Decrease in long-term assets	-	-
(Increase) / Decrease in inventories	(667)	(2,609)
(Increase) / Decrease in debtors	4,590	(239)
(Decrease) / Increase in creditors	(3,430)	3,242
Pensions movements	145	440
Net cash inflow from operating activities	33,750	33,717

The notes on pages 28 to 59 form an integral part of the financial statements.

Note 1 – Legal Status

Eastlight Community Homes Limited is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 (registration number: 30124R) and is registered with the Regulator for Social Housing as a Private Registered Provider of Social Housing (registration number: L4499). The registered office is Eastlight House, Charter Way, Braintree, Essex, CM77 8FG.

As a public benefit entity, Eastlight Community Homes Limited has applied the public benefit entity 'PBE' prefixed paragraphs of FRS 102.

Note 2 – Accounting Policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year. A summary of the more important accounting policies is set out below. The Board is satisfied that the current accounting policies are the most appropriate for the Association.

General information and basis of accounting

The financial statements have been prepared under the historical cost convention, modified where appropriate, to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with the Statement of Recommended Practice for registered social housing providers 2018 (SORP), the Housing and Regeneration Act 2008, the Accounting Direction for private registered providers of social housing 2019 and the requirements of the Co-operative and Community Benefit Societies Act 2014.

Following the Transfer of Engagements of Colne Housing Society Limited to Greenfields Community Housing Limited in accordance with Section 110 of the Co-operative and Community Benefit Societies Act 2014 on 1 July 2020, the assets, liabilities, operations and future obligations of Colne Housing Society transferred to Greenfields Community Housing Limited. The activities of Colne Housing Society Limited and Greenfields Community Housing Limited has operated as Eastlight Community Homes Limited ("Eastlight") since 1 July 2020. The Board have made enquiries and considered the business plan of Eastlight in this respect.

The Board have also considered the impact of COVID19 on its operations, the principal risks identified and the steps taken to mitigate where possible the impact of these risks. They have concluded that there is a reasonable expectation that Eastlight has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after the date on which the report and financial statements are signed. For this reason, Eastlight adopts the going concern basis in the financial statements.

Merger accounting

These financial statements have been prepared under merger accounting principles as the spirit and intent of the merger was to co-create a new organisation. In addition, this was supported by the approach to the appointment of senior roles using a selection process rather than based on positions held in the legacy organisations. The Board are satisfied that the criteria for merger accounting was met on the following basis:

- Neither party to the combination was portrayed as either acquirer or acquiree, either by its own board or management or by that of another party to the combination
- Parties to the combination, as represented by the members of the board, participated in establishing the management structure of the combined entity and in selecting the management personnel. These decisions were made on the basis of a consensus between the parties to the combination.

Merger accounting involves combining all of the results and cash flows of the amalgamating parties from the beginning of the financial period in which the merger occurs. The comparative amounts are restated by including the results for all the combining entities for the previous accounting period and by combining their statement of financial positions as at the previous reporting date. This methodology has been applied in these financial statements.

Accounting convention

The financial statements have been prepared under the historical cost convention or deemed cost for assets held at the date of transition to FRS 102 and on a going concern basis.

Turnover

Turnover represents rent and service charges receivable (net of rent and service charge losses from voids) and disposal proceeds of current assets such as shared ownership first tranche sales at completion together with revenue grants from local authorities and other bodies and amortisation of government grants, and income from other services invoiced in the year (excluding VAT).

Turnover is recognised on an accruals basis. Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion.

Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior years, the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered they are held as creditors or debtors in the Statement of Financial Position.

Interest payable and loan finance issue costs

Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue. Loan interest costs are calculated using the effective interest rate method of the difference between the loan amount at initial recognition and the amount at maturity of the related loan. Interest is capitalised on borrowings to finance developments to the extent that it accrues in respect of the period of development. Other interest payable is charged to the Statement of Comprehensive Income in the year.

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

Value added tax

The Association charged value added tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Association and not recoverable from HM Revenue & Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Corporation tax

The Association is registered as a charity with HM Revenue & Customs and is not subject to corporation tax on its income. Should the Association become liable for corporation tax it will be calculated at the rate applicable on any surplus it generates from non-charitable activities.

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income or expense recognised directly in reserves is also recognised directly in reserves.

Intangible Assets

Intangible assets are stated at historic cost less accumulated amortisation and any provision for impairment. Amortisation is provided on all intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Computer software - 5 years

Property, plant and equipment - housing properties

Housing properties are properties available for rent and properties subject to shared ownership leases.

Completed housing properties for rent or shared ownership are stated at cost or deemed cost for assets held at the date of transition to FRS 102, less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings (allocated on a pro-rata basis for mixed tenure developments), directly attributable development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements. Administration costs relating to development activities are capitalised only to the extent that they

are incremental to the development process and directly attributable to the bringing the property into their intended use.

Capitalisation of development costs ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

Improvements are works which result in an increase in the net rental income, including a reduction in future maintenance costs, or result in a significant extension of the useful economic life of the property in the business. Only direct expenditure and direct overhead costs associated with new developments or improvements are capitalised. Other improvements and maintenance expenditure are expensed to the Statement of Comprehensive Income as incurred.

Depreciation is charged so as to write down the net book value of housing properties to their estimated residual value, on a straight-line basis, over their useful economic lives. Freehold land is not depreciated. Where housing properties comprise two or more major components with substantially different useful economic lives, each component is accounted for separately for depreciation purposes and depreciated over its individual useful economic life.

The accounting policy was reviewed during the year, following merger, with asset lives from both legacy organisations being aligned and adjustments made to reflect the new lives.

Depreciation on freehold housing properties is charged as follows:

Structural Works	-	100 years
Roofing	-	60 years
Insulation	-	50 years
Sheltered Remodeling	-	50 years
Windows	-	30 years
Doors	-	30 years
Bathrooms	-	30 years
Rewiring	-	30 years
Central Heating	-	30 years
Estate Works	-	30 years
Fire Systems	-	30 years
Kitchens	-	20 years
Renewable Energy	-	20 years
Lifts	-	20 years
Boilers	-	15 years
Flat Roofing	-	15 years
Digital TV Installations	-	10 years
Closed Circuit Television	-	7 years

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

Shared ownership property sales

Shared ownership properties, including those under construction, are split between fixed assets and current assets. The split is determined by the percentage of the property to be sold under the first tranche disposal, which is shown on initial recognition as a current asset, with the remainder classified as a fixed asset within property plant and equipment.

Proceeds from the first tranche disposals are accounted for as turnover in the Statement of Comprehensive Income in the period in which the disposals occur and the cost of sale is transferred from current assets to operating costs. Proceeds from subsequent tranche sales are treated as disposals of fixed assets.

Sale of housing properties

The sale of properties under the Right to Buy or Right to Acquire schemes are treated as sales of fixed assets and not as properties developed for sale. The surplus or deficit arising on a Right to Buy sale on stock transferred from Braintree District Council is shown net of the share due to Braintree District Council and after deducting the cost of the properties and related sale expenses. All sales of fixed asset properties are shown as a separate item after the operating surplus in the Statement of Comprehensive Income.

Properties sold at auction

The sale of unsustainable properties at auction are treated as sales of fixed assets and not as properties developed for sale. The surplus or deficit arising is shown after deducting the cost of the properties and related sale expenses. All sales of fixed asset properties are shown as a separate item after the operating surplus in the Statement of Comprehensive Income. The net proceeds of sale at auction of unsustainable properties transferred from Braintree District Council, after deducting allowable expenses, are credited to the Social Housing Proceeds Reserve for re-investment in social housing properties with Braintree District Council's consent.

Non-housing property, plant and equipment

Non-housing property, plant and equipment is stated at historic cost less accumulated depreciation and any provision for impairment. Depreciation is provided on all non-housing property, plant and equipment, other than freehold land, at rates calculated to write off the cost less estimated residual value, of each asset on a straight-line basis, over its expected useful life as follows:

Office equipment, fixtures & fittings	-	5 years
Plant & machinery	-	5 years
Computer equipment	-	3 years
Freehold offices	-	40 years

The useful economic lives of all tangible fixed assets are reviewed annually. A full month's depreciation charge is provided in the month of acquisition with no depreciation charge provided in the month of disposal of assets.

Impairment

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, the Association will determine the level at which impairment is to be assessed (i.e. the cash-generating unit), an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of each asset exceeds its recoverable amount, an impairment loss is recognised in the Statement of Comprehensive Income.

The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal, Depreciated replacement cost is taken as a suitable measurement model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and included in the Statement of Comprehensive Income.

Investments

Eastlight owns 50% of the shares of a development company Iceni Homes Limited (Iceni). Iceni is a company registered in England and Wales with its principal activity being the provision of property development services. Iceni pays donations to its partner associations and donations are accounted for on an accruals basis in accordance with the joint venture agreement. The remaining 50% is owned by one other RP.

Eastlight also owns 100% of shares in subsidiary Emerald New Homes Limited, which is currently dormant.

Shares held in bond aggregator MORHomes are held as investments. As part of the bond agreement, there is also a Contingent Convertible, which is held as an investment. The premium received on bond drawdown is included in Creditors greater than one year and amortised over the period of the bond.

Stock

Stock is stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price less the cost to complete and sell. Cost is based on the cost of purchase on an average cost basis.

Cash & cash equivalents

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

Current asset investments

Investments are stated at fair value. Current asset investments include cash and cash equivalents invested for periods of no more than three months. They are recognised initially at cost and subsequently at fair value at the reporting date. Any change in valuation between reporting dates is recognised in the Statement of Comprehensive Income.

Short term debtors and creditors

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

Provision for bad debts

The provision for bad debts is based upon the age of arrears. Arrears in respect of former tenants and in respect of current tenants where the debt is over one year old are fully provided for. Arrears which are less than one year old are provided for at varying percentage rates.

Holiday pay

Short term employee benefits, including holiday pay, are charged to the Statement of Comprehensive Income in the period in which they accrue. Holiday entitlement due but not yet taken, is included in the Statement of Financial Position as an accrual within note 18.

This is measured at the undiscounted salary cost of the future holiday entitlement, so accrued at the date of the Statement of Financial Position.

Agreement to improve existing properties (VAT shelter)

As part of the transfer of properties from Braintree District Council the Association entered into a Development Agreement for the refurbishment of the transferred properties.

The full contract income was invoiced on inception of the contract. The full anticipated cost of the contract was incurred on inception of the contract through an increase in the cost of the transferred properties.

At the end of each year the contract is assessed, and an amount of expenditure is recognised in the Statement of Comprehensive Income which represents the value of work carried out during the year. An amount of contract income is recognised in the Statement of Comprehensive Income equivalent to the expenditure such that no surplus or deficit arises. The outstanding amounts of prepaid contract expenditure and deferred contract income are disclosed in notes 16 and 19.

Social Housing Grant and other Government grants

When grants are received from government agencies such as Homes England, local authorities or other agencies which meet the definition of government grants, they are recognised when there is reasonable assurance that the conditions attached to them will be complied with and that the grant will be received.

Government grants are recognised using the accrual model and are classified as grants relating to revenue or grants relating to assets. Grants relating to revenue are recognised in income over the period in which the costs that the grant relates to are recognised. Grants relating to assets are recognised in income over the expected useful life of the asset. Grants received for housing properties are recognised over the life of the property structure whereas grants received specifically for components are recognised over the life of the component.

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income.

Recycling of grants

Where there is a requirement to repay or recycle a grant received for an asset that has been disposed of, a provision is included in the Statement of Financial Position to recognise this as a liability. Where the funding body gives approval to use the grant for a specific development, the amount previously recognised as a provision is reclassified as a creditor in the Statement of Financial Position.

Where there is no obligation to repay the grant on disposal of the asset, any unamortised grant in the Statement of Financial Position is de-recognised as a liability and recognised as revenue in the Statement of Comprehensive Income.

Pensions

The Association has employees in the Local Government Pension Scheme (LGPS) which is a multi-employer defined benefit pension scheme providing benefits based on final pensionable pay. The LGPS was closed to new employees in 2008 other than those with deferred rights. The fund is accounted for under FRS 102. The operating costs of providing retirement benefits to participating employees are recognised in the accounting period in which benefits are earned. The related finance costs expected return on assets and any change in the fair value of the assets and liabilities are recognised in the accounting period in which they arise. The operating costs, finance costs and expected return on assets are recognised in the Statement of Comprehensive Income with any changes in the fair value of assets and liabilities being recognised as Other Comprehensive Income.

Eastlight also participates in the Social Housing Pension Scheme (SHPS), an industry wide multi-employer defined benefit pension scheme and makes payments on behalf of its employees. The scheme is funded by contributions partly from the employees and partly from Eastlight, at rates determined by independent actuaries. The assets of the defined benefit scheme are invested separately from the assets of Eastlight in independently administered multi-employer funds.

Eastlight's net obligation in respect of defined benefits is calculated separately by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods, discounting that amount and deducting the fair value of any scheme assets. The calculation is performed annually by an independent qualified actuary.

Remeasurements of the net defined benefit liability or asset, which comprise actuarial gains and losses and the return on scheme assets (excluding interest) are recognised immediately in other comprehensive income.

The Association also participates in a Defined Contribution Scheme provided by Standard Life. This is the main pension fund and auto-enrolment vehicle for the Association.

Service charge sinking funds and service costs

Unutilised contributions to service charge sinking funds and over-recovery of service costs which are repayable to tenants or leaseholders or are intended to be reflected in reductions to future service charge contributions are recognised as a liability in the Statement of Financial Position. The amount included in liabilities in respect of service charge sinking funds includes interest credited to the fund. Where there has been an under-recovery of leaseholders' or tenants' variable service charges and recovery of the outstanding balance is virtually certain, the

balance is recognised in the Statement of Financial Position as a trade receivable. Debit and credit balances on individual schemes are not aggregated as there is no right of set-off.

Financial instruments

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

Financial assets carried at amortised cost

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

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

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

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

Financial liabilities carried at amortised cost

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

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

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

Derivative Financial Instruments

Eastlight uses derivative financial instruments to reduce exposure to interest rate movements. Eastlight does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to fair value, at each reporting date. Fair value gains and losses are recognised in surplus or deficit unless hedge accounting is applied and the hedge is a cash flow hedge.

To qualify for hedge accounting, Eastlight documents the hedged item, the hedging instrument and the hedging relationship between them, and the causes of hedge ineffectiveness (such as different maturities, nominal amounts or variable rates, and counterparty credit risk).

Eastlight elects to adopt hedge accounting for interest rate swaps where:

- the interest rate swap is a qualifying hedging instrument with an external party that hedges interest rate risk on a loan, part of the nominal amount of a loan, or a group of loans managed together that share the same risk and that qualify as a hedged item;
- the hedging relationship between the interest rate swap and the interest rate risk on the loan is consistent with the risk management objectives for undertaking hedges (i.e. to manage the risk that fixed interest rates become unfavourable in comparison to current market rates or the variability in cash flows arising from variable interest rates); and

- the change in the fair value of the interest rate swap is expected to move inversely to the change in the fair value of the interest rate risk on the loan.

Cashflow hedge – hedge of variable interest rate risk

Where an interest rate swap that converts variable rate debt into fixed rate debt qualifies for hedge accounting, it is accounted for as a cash flow hedge. The cumulative change in the fair value of the interest rate swap is recognised in other comprehensive income up to the amount of the cumulative fair value movement on the variable rate debt that is attributable to the variable interest rate risk. Any excess fair value gains or losses on the interest rate swap not recognised in the statement of comprehensive income is recognised as a surplus or deficit. The gain and loss recognised in other comprehensive income are recorded as a separate component of equity (the cash flow hedge reserve).

Net cash settlements on the interest rate swap are recognised as a surplus or deficit in the period(s) when the net cash settlements accrue. The cash flow hedge reserve is reclassified a surplus or deficit when the variable rate interest is recognised in Statement of Comprehensive Income.

Hedge accounting is discontinued when a floating to fixed interest rate swap expires, is sold, terminated or exercised, or when the conditions for hedge accounting are no longer met or Eastlight documents its election to discontinue hedge accounting. Any fair value gains or losses accumulated in the cash flow hedge reserve are reclassified to Statement of Comprehensive Income either when the variable interest rate expense is recognised as a surplus or deficit, or immediately on discontinuation of hedge accounting if future variable interest rate cash flows are no longer expected to occur.

Leased assets – operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

Payments under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Restricted reserves

The Association establishes restricted reserves for specific purposes where their use is subject to external restriction. The nature of the restriction is disclosed in the relevant note.

Community Development

The Association has established a Community Housing Investment Partnership (CHIP) Fund under a covenant included within the transfer agreement with Braintree District Council. The Fund is established as a restricted reserve as the use of the Fund is restricted under the transfer agreement. The full amount of grants approved from the Fund are charged to the Statement of Comprehensive Income on approval and shown as a current liability until drawn down by the applicant. Restrictions on the fund are for funding development of new social housing, development of facilities for community benefit, environmental improvements in Braintree, regeneration activities and projects identified in the Annual Strategy, where this is agreed by the Partnership Board.

Movements in reserves are shown in the Statement of Changes in Reserves.

Social Housing Proceeds Reserve

Eastlight and Braintree District Council have an agreement that proceeds for properties sold at auction or through open market sale can be re-invested in full for properties with social or affordable rent with Braintree District Council's consent. These funds are held as a restricted reserve until they are used for this purpose. Movements in reserves are shown in the Statement of Changes in Reserves.

Revaluation reserve

The difference between historical cost depreciation and depreciation charged on the deemed cost balance is transferred from the revaluation reserve to the revenue reserve annually. The revaluation reserve represents the difference on transition between the fair value of the social housing properties and other assets and the historical cost carrying value, where deemed cost transitional relief was taken.

Significant management judgements and key sources of estimation uncertainty

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

The Association makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Valuation of housing properties

On the adoption of FRS102, housing assets were revalued to deemed cost as at 1 April 2014, replacing the previous historic cost valuation.

Impairment of social housing properties

Each year the Association makes an assessment as to whether an indicator of impairment exists. In making the judgement, management consider the detailed criteria set out in the SORP.

Fair value measurement

Management uses valuation techniques to determine the fair value of assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management base the assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual proceeds that would be achievable in an arm's length transaction at the reporting date.

Bad Debt Provision

Provision is made for bad and doubtful debts based upon the age of the debt and using factors recognised in the sector for that purpose.

Other Provisions

Provision is made for dilapidations and redundancy costs. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

Defined benefit pension scheme

The Association has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

3 - Note A - Particulars of turnover, cost of sales, operating costs and surplus

2021

	Turnover	Cost of Sales	Operating Expenditure	Deficit on disposal of fixed assets	Operating Surplus/ (Deficit)
	£'000	£'000	£'000	£'000	£'000
Social housing lettings (Note B)	65,755	-	(42,753)	-	23,002
Other social housing activities					
First tranche property sales	9,877	(6,733)	-	-	3,144
Charges for support services	-	-	(15)	-	(15)
Development administration	-	-	(365)	-	(365)
Other	-	-	(1,098)	-	(1,098)
Activities other than social housing					
Community Empowerment	-	-	(294)	-	(294)
CHIP Fund	-	-	-	-	-
Deficit on disposal of fixed assets	-	-	-	(333)	(333)
Other	171	-	-	-	171
Total	75,803	(6,733)	(44,525)	(333)	24,212

2020

	Turnover	Cost of Sales	Operating Expenditure	Surplus on disposal of fixed assets	Operating Surplus/ (Deficit)
	£'000	£'000	£'000	£'000	£'000
Social housing lettings (Note B)	62,473	-	(41,256)	-	21,217
Other social housing activities					
First tranche property sales	8,635	(5,208)	-	-	3,427
Charges for support services	-	-	(13)	-	(13)
Development administration	-	-	(186)	-	(186)
Other	-	-	(1,109)	-	(1,109)
Activities other than social housing					
Community Empowerment	-	-	(292)	-	(292)
CHIP Fund	-	-	-	-	-
Deficit on disposal of fixed assets	-	-	-	(127)	(127)
Other	363	-	-	-	363
Total	71,471	(5,208)	(42,856)	(127)	23,280

3 Note B – Particulars of income and expenditure from social housing lettings

	General Needs Housing	Supported Housing and Housing for Older People	Shared Ownership	Garages	2021 Total	2020 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Income						
Rent receivable net of identifiable service charges	56,154	3,156	1,662	1,217	62,189	59,071
Service charge income	1,885	703	44	-	2,632	2,474
Amortised government grants	934	-	-	-	934	842
Other grants	-	-	-	-	-	86
Turnover from social housing lettings	58,973	3,859	1,706	1,217	65,755	62,473
Expenditure						
Management	12,858	1,018	603	237	14,716	14,561
Service charge cost	1,502	393	5	-	1,900	2,073
Routine maintenance	7,765	409	18	63	8,255	6,270
Planned maintenance	2,790	169	-	39	2,998	3,938
Major repairs expenditure	4,141	375	-	99	4,615	3,988
Bad debts	29	3	-	-	32	287
Depreciation of housing properties	8,853	632	142	-	9,627	9,567
Depreciation of other fixed assets	545	39	26	-	610	572
Operating costs	38,483	3,038	794	438	42,753	41,256
Operating surplus social housing lettings	20,490	821	912	779	23,002	21,217
Void losses	706	115	5	206	1,032	500

4 Deficit on disposal of property, plant and equipment

	2021 £'000	2020 £'000
Sale Proceeds		
RTB	166	232
Shared Ownership	601	171
Auction	326	-
Repayment of Discount	8	-
Other sales	38	188
Proceeds	<u>1,139</u>	<u>591</u>
Cost of sale		
RTB	279	403
Shared Ownership	301	130
Auction	82	-
Other sales	5	30
Housing Component Disposal	805	155
Cost of Sale	<u>1,472</u>	<u>718</u>
	<u>(333)</u>	<u>(127)</u>

5 Finance income

	2021 £'000	2020 £'000
Bank interest receivable	33	287
	<u>33</u>	<u>287</u>

6 Interest and financing costs

	2021 £'000	2020 £'000
Bank loans and overdrafts	11,114	11,595
Loan expenses amortised	394	487
Net interest on defined benefit liability (see note 21)	128	172
Other Interest payable	2	2
	<u>11,638</u>	<u>12,256</u>
Borrowing costs capitalised	(764)	(988)
	<u>10,874</u>	<u>11,268</u>

Borrowing costs on properties during construction have been capitalised based on the weighted average cost of capital of 3.28% (2020: 2.98%).

Eastlight Community Homes Limited
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7 Operating surplus	2021	2020
	£'000	£'000
Operating surplus is stated after charging / (crediting):		
Depreciation of property, plant and equipment	10,207	9,754
Amortisation of computer software	33	35
Materials expensed in the year	1,250	1,212
Operating Lease Payment	968	673
Government grants	(934)	(842)
(Deficit)/Surplus on disposal of fixed assets	(333)	(127)
Fees paid to current auditors		
- Statutory audit	40	32
- Non-audit services	5	2
- Under provision for prior year costs	-	3
Fees paid to previous auditor	18	46
8 Staff costs	2021	2020
	£'000	£'000
Wages and salaries	11,319	9,863
Social security costs	1,138	974
Other pension costs	1,076	943
	13,533	11,780

The Full Time Equivalent number of staff who received emoluments, based on either a 35 hour or 37 hour week, depending on legacy organisation, including pension contributions, in excess of £60,000 were as shown below.

	2021	2020
	Number	Number
£60,000 - £69,999	6	3
£70,000 - £79,999	4	4
£80,000 - £89,999	3	5
£90,000 - £99,999	4	1
£100,000 - £109,999	3	-
£110,000 - £119,999	-	2
£120,000 - £129,999	1	-
£130,000 - £139,999	1	-
£140,000 - £149,999	-	1
£160,000 - £169,999	-	2
£170,000 - £179,999	1	-
£180,000 - £189,999	1	-
£210,000 - £219,999	1	-
	25	18

Average full-time equivalent number of employees was:

	2021	2020
	Number	Number
	321	288

The average full time equivalent (FTE) number of employees was calculated taking the average of FTEs in post at the end of each calendar month.

9 Directors' remuneration and transactions	2021	2020
	£'000	£'000
Directors who are executive staff members		
Wages and salaries	959	805
Social security costs	109	104
Other pension costs	61	79
Third Party (Agency Costs)	-	62
Board Members – Fees and expenses		
- Hattie Llewelyn-Davies	13	9
- Dale Butcher	10	10
- David Russell	9	4
- Neil Coughlan	3	1
- Alison Inman	6	5
- Malcolm O'Brien	7	6
- Charanjit Patel	7	7
- Simon Jones	5	-
- Charlotte Smith	5	-
- Kay Vowles	5	4
- Joanne Savage	1	4
- Julia Thomas	1	3
- Alex Shelock	1	4
- Suzanne Wicks	2	9
- Chris Ellison	1	2
- Andrew Hill	1	3
- Emma Keegan	2	8
- Keith Carter	1	4
- Phillip Purkiss	1	1
- Alan Collard	-	4
- Kate Thurman	-	4
Committee Members – Fees and expenses	16	11
	1,226	1,153

Directors are defined as the members of the Board, the Chief Executive and any other person who is a member of the Executive Management Team.

	2021	2020
	£'000	£'000
Remuneration of the highest paid director, excluding pension contributions:		
Emoluments	64	156
Consideration payable for loss of office	144	-
	208	156

The Chief Executive is an ordinary member of the Association's defined contribution stakeholder type pension scheme. No enhanced or special terms apply.

10 Taxation

By virtue of S478 Corporation Tax Act 2010, the association is exempt from corporation tax. The Association pays corporation tax at the rate applicable on any surplus it generates from non-charitable activities.

11 Intangible fixed assets

	Computer software	Total
	£'000	£'000
Cost		
At 1 April 2020	420	420
Additions	18	18
Disposals	-	-
At 31 March 2021	<u>438</u>	<u>438</u>
Amortisation		
At 1 April 2020	339	339
Charge for the year	33	33
Disposals	-	-
At 31 March 2021	<u>372</u>	<u>372</u>
Net book value		
As at 31 March 2021	<u>66</u>	<u>66</u>
As at 31 March 2020	<u>82</u>	<u>82</u>

Amortisation is recognised in operating expenditure in the Statement of Comprehensive Income.

12 Tangible fixed assets

Housing properties	Completed Rental properties	Rental properties under construction	Completed Shared ownership	Shared ownership under construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 April 2020	612,003	21,879	34,624	5,522	674,028
Works to existing properties	5,446	-	-	-	5,446
Additions	-	29,762	-	10,106	39,868
Disposals	(1,540)	-	(289)	-	(1,829)
Transfers – completed stock	28,410	(28,410)	6,353	(6,353)	-
Transfers to Other Categories	623	(215)	(137)	(860)	(589)
At 31 March 2021	644,942	23,016	40,551	8,415	716,924
Depreciation					
At 1 April 2020	80,575	-	717	-	81,292
Charge for the year	9,340	-	288	-	9,628
Impairment losses	-	-	-	-	-
Adjustments on revaluation	-	-	-	-	-
Disposals	(618)	-	(14)	-	(632)
At 31 March 2021	89,297	-	991	-	90,288
Net Book Value					
At 31 March 2021	555,645	23,016	39,560	8,415	626,636
At 31 March 2020	531,428	21,879	33,907	5,522	592,736

The carrying value of assets with restricted title or held as security against liabilities at 31 March 2021 was £347.6 million (2020 £348.1 million). All properties are held on a freehold basis. £5.4 million was spent during the year on existing property components with a further £15.9 million charged to the Statement of Comprehensive Income.

13 Property, plant and equipment (other)

	Office Buildings	Fixtures and Fittings	Total
	£'000	£'000	£'000
Cost			
At 1 April 2020	7,199	3,238	10,437
Additions	1,137	917	2,054
Revaluations	-	-	-
Disposals	-	(38)	(38)
Transfers	-	-	-
At 31 March 2021	8,336	4,117	12,453
Depreciation			
At 1 April 2020	2,006	2,580	4,586
Charge for the year	209	370	579
Disposals	-	(33)	(33)
At 31 March 2021	2,215	2,917	5,132
Net book value			
At 31 March 2021	6,121	1,200	7,321
At 31 March 2020	5,193	658	5,851

14 Fixed Asset Investments

	2021 £'000	2020 £'000
Share Capital		
Interest in Emerald New Homes Ltd (1 share at £1)	-	-
Interest in Icen Homes Ltd (3 shares at £1)	-	-
Interest in MORHomes plc	180	30
	180	30
Contingent Convertibles		
MORHomes plc	345	-
	345	-
Deposits		
AHF Liquidity Reserve Funds	1,440	1,439
	1,440	1,439
	1,965	1,469

On 1 November 2007, the Association acquired one ordinary share of £1 in Emerald New Homes Limited, being 100% of the issued share capital. During the year under review the company has been dormant and has no assets. The accounting period is the year ended 31 March 2021.

During the year Eastlight held three £1 (2020: four £1) ordinary shares in the joint venture, Icen Homes Limited, a company registered in England and Wales. This represents a 50% (2020: 50%) holding of the issued share capital.

Icen was incorporated on 16 March 2004 and commenced trading on 1 July 2004. Its loss before tax and Gift Aid for the year ended 31 March 2021 was £139k (2020: profit £169k) and its aggregate share capital and reserves at that date was £54k.

Interest in MORhomes plc

At the start of the year Eastlight held 40,000 £1 ordinary shares in MORhomes plc, a public limited company incorporated on 21 September 2017 and registered in England and Wales. The shares were issued at an average discount of 25% giving a cash price of £30,000. During the year an additional borrowing was taken for 200,000 £1 ordinary shares, also issued at a 25% discount, giving a cash price of £150,000. An additional investment of £345k in respect of a Contingent Convertible (CoCo) agreement was also made at time of the additional drawing.

MORhomes is a bond aggregating vehicle for the UK social housing sector and provides funding to registered provider groups in England and Wales.

Eastlight may utilise MORhomes to issue fixed rate debt in future subject to funding need and market conditions.

Associated undertakings

During the year Eastlight acted as the Corporate Trustee for Fullers Almshouse Charity, a charitable almshouse trust.

Deposits

Deposits held on behalf of Eastlight represent the liquidity fund reserve held in trust in respect of funding received from Affordable Housing Finance plc, totalling £1.44million.

15 Stocks

	2021	2020
	£'000	£'000
Completed properties for sale	947	2,889
Properties under development	5,650	3,114
Raw materials and consumables	401	328
	6,998	6,331

During the year £1,249,689 of raw materials were expensed (2020 £1,211,563)

16 Debtors

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Rent arrears	722	1,404
Provision for bad debts	(533)	(687)
VAT	723	82
Other debtors	345	372
Prepayments and accrued income	1,491	1,512
	<u>2,748</u>	<u>2,683</u>
Amounts falling due after more than one year:		
VAT Shelter agreement	-	4,656
	<u>2,748</u>	<u>7,339</u>

17 Current asset investments

	2021 £'000	2020 £'000
Unlisted investments – at cost less impairment	-	5,049
	<u>-</u>	<u>5,049</u>

18 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Rents received in advance	766	1,265
Trade creditors	2,351	2,735
Other taxation and social security	305	306
Accruals and deferred income	9,304	8,242
Other creditors	24	120
Long term creditors due within one year	7,779	2,755
	<u>20,529</u>	<u>15,423</u>

19 Creditors: amounts falling due after more than one year

	2021 £'000	2020 £'000
Loans	295,983	292,489
VAT Shelter agreement	-	4,656
Government grants	55,710	56,745
AHF Bond Deferred Income	5,051	5,239
MORHomes Bond Deferred Income	3,045	-
Recycled Capital Grant Fund	189	161
Disposal Proceeds Fund	55	55
Other Creditors	854	782
Less Debt Refinancing Costs	<u>(2,450)</u>	<u>(1,120)</u>
	<u>358,437</u>	<u>359,007</u>
	2021 £'000	2020 £'000
Deferred income – AHF Bond		
At 1 April 2020	5,439	5,637
Income received	-	-
Amortisation to Statement of Comprehensive Income	<u>(185)</u>	<u>(198)</u>
At 31 March 2021	<u>5,254</u>	<u>5,439</u>
	203	200
Due within one year	<u>203</u>	<u>200</u>
Due after one year	<u>5,051</u>	<u>5,239</u>

The deferred income represents a premium received on the issue of fixed coupon debt and is being amortised over the remaining terms of that debt.

	2021 £'000	2020 £'000
Deferred income – MORHomes Bond		
At 1 April 2020	-	-
Income received	3,319	-
Amortisation to Statement of Comprehensive Income	<u>(82)</u>	<u>-</u>
At 31 March 2021	<u>3,237</u>	<u>-</u>
Due within one year	<u>192</u>	<u>-</u>
Due after one year	<u>3,045</u>	<u>-</u>

The deferred income represents a premium received on the issue of fixed coupon debt and is being amortised over the remaining term of that debt.

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	2021	2020
	£'000	£'000
Deferred income – Government grants		
At 1 April 2020	57,592	57,786
Grants received	-	657
Transferred to RCGF on disposal	(28)	(9)
Amortisation to Statement of Comprehensive Income	(920)	(843)
At 31 March 2021	56,644	57,591
Due within one year	934	846
Due after one year	55,710	56,745

The gross amount of grant received prior to amortisation as at 31 March 2021 was £70.1 million (2020: £70.1 million).

	2021	2020
	£'000	£'000
Recycled Capital Grant Fund		
At 1 April 2020	161	152
Inputs to RCGF	28	9
Recycling of Grant	-	-
Interest Accrued	-	-
At 31 March 2021	189	161
Amounts three years or older where repayment may be required	161	161

	2021	2020
	£'000	£'000
Disposal Proceeds Fund (DPF)		
At 1 April 2020	55	55
Additions to Fund	-	-
Use of Fund	-	-
Interest Accrued	-	-
At 31 March 2021	55	55
Amounts three years or older where repayment may be required	55	55

The disposal of a fixed asset in a prior year activated a restrictive covenant that requires Eastlight to reinvest into an asset of a similar nature.

	2021	2020
	£'000	£'000
Bank Loans & Other long term borrowings		
Between one and two years	33,474	6,919
Between two and five years	55,395	107,156
After five years	207,114	178,414
	295,983	292,489
On demand or within one year	6,804	1,710
	302,787	294,199

Loans are either on a fixed (76%) or variable (24%) rate basis, with interest rates ranging from 0.888% to 11.169%, with an average weighted cost of capital of 3.59% (2020: 3.51%).

20 Analysis of changes in net debt

	At Beginning of the Year	Cash Flows	Non-Cash Movements	At End of the Year
	£000	£000	£000	£000
Cash and Cash Equivalents	(15,216)	8,696	-	(6,520)
Housing Loans Due in One Year	1,710	5,094	-	6,804
Housing Loans Due after One Year	292,489	3,494	-	295,983
	278,983	17,284	-	296,267

21 Retirement benefit schemes

Defined contribution schemes

The Association provides a defined contribution stakeholder type pension scheme for employees. The employee chooses their own contribution rate which is double matched by the Association up to a maximum employer contribution of 8%. The assets of the scheme are kept separately from those of the Association, and are invested in independently managed funds as chosen by the employee. From May 2014, those employees not already in a pension scheme are automatically enrolled in this stakeholder scheme unless they are entitled and choose to join the LGPS or SHPS. There is a minimum employee contribution of 2% although employees can choose to opt out. Eastlight has no long-term pension liabilities under the defined contribution scheme.

The total expense charged to Statement of Comprehensive Income in the period ended 31 March 2021 was £414,000 (2020: £335,000).

Defined benefit schemes - LGPS

The Association is a member of the Local Government Pension Scheme, administered by Essex County Council, with 61 employees contributing to the scheme, which is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme. In September 2008, the scheme was closed to new entrants. This note relates only to the obligations on Eastlight from the Scheme.

The most recent triennial actuarial valuations of scheme assets and the present value of the defined benefit obligation were carried out at 31 March 2021 by Barnett Waddingham. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method. Annual updates on the valuation of the scheme assets and liabilities are provided by the scheme actuary on an interim basis.

	2021	2020
Key assumptions used:		
Discount rate	2.00%	2.35%
Salary increases	3.35%	1.85%
Medical cost trend rates		
Future pension increases	2.85%	1.85%
RPI increases	3.20%	2.65%
CPI increases	2.85%	1.85%

Mortality assumptions:

Investigations have been carried out within the past three years into the mortality experience of the Association's defined benefit scheme. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	Valuation at	
	2021	2020
	Years	Years
Retiring today:		
Males	21.6	21.8
Females	23.6	23.7
Retiring in 20 years		
Males	22.9	23.2
Females	25.1	25.2

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Amounts recognised in the Statement of Comprehensive Income in respect of these defined benefit schemes are as follows:

	2021	2020
	£'000	£'000
Current service cost	972	1,031
Net interest cost	109	124
Plan introductions, changes, curtailments and settlements	21	11
	1,102	1,166
Recognised in other comprehensive income	(575)	(577)
Total cost relating to defined benefit scheme	527	589

The amount included in the Statement of Financial Position arising from the Association's obligations in respect of its defined benefit retirement schemes is as follows:

	2021	2020
	£'000	£'000
Present value of defined benefit obligations	(51,393)	(38,149)
Fair value of scheme assets	42,502	33,203
Deficit	(8,891)	(4,946)
Net liability recognised in the Statement of Financial Position	(8,891)	(4,946)

Movements in the present value of defined benefit obligations were as follows:

	2021	2020
	£'000	£'000
At beginning of year	38,149	40,223
Service cost	694	833
Interest cost	888	959
Actuarial gains and losses	12,959	(4,249)
Change in demographic assumptions	(412)	(417)
Experience loss/(gain) on defined benefit obligation	(418)	1,335
Contributions from scheme participants	161	167
Benefits paid	(906)	(900)
Past service costs, including curtailments	278	198
At end of year	51,393	38,149

Movements in the fair value of scheme assets were as follows:

	2021	2020
	£'000	£'000
At beginning of year	33,203	34,852
Interest income	778	834
Actuarial gains and losses	-	318
Return on plan assets (excluding amounts included in Net interest cost)	8,711	(2,635)
Administration expenses	(21)	(11)
Contributions from the employer	576	578
Contributions from scheme participants	161	167
Benefits paid	(906)	(900)
At end of year	42,502	33,203

The analysis of the scheme assets at the Statement of Financial Position date was as follows:

	Fair value of assets					
	£'000	2021	%	£'000	2020	%
Equity instruments	26,262		62	19,435		59
Debt instruments	3,229		8	3,443		10
Property	3,026		7	2,986		9
Cash	2,006		5	1,380		4
Alternative assets	4,910		11	3,824		12
Other managed funds	3,069		7	2,135		6
	42,502		100	33,203		100

Defined benefit schemes - SHPS

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

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

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

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

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

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For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March 2019 to 29 February 2020 inclusive.

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

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

Amounts recognised in the Statement of Comprehensive Income in respect of SHPS are as follows:

	2021	2020
	£'000	£'000
Expenses	7	7
Net Interest Cost	<u>19</u>	<u>48</u>
	26	55
Recognised in other comprehensive income	<u>-</u>	<u>-</u>
Total cost relating to defined benefit scheme	<u>26</u>	<u>55</u>

The amount included in the Statement of Financial Position arising from the Association's obligations in respect of SHPS is as follows:

	2021	2020
	£'000	£'000
Present value of defined benefit obligations	(8,711)	(6,872)
Fair value of scheme assets	<u>6,781</u>	<u>5,948</u>
Deficit	<u>(1,930)</u>	<u>(924)</u>
Net liability recognised in the Statement of Financial Position	<u>(1,930)</u>	<u>(924)</u>

Movements in the present value of defined benefit obligations were as follows:

	2021	2020
	£'000	£'000
At beginning of year	6,872	7,887
Service cost	7	7
Interest cost	160	183
Actuarial gains and losses	1,908	(1,026)
Change in demographic assumptions	31	(69)
Experience loss/(gain) on defined benefit obligation	(132)	49
Contributions from scheme participants	-	-
Benefits paid	(135)	(159)
Past service costs, including curtailments	<u>-</u>	<u>-</u>
At end of year	<u>8,711</u>	<u>6,872</u>

Movements in the fair value of scheme assets were as follows:

	2021	2020
	£'000	£'000
At beginning of year	5,948	5,745
Interest income	141	135
Actuarial gains and losses	-	-
Return on plan assets (excluding amounts included in Net interest cost)	619	24
Administration expenses	-	-
Contributions from the employer	208	203
Contributions from scheme participants	-	-
Benefits paid	(135)	(159)
At end of year	6,781	5,948

22 Financial Instruments

	2021	2020
	£ '000	£ '000
Financial assets		
Measured at amortised cost		
• Rent arrears and other debtors	534	5,745
• Unlisted investments at cost less impairment	-	5,049
Measured at cost		
• Cash and cash equivalents measured at cost	6,520	15,216
	7,054	26,010
Financial liabilities		
Measured at fair value and designated in an effective hedging relationship		
• Derivative financial liabilities	1,121	1,332
Measured at fair value through the surplus for the year		
• Ineffective interest rate swaps	2,216	2,846
	3,337	4,178
Measured at amortised cost		
• Loans payable (note 19)	190,976	217,431
• Bonds payable (note 19)	105,007	75,058
Measured at undiscounted amount payable		
• Trade and other creditors (note 18)	20,224	15,120
	319,544	311,787

The Association's income, expense, gains and losses in respect of financial instruments are summarised below:

Interest income and expense

Total interest income for financial assets at amortised cost	33	287
Total interest expense for financial liabilities at amortised cost	<u>10,480</u>	<u>11,119</u>
	<u>10,513</u>	<u>11,406</u>

Fair value gains and losses

On derivative financial liabilities designated as an effective hedge	210	(370)
On financial liabilities measured at fair value through surplus for the year	630	(561)
	<u>840</u>	<u>(931)</u>

23 Derivative Financial Instruments

	Due within one year		Due after one year		Total	
	2021	2020	2021	2020	2021	2020
	£000	£000	£000	£000	£000	£000
Derivative financial liabilities designated as an effective hedge						
Interest rate swaps Measured at fair value through the surplus for the year	48	-	1,073	1,332	1,121	1,332
Ineffective interest rate swaps	-	-	2,216	2,846	2,216	2,846
Total derivative financial instruments	48	-	3,289	4,178	3,337	4,178

Interest rate swaps are valued at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates. The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is three month's LIBOR. Eastlight settles the difference between the fixed and floating interest rate on a net basis.

Cash flow hedges

The following table details the notional principal amounts and the remaining terms of interest rate swap contracts designated as cash flow hedges outstanding at the reporting date:

	Average contract fixed rate		Notional principal value		Fair value	
	2021	2020	2021	2020	2021	2020
	%	%	£000	£000	£000	£000
Less than one year	0.79	-	9,000	-	48	-
Between two and five years	0.81	0.81	18,000	27,000	209	259
More than five years	4.46	4.46	3,000	3,000	864	1,073
			30,000	30,000	1,121	1,332

The hedged cash flows are expected to occur and to affect surplus and deficit over the period to maturity of the interest rate swaps. £9m of the cash flow swaps mature in 2021, £18m in 2022, £1.5m in 2026, and the remaining £1.5m matures in 2031. All interest rate swaps reduce Eastlight's cash flow exposure resulting from variable interest rates on borrowings.

Ineffective interest rate swaps

The following table details the notional principal amounts and the remaining terms of interest rate swap contracts designated as cash flow hedges outstanding at the reporting date:

	Average contract fixed rate		Notional principal value		Fair value	
	2021	2020	2021	2020	2021	2020
	%	%	£000	£000	£000	£000
More than five years	4.52	4.52	4,000	4,000	2,216	2,846
			4,000	4,000	2,216	2,846

24 Share capital

	2021 £	2020 £
<i>Issued and fully paid shares:</i>		
At beginning of year – 10p shares	542	548
At beginning of year - £1 shares	6	8
Issued during the year – 10p shares	2	20
Issued during the year - £1 shares	-	-
Cancelled during the year – 10p shares	(27)	(26)
Cancelled during the year - £1 shares	-	(2)
At end of year	523	548

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

25 Financial commitments

	2021 £'000	2020 £'000
Capital Commitments:		
Contracted for but not provided for	68,884	49,971
Approved by the directors but not contracted for	85,790	29,007
	154,674	78,978

The proposed funding for these commitments is as follows:

	£'000	£'000
Cash	6,520	15,216
Current Investments	-	5,049
Operating cashflow (years 1-3)	62,013	-
Existing loan facility	86,141	58,713
	154,674	78,978

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2021 £'000	2020 £'000
Operating Leases:		
Payments due:-		
- within one year	611	618
- between one and five years	1,296	1,170
- after five years	967	813
	2,874	2,601

	2021 £'000	2020 £'000
Payments due for:-		
-Premises	1,813	1,957
-Equipment	9	9
-Vehicles	1,052	635
	2,874	2,601

26 Housing stock

	2021 Units	2020 Units
Owned and managed		
General needs housing accommodation	8,513	8,533
Housing accommodation at affordable rent	1,914	1,735
Housing accommodation at intermediate rent	116	116
HFOP accommodation	637	637
Shared ownership accommodation	510	458
Supported Housing	119	119
Managed by others	39	42
	11,848	11,640
Managed stock		
Leasehold properties (freehold owned)	595	594
Leasehold properties (managed for others)	43	43
Ground leases	11	11
Managed on behalf of others	11	45
Commercial	2	2
	662	695
Total	12,510	12,335

27 Related Party Transactions

The Board comprises eight members. During the year, one tenant has been a member of the Board.

Neil Coughlan	Tenant	<i>Resigned 30.11.20</i>
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All tenancies and lease agreements are on normal commercial terms and tenant members are not able to use their position to their advantage.

The amount of rent and service charges charged to tenant board members and their immediate family members during the year, based on a full year's charge for those tenant board members, was £9,578 (2020 £16,734) and the amount of rent and service charges outstanding from members and their families at the end of the year was £155 (2020 £288).

Emerald New Homes Limited is a wholly owned subsidiary of the Association. Emerald New Homes Limited is not registered with the Regulator of Social Housing. It has been dormant during the year and there have been no transactions between it and the Association. During the year one Board Member and one Executive Director of the Association have been directors of Emerald New Homes Limited.

Eastlight holds a 50% share in the joint venture Icen Homes Limited, a company registered in England and Wales.

Icen provides development design and build services on behalf of Eastlight. During the year Eastlight paid Icen £4.7m (2020: £7.2m) in development costs and associated fees.

Eastlight provides accounting services to Icen under a service level agreement. During the year Eastlight received £37k (2020: £31k) for this service. At 31 March 2021 Eastlight owed Icen £0.3m (2020: £0.3m).

There is a Gift Aid payment receivable from Icen for the year to 31 March 2021 of £nil (2020: £40k).

28 Merger

On 1 July 2020, Greenfields Community Housing Limited and Colne Housing Society Limited amalgamated to form Eastlight Community Homes Limited in accordance with the Co-operative and Community Benefit Society Act 2014.

This amalgamation has been accounted for under merger accounting in the financial statements. Therefore, these financial statements have been presented as if Eastlight Community Homes had existed in its current form since the beginning of the previous reporting period.

As part of this, the accounting policies of the two merging parties have been aligned and any costs relating to the merger have been expensed. Any transactions between the two parties prior to the merger are now required to be eliminated as part of consolidation, no such material amounts were identified.

The following disclosures provide an analysis of the numbers reported in these financial statements between these two parties prior to the merger and of the combined party post-merger.

Year ended 31 March 2021	Pre-amalgamation as at 30 June 2020			Post amalgamation		
	Greenfields Community Housing	Colne Housing Society	Total	Accounting Policy Adjustments	9 months to 31 March 2021	Total year ended 31 March 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	13,355	5,239	18,594	-	57,209	75,803
Operating Surplus	6,070	1,753	7,823	28	16,361	24,212
Surplus for the year	4,568	578	5,146	28	8,827	14,001
Total Comprehensive Income	4,568	578	5,146	28	4,361	9,535
Net assets as at 30 June 2020	207,195	51,701	258,896	(28)	262	259,130
Year ended 31 March 2020	Greenfields Community Housing	Colne Housing Society	Total	Accounting Policy Adjustments		Total year ended 31 March 2020
	£'000	£'000	£'000	£'000		£'000
Turnover	48,016	23,689	71,705	(234)		71,471
Operating Surplus	15,941	7,923	23,864	(584)		23,280
Surplus for the year	9,649	2,673	12,322	(584)		11,738
Total Comprehensive Income	10,664	3,372	14,036	(584)		13,452

The following material changes in accounting policy have been made as a result of the merger:

1. Fixed asset depreciation adjustment of £3.767m. This has been split £88k in the 2021 restatement, £350k in the 2020 restatement and £3.329m for prior years.
2. Fixed asset historic cost adjustment of £242k on disposal of assets. Restated in prior years.
3. Rent deferral values have been aligned for consistency. An adjustment of £234k has been restated in 2020.

Additionally, the following immaterial changes in accounting policy have been made as a result of the merger and are being applied prospectively:

1. Rent arrears bad debt provision calculations have been aligned for consistency. This has been adjusted in the current year resulting in a reduction in provision of £116k.

	Reserves as at 31 March 2019 £'000	Surplus for the year ended 31 March 2020 £'000	Other Movements in Reserves for year ended 31 March 2020 £'000	Reserves as at 31 March 2020 £'000
As stated before alignment of accounting policies	239,714	12,322	1,714	253,750
Adjustments:				
Alignment of asset lives	(3,329)	(350)	-	(3,679)
Asset value disposals	(242)	-	-	(242)
Alignment of rent deferral	-	(234)	-	(234)
Restated	<u>236,143</u>	<u>11,738</u>	<u>1,714</u>	<u>249,595</u>

29 Events after the end of the reporting period

Eastlight holds a 50% interest in the joint venture company, Icen Homes Limited, which provides development services to Eastlight. The Board has agreed to acquire the remainder of the share capital (6 £1 ordinary shares) at nominal value in August 2021 whereby Icen Homes Limited will become a wholly owned subsidiary of Eastlight.