

Financial Conduct Authority registration number 21084R  
Registered Provider number L0916

**AGAMEMNON HOUSING ASSOCIATION LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

# AGAMEMNON HOUSING ASSOCIATION LIMITED

## INFORMATION

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<b>Directors</b>	Commander R Edwards RN Mr M Perry Mr S Downham Mr R Harrison Mr G Musson Mr C Dixon Mr P Watkins Lieutenant K Jenkins-Hill RN Ms R O Owen Mrs C Dunkley Captain N Fletcher RN	(Appointed 17 July 2019) (Appointed 23 October 2019)
<b>Chief Executive &amp; Secretary</b>	Commander N Langhorn RN	
<b>FCA registration number</b>	21084R	
<b>Registered Provider number</b>	L0916	
<b>Registered office</b>	Agamemnon House Lindisfarne Close Cosham Portsmouth Hampshire PO6 2SB	
<b>Auditor</b>	Jones Avens Limited Piper House 4 Dukes Court Bognor Road Chichester West Sussex PO19 8FX	

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# AGAMEMNON HOUSING ASSOCIATION LIMITED

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# AGAMEMNON HOUSING ASSOCIATION LIMITED

## CHAIRMAN'S REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2019

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After nine years as a Trustee and four years as Chairman of the Board it gives me great pleasure to introduce the Annual Report of the Agamemnon Housing Association for the final time.

This report covers the Association's financial year from 1 January to 31 December 2019. As such, all the reports and accounts in this document were produced before the current Covid-19 pandemic. The impact of this terrible disease on the Association will be covered fully in the next annual report.

As I write this introduction, however, I can report that the Association acted early once the implications of the virus became apparent, shutting down social events and communal areas early in order to best protect our tenants. Indeed I believe the Association is in good shape, financially and operationally.

Last year the Board of Trustees made a strategic decision to increase spend on maintenance and capital improvements in our existing stock, the six courts. Instead of budgeting for circa £250k p.a. as has been our typical spend for the past few years, the Board decided to increase this to circa £400k and bring forward a number of planned projects.

This additional spend has resulted in early replacement of lifts, windows, bathrooms and kitchens, the details of which are covered in the CEO's Report.

Despite this additional expenditure, the Association was still able to report a surplus of £ **54,352** on total revenues of £ **1,561,847**. This has been achieved by careful cost control, a focus on void management and tight credit control.

This surplus adds to existing funds and puts the Association in a good position to deliver on our strategic objective of establishing a new court, a '7th court', again in the greater Portsmouth / Southern Hampshire area. We continue to search for appropriate sites, as we believe there is a clear requirement for high quality accommodation for Armed Forces veterans in the Portsmouth area.

Finally, I would like to thank Nigel Langhorn for stepping into the CEO role last year and for starting the much needed culture change. The Association is lucky to have highly motivated, caring and compassionate staff and trustees, and I again thank them for all they have done for the Association and our tenants over the past 12 months, and acknowledge in advance the additional burden that they will be bearing this year during the Covid pandemic.

.....  
Commander R Edwards RN

**Chairman**

.....

# AGAMEMNON HOUSING ASSOCIATION LIMITED

## BOARD REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2019

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The directors present their annual report and financial statements for the year ended 31 December 2019.

#### Principal activities

The principal activity of the association continued to be that of the development, rental and management of social housing accommodation.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Commander R Edwards RN	
Mr M Perry	
Mr S Downham	
Mr R Harrison	
Mr G Musson	
Commander N Langhorn RN	(Resigned 11 February 2019)
Lieutenant Commander K Mehta RN	(Resigned 23 October 2019)
Mr C Dixon	
Mr P Watkins	
Lieutenant K Jenkins-Hill RN	
Ms R O Owen	
Mrs C Dunkley	(Appointed 17 July 2019)
Captain N Fletcher RN	(Appointed 23 October 2019)

All directors hold one share in the association.

#### Results for the year

The results for the year are set out on page 8.

#### Directors' insurance

The association maintains insurance policies on behalf of all the directors against liability arising from negligence, breach of duty and breach of trust in relation to the association.

#### Auditor

A resolution proposing that Jones Avens Limited be reappointed as auditors of the association will be put to the Annual General Meeting.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the association's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the association's auditors are aware of that information.

#### Governance and Financial Viability Statement

The board continues to operate in a very effective manner and keeps itself abreast of emerging issues within the sector by its membership of the appropriate governing bodies (National Housing Federation, Homes England, Regulator of Social Housing, the Homes and Communities Agency). We are also members of COBSEO (Confederation of Service Charities) which ensures we keep updated on significant issues within the service charity sector. Also in 2019 we became signatories of the Armed Forces Covenant showing that we support veterans in all aspects of their life from accommodation to employment opportunities. Finally, we are a key member of the Housing for Older People benchmarking group at Acuity which provides us with a peer review process within the social housing sector.

# AGAMEMNON HOUSING ASSOCIATION LIMITED

## BOARD REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **Governance and financial viability statement**

We conduct the NHF Code of Governance Compliance self-assessment check on an annual basis and this has been completed for 2019.

Due to our efficient and cost-effective processes we continue to make a healthy operating surplus which is re-invested in the current stock to maintain very high standards and is set aside for future growth to address the chronic shortage of social housing within the country.

### **Principal risks and uncertainties**

The Association has identified the following categories of risk:

**Physical** – which is mitigated by a focus on planned maintenance, up to date health and safety procedures and fire prevention and mitigation devices. We are committed to the production of new stock in the Portsmouth area when the right conditions arise.

**Strategic** – addressed by holding strategy workshops every two years to ensure the board is up to date with the latest in the sector and provides the long-term outlook within the political and economic climate. A strategy day to review the 7th court option is planned for February 2020.

**Compliance** – the Association carried out all gas compliance work in 2019 and also conducted two mandatory 5 year full electrical test in Eliza Mackenzie Court and Victory Court. Sirius and Neptune Court are programmed for 2020. Sector compliance is assured through association membership as outlined above.

**Human** – Staff turnover in 2019 has been very low with only one member of staff leaving to pursue a different work-life balance and new business opportunity. The adoption of an outsourced HR support company and the HR portal it provides has made a big difference to the HR burden on the small Head Office staff and has proved excellent value for money.

**Technology** – We carried out a comprehensive IT refresh in 2019 replacing all hardware and server technology in the Head Office and Scheme Managers offices. We have also invested in mobile technology for the three Property Service Engineers and the Wellbeing Assistant. We now have a robust cloud back up system and are fully GDPR compliant.

**Financial** – the Association is financially very secure with a large real estate portfolio and a healthy operating surplus on a yearly basis. Despite the financial robustness, the team are constantly striving for greater efficiency by reviewing all contracts to ensure best value for money. The compulsory 1% reduction in rents imposed by the government is now complete giving the Association more headroom when making rent decisions. Universal Credit is becoming more widespread, although, numbers are still relatively low. This has proved to be a significant administrative burden to the Head Office, primarily due to lack of guidance from DWP.

**Covid-19** – Although these accounts are for 2019, before the Coronavirus pandemic, it is worth noting the impact and actions taken by the Association in the first quarter of 2020 to manage this crisis. Having now implemented all the government guidelines on lockdown we have adapted our business model to ensure the safety of staff and tenants with PPE, remote working and social-distancing. Despite some staff having to self-isolate we are still maintaining services to our tenants and all courts remain in a safe and controlled environment. All flat moves have been suspended until further notice and we are carrying approximately half a dozen voids, however, our income base is still strong as all remaining tenants continue to pay their rent and service charges in full. All major upgrades have been suspended until further notice saving money in the short term, however, some of this surplus has been spent on up-front costs to facilitate remote working (i.e. new laptops for Head Office staff) and PPE for frontline staff. We do not perceive a significant threat to our income base unless we have a large outbreak throughout the courts which so far has not materialised due to the measures we have taken. At this stage we do not see any reason to change our accounting model.

### **Value for Money Statement**

'Value for money' (VFM) is a term used to assess whether an organisation has obtained the maximum benefit from the goods and services it acquires, within the resources available to it. The Association embraces a VFM

# AGAMEMNON HOUSING ASSOCIATION LIMITED

## BOARD REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### Value for money statement (continued)

culture and demonstrating VFM is a core responsibility for the CEO at the quarterly Finance and Auditee Committee meetings. We work hard to ensure that we achieve this through the careful use of resources and we continually strive to deliver efficiencies and improve the quality of our accommodation and services for our tenants. Regular feedback from our tenants at Tenants Participation Meetings, supports this view with many expressing satisfaction at the value for money they are getting.

### What we mean by the term “Value for Money”

Achieving the VFM is also often described in terms of the ‘three E’s’ – economy, efficiency and effectiveness. The definition of the three E’s is as follows:

Economy – careful use of resources to save expenses, time or effort

Efficiency – delivering the same level of service for less cost, time or effort.

Effectiveness – delivering a better service or getting a better return for the same amount of expense, time or effort.

### We achieve this through:

A comprehensive and strategic approach led by our Boards of Trustees.

Understanding and monitoring the performance of all our resources and assets.

Regularly reviewing our performance and reporting on a quarterly basis.

Involving our customers with the delivery of our VFM through meetings and surveys.

Complying with our regulator the Homes and Communities Agency and benchmarking with our peers at a National and local level.

### Examples of what have we achieved?

- We have re-negotiated all our energy contracts for 2020-2023 making savings on bulk purchase of gas and electricity.
- We have re-negotiated our lift maintenance supplier achieving significant savings on call out costs.
- We have reviewed annual maintenance contracts and dropped them where they do not represent value for money e.g. Chubb for call systems.
- We have switched laundry contracts from a leasing model to an ownership model with multi-year guarantees. While this has meant an initial up front cost, the through life costs have been almost halved.
- We have centralised purchase of cleaning products taking advantage of economies of scale.
- We continue to fit LED lighting and sensor activation of lighting where appropriate.

### Regulator for Social Housing Indicator

	2019	2018
Reinvestment %	0.79%	0.25%
New supply delivered (social housing units) [as % of existing stock]	0.00%	0.42%
New supply delivered (Non-social housing units)	0.00%	0.00%
Gearing (RSH and Scorecard measure)	-13.14%	-11.33%
EBITDA MRI (as % interest)	N/A	N/A
Headline housing cost per unit	£5,409.13	£4,114.45
Operating margin (social housing lettings)	3.17%	16.59%
Operating margin (overall)	3.17%	16.59%
Return on Capital Employed (ROCE) %	0.32%	2.67%

On behalf of the board

.....  
Commander R Edwards RN

**Chairman**

Date: .....

# **AGAMEMNON HOUSING ASSOCIATION LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2019***

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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 reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The board is responsible for 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 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.

# AGAMEMNON HOUSING ASSOCIATION LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF AGAMEMNON HOUSING ASSOCIATION LIMITED

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#### Opinion

We have audited the financial statements of Agamemnon Housing Association Limited (the 'association') for the year ended 31 December 2019 set out on pages 8 to 22. 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 December 2019 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance 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.

#### 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 the provisions available for audits of small entities, in the circumstances set out in note 20 to the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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

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

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, 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.

# AGAMEMNON HOUSING ASSOCIATION LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF AGAMEMNON HOUSING ASSOCIATION LIMITED

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#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the association and its environment obtained in the course of the audit, we have not identified material misstatements in the Chairman's Report or the Board Report.

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

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

#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 directors either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

#### **Use of our report**

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

**Jones Avens Limited**

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**Chartered Accountants  
Statutory Auditor**

Piper House  
4 Dukes Court  
Bognor Road  
Chichester  
West Sussex  
PO19 8FX

# AGAMEMNON HOUSING ASSOCIATION LIMITED

## INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2019

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	Notes	2019 £	2018 £
<b>Turnover</b>	<b>3</b>	1,561,847	1,522,495
Administrative expenses		(1,512,307)	(1,269,922)
Surplus on disposal of housing accommodation	<b>4</b>	-	155,034
<b>Operating surplus</b>	<b>6</b>	49,540	407,607
Interest receivable and similar income	<b>9</b>	4,812	1,855
<b>Surplus before taxation</b>		54,352	409,462
Tax on surplus	<b>10</b>	-	-
<b>Surplus for the financial year</b>		54,352	409,462

The Income and Expenditure Account has been prepared on the basis that all operations are continuing operations.

Signed on behalf of the board

Commander R Edwards RN  
**Chairman**

Mr M Perry  
**Vice-Chairman**

Commander N Langhorn RN  
**Chief Executive & Secretary**

# AGAMEMNON HOUSING ASSOCIATION LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019		2018	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	11		13,605,496		13,799,354
<b>Current assets</b>					
Debtors	12	18,533		20,400	
Cash at bank and in hand		1,783,396		1,562,916	
		<u>1,801,929</u>		<u>1,583,316</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(98,238)</u>		<u>(110,794)</u>	
<b>Net current assets</b>			1,703,691		1,472,522
<b>Total assets less current liabilities</b>			<u>15,309,187</u>		<u>15,271,876</u>
<b>Creditors: amounts falling due after more than one year</b>	14		(739,539)		(756,580)
<b>Net assets</b>			<u>14,569,648</u>		<u>14,515,296</u>
<b>Capital and reserves</b>					
Share capital	17		11		11
Income and expenditure account			14,569,637		14,515,285
<b>Total equity</b>			<u>14,569,648</u>		<u>14,515,296</u>

The financial statements were approved by the board of directors and authorised for issue on .....  
and are signed on its behalf by:

Commander R Edwards RN  
**Chairman**

Mr M Perry  
**Vice-Chairman**

Commander N Langhorn RN  
**Chief Executive & Secretary**

# AGAMEMNON HOUSING ASSOCIATION LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

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	Share Income and capital expenditure account		Total
	£	£	£
<b>Balance at 1 January 2018</b>	11	14,105,823	14,105,834
<b>Year ended 31 December 2018:</b>			
Surplus for the year	-	409,462	409,462
<b>Balance at 31 December 2018</b>	11	14,515,285	14,515,296
<b>Year ended 31 December 2019:</b>			
Surplus for the year	-	54,352	54,352
<b>Balance at 31 December 2019</b>	11	14,569,637	14,569,648

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# AGAMEMNON HOUSING ASSOCIATION LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

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	Notes	2019 £	£	2018 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	18		348,479		589,854
<b>Investing activities</b>					
Purchase of tangible fixed assets		(132,811)		(45,414)	
Proceeds on disposal of tangible fixed assets		-		179,134	
Interest received		4,812		1,855	
		<u>          </u>		<u>          </u>	
<b>Net cash (used in)/generated from investing activities</b>			(127,999)		135,575
			<u>          </u>		<u>          </u>
<b>Net increase in cash and cash equivalents</b>			220,480		725,429
Cash and cash equivalents at beginning of year			1,562,916		837,487
			<u>          </u>		<u>          </u>
<b>Cash and cash equivalents at end of year</b>			<u>1,783,396</u>		<u>1,562,916</u>

# AGAMEMNON HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

#### Information

Agamemnon Housing Association Limited is a Co-operative and Community Benefit Society and a private registered provider of social housing in the United Kingdom. The registered office is Agamemnon House, Lindisfarne Close, Cosham, Portsmouth, Hampshire, PO6 2SB. The nature of the association's operations and principal activities are the rental and management of social housing sheltered flats.

The association constitutes a public benefit entity as defined by FRS 102.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Statement of Recommended Practice for Social Housing Providers 2018 update (SORP), and with the Accounting Direction for private registered providers of social housing 2019. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

#### 1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the association has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Turnover is measured at the fair value of the consideration received or receivable net of discounts. The policies adopted for the recognition of turnover are as follows:

Turnover represents rental and service charge income receivable in the year net of rent and service charge losses from voids, revenue grants and the amortisation of government grants.

Interest income is recognised using the effective interest method and dividend income is recognised as the association's right to receive payment is established.

#### 1.4 Tangible fixed assets

Tangible fixed assets (including social housing properties) are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended such as the cost of acquiring land and buildings, developments costs, interest charges on loans during the development period and expenditure on improvements. Expenditure on improvements will only be capitalised when it results in incremental future benefits such as increasing rental income, reducing maintenance costs or resulting in a significant extension of the useful economic life of the property. Any items with a cost of less than £10,000 are deemed to be repairs and are recognised in the income and expenditure account.

# AGAMEMNON HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Housing properties	50 to 100 years straight line basis or components as below
Fixtures and fittings	5 years straight line basis
Vehicles	5 years straight line basis

Freehold land and assets in the course of construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income and expenditure account.

Major components of housing properties, including roofs (50 to 60 years), double glazing (30 years), boilers (15 years), heating (30 years), bathrooms (20 years), kitchens (20 years), lifts (30 years) and heating distribution (30 years), have been accounted for and depreciated separately from the connected housing property, over their expected useful economic lives and are included in housing properties.

The useful economic lives of all tangible fixed assets are reviewed annually.

#### 1.5 Impairment of fixed assets

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. The level at which an impairment is assessed is considered at scheme level. The key indicators considered are:

- A change in demand for a property.
- Obsolescence of a property.
- A change in government policy.

If such indication exists, the recoverable amount is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in expenditure through the statement of comprehensive income. No such indications were noted and therefore no review was considered necessary.

#### 1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.7 Financial instruments

The association has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets are recognised in the association's balance sheet when the association becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

# AGAMEMNON HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

#### **Basic financial assets**

Basic financial assets, which include rent arrears and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through income and expenditure are measured at fair value.

#### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in income and expenditure.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the association after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including trade and other payables and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

# AGAMEMNON HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

#### ***Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the association after deducting all of its liabilities.

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the association's obligations are discharged, cancelled, or they expire.

### 1.8 Taxation

The association has charitable status with HM Revenue and Customs and no charge to Corporation Tax arises on these results. Deferred tax is therefore also not applicable.

The association is not registered for VAT and all expenditure is shown inclusive of VAT.

### 1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the association is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

### 1.10 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

# AGAMEMNON HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

#### 1.11 Government grants

Social housing or other government grants are received to finance social housing properties. These grants are recognised at the fair value of the asset received or receivable. Where the assets are accounted for using the cost model then the government grant is accounted for using the accruals model. The difference between the fair value of the asset and the consideration is recognised as a liability and amortised over the useful economic life of the asset. This amortisation is recognised within turnover.

Under certain circumstances, primarily following the sale of a property, the grant is repayable or recyclable but this is often restricted to the net proceeds of sale. Where government grants are required to be recycled, a liability is included to recognise this obligation.

Government grants received as a contribution to revenue expenditure are recognised in the statement of comprehensive income on a systematic basis over the period in which the landlord recognises the related costs for which the grant is intended to compensate. The related expenditure is included under administrative expenses. Grants are recognised in the same period as the related expenditure provided the conditions for receipt have been satisfied and there is reasonable assurance that the grant will be received.

### 2 Judgements and key sources of estimation uncertainty

In the application of the association's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

#### **Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### ***Estimated useful lives***

The useful life of housing properties and their components has been estimated using the National Housing Federation matrix of property components as a basis.

# AGAMEMNON HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 3 Social housing turnover and costs

	2019 £	2018 £
Rents receivable excluding service charges	809,672	806,421
Service charges receivable	731,315	694,306
Other sundry income	3,819	4,727
Amortisation of capital grants	17,041	17,041
	<u>1,561,847</u>	<u>1,522,495</u>
Social housing activity expenditure	(1,512,307)	(1,269,922)
Surplus on disposal of housing accommodation	-	155,034
	<u>49,540</u>	<u>407,607</u>
Operating surplus/(deficit) from social housing activities	<u>49,540</u>	<u>407,607</u>
Net surplus/(deficit) from social housing activities	<u>54,352</u>	<u>409,462</u>
Void losses	<u>(12,321)</u>	<u>(22,990)</u>

### 4 Exceptional item

	2019 £	2018 £
Surplus on disposal of housing accommodation	-	(155,034)

In 2018, the association disposed of a surplus housing asset.

### 5 Accommodation owned and in management

	Number of units at 31 December 2019	Number of units at 31 December 2018
<b>Completed units:</b>		
Sheltered housing let at social rent - 2 person flats	97	96
Sheltered housing let at social rent - 1 person flats	142	142
	<u>239</u>	<u>238</u>

# AGAMEMNON HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 6 Operating surplus

	2019	2018
	£	£
Operating surplus for the year is stated after charging/(crediting):		
Remuneration, exclusive of VAT, payable to the external auditors:		
Auditing of the accounts	4,208	4,044
Accountancy services	1,410	1,370
Depreciation of owned tangible fixed assets	323,469	325,391
Deficit/(surplus) on disposal of tangible fixed assets	3,200	(155,334)
	<u>          </u>	<u>          </u>

### 7 Employees

The average monthly number of persons (including directors) employed by the association during the year was:

	2019	2018
	Number	Number
Office staff	3	4
Wardens	6	6
Maintenance and cleaning	8	7
Wellbeing assistant	1	1
	<u>          </u>	<u>          </u>
	18	18
	<u>          </u>	<u>          </u>
Average full time equivalent (based on a 37.5 hour week)	13	14
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	2019	2018
	£	£
Wages and salaries	350,229	342,908
Social security costs	24,554	28,009
Pension costs	25,046	23,524
	<u>          </u>	<u>          </u>
	399,829	394,441
	<u>          </u>	<u>          </u>

### 8 Board and key management personnel remuneration

	2019	2018
	£	£
Remuneration for qualifying services	61,509	65,369
	<u>          </u>	<u>          </u>

# AGAMEMNON HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 8 Board and key management personnel remuneration (Continued)

No remuneration was receivable by board members.

The highest paid director received £61,509 (2018 - £65,369) remuneration (excluding pension contributions). For 2019 this relates to payments made to a third party company for the provision of a CEO.

For the purposes of the above disclosures, "Director" also includes the Chief Executive and any other person who is a member of the executive management team, or its equivalent, of the association.

### 9 Interest receivable and similar income

	2019	2018
	£	£
<b>Interest income</b>		
Interest on bank deposits	4,812	1,855
	4,812	1,855

### 10 Taxation

The association has charitable status with HM Revenue & Customs and on the basis of these financial statements no provision has been made for corporation tax.

### 11 Tangible fixed assets

	Housing properties £	Fixtures and fittings £	Vehicles £	Total £
<b>Cost</b>				
At 1 January 2019	18,548,434	66,907	11,006	18,626,347
Additions	-	25,199	-	25,199
Additions: works to existing properties	107,612	-	-	107,612
Disposals	(24,000)	-	-	(24,000)
	18,632,046	92,106	11,006	18,735,158
<b>Depreciation and impairment</b>				
At 1 January 2019	4,758,685	66,907	1,401	4,826,993
Depreciation charged in the year	317,028	5,040	1,401	323,469
Eliminated in respect of disposals	(20,800)	-	-	(20,800)
	5,054,913	71,947	2,802	5,129,662
<b>Carrying amount</b>				
At 31 December 2019	13,577,133	20,159	8,204	13,605,496
At 31 December 2018	13,789,749	-	9,605	13,799,354

# AGAMEMNON HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 11 Tangible fixed assets (Continued)

The carrying value of land and buildings comprises:

	2019 £	2018 £
Freehold	13,563,460	13,775,743
Long leasehold	13,673	14,006
	<u>13,577,133</u>	<u>13,789,749</u>

### 12 Debtors

	2019 £	2018 £
<b>Amounts falling due within one year:</b>		
Social housing rent arrears	8,340	10,151
Prepayments and accrued income	10,193	10,249
	<u>18,533</u>	<u>20,400</u>

### 13 Creditors: amounts falling due within one year

	2019 £	2018 £
	<b>Notes</b>	
Rents paid in advance	38,251	38,577
Other taxation and social security	354	357
Government grants	<b>15</b> 17,041	17,041
Accruals and deferred income	42,592	54,819
	<u>98,238</u>	<u>110,794</u>

### 14 Creditors: amounts falling due after more than one year

	2019 £	2018 £
	<b>Notes</b>	
Government grants	<b>15</b> 739,539	756,580
	<u>739,539</u>	<u>756,580</u>

# AGAMEMNON HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 15 Government grants

Deferred income is included in the financial statements as follows:

	2019 £	2018 £
Current liabilities	17,041	17,041
Non-current liabilities	739,539	756,580
	<u>756,580</u>	<u>773,621</u>
<b>Social housing government grants</b>		
At 1 January 2019	1,163,949	1,163,949
At 31 December 2019	<u>1,163,949</u>	<u>1,163,949</u>
<b>Amortisation</b>		
At 1 January 2019	390,328	373,287
Amortised during the year	17,041	17,041
At 31 December 2019	<u>407,369</u>	<u>390,328</u>
<b>Carrying amount</b>		
At 31 December 2019	<u>756,580</u>	<u>773,621</u>

Deferred income is comprised of social housing government grants which are amortised over the useful economic of the assets which they finance. Included above are amounts which fall due to be amortised after five years totalling £671,375 (2018: £688,416).

### 16 Retirement benefit schemes

	2019 £	2018 £
<b>Defined contribution schemes</b>		
Charge to income and expenditure in respect of defined contribution schemes	25,046	23,524
	<u>25,046</u>	<u>23,524</u>

### 17 Share capital

	2019 £	2018 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
11 Ordinary of £1 each	11	11
	<u>11</u>	<u>11</u>

These shares do not carry any right to a dividend, cannot be redeemed and do not give any provision for a distribution on a winding up. All members are entitled to vote at General Meetings.

# AGAMEMNON HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 18 Cash generated from operations

	2019 £	2018 £
Profit for the year after tax	54,352	409,462
<b>Adjustments for:</b>		
Investment income	(4,812)	(1,855)
Loss/(gain) on disposal of tangible fixed assets	3,200	(155,334)
Depreciation and impairment of tangible fixed assets	323,469	325,391
<b>Movements in working capital:</b>		
Decrease in debtors	1,867	15,533
(Decrease)/increase in creditors	(12,556)	13,698
Decrease in deferred income	(17,041)	(17,041)
<b>Cash generated from operations</b>	<u>348,479</u>	<u>589,854</u>

### 19 Analysis of changes in net debt

	2019 £
<b>Opening net funds</b>	
Cash at bank and in hand	1,562,916
<b>Changes in net debt arising from:</b>	
Cash flows of the entity	220,480
<b>Closing net funds as analysed below</b>	<u>1,783,396</u>
<b>Closing net funds</b>	
Cash at bank and in hand	<u>1,783,396</u>

### 20 Non-audit services provided by auditor

In common with many other association's of our size and nature we use our auditors to assist with the preparation of the statutory financial statements.