ccha

Croydon Churches Housing Association Limited
Financial Statements
For the Year Ended 31 March 2023

Contents

Board, Executive & Advisers

Secretary & Registered Office

Chris Abad
29 Sheldon Street
Croydon
CR0 1SS

Board Members

Heather Thomas (Chair of ccha)
Neil Perrins (Chair of Audit and Risk Committee)
Mark Collins
Tracy Cullen (CE of ccha)
Abigail Lock (Chair of Remuneration and Nomination Committee)
Carolyn Porretta (Chair of Development Committee)
Nathan Gravesande
Julian Chun
Marcella Jenoure (Resigned 12 October 2022)
Julian Chun
Nancy Callender (Independent Member Resigned 19 February 2023)
Phiroze Dastur Mackenzie (Independent Member)
Felicity Gentle (Independent Member)

External Auditors

Beever and Struthers
150 Minories
London
EC3N 1LS

Internal Auditors

RSM Risk Assurance Services LLP
25 Farringdon Street
London
EC4A 4AB

Bankers

NatWest
County Gate 2
Staceys Street
Maidstone

Executive Officers / Senior Management Team

Tracy Cullen	Chief Executive
Chrishanti Shah	Director of Finance and Resources
Sarah Revett	Director of Customers
Steve Fox	Director of Homes

Registered under the Co-operative and Community Benefit Societies Act 2014 (17772R)

Regulator of Social Housing Registration No. LH0495

Report of the Board of Management

The Board present the financial statements for the year ended 31 March 2023.

PRINCIPAL ACTIVITY

Croydon Churches Housing Association Limited's ("ccha") principal activities are the development and management of social housing. Ccha provides homes for families, couples and single people, sheltered accommodation for elderly people and specialist projects for those who need support as well as a home to live in.

REVIEW OF RESULTS

ccha made an overall surplus of £1.05m for the year ended 31 March 2023 before the recognition of the multi-employer defined benefit scheme. This compares to a surplus of £1.99m for the year ended 31 March 2022.

BUSINESS AND STRATEGIC PLANS

ccha's vision is "delivering on our promises" and we work to a key set of values which underpin the culture of the organisation which are:

C - Care
We care about our customers, staff and our wider environment

A - Adapt
We adapt and embrace change to achieve our goals

R - Resilient
We are resilient and effective in challenging times

E - Everyone
Our strength is in our unity with everyone playing their part

To help achieve the vision we are in Year 3 of our 5 year business plan "CCHA2025"

Our Plan has five key priorities for the five years:

- Resident voice
- Our people (staff and partners)
- Safety – landlord, employer, business
- More homes – affordable, good quality, sustainable
- Better value for money – performance, risk and services

With an overarching commitment to ensure all activities are linked to our community.

EMPLOYEES

The Association's policy is to consult directly with employees through quarterly staff briefings and regular team meetings. Additional information is given through internal communications systems.

Emphasis is placed on training for all staff using both internal and external facilities to encourage staff in personal development. Suitable procedures are in operation to support CCHA's policy that disabled persons shall be considered for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities.

The Association employs specialist consultants, Citation PLC, to advise its managers on complying with all aspects of legislation in relation to employees. They provide a dedicated helpline and training facilities on forthcoming legislation, including changes on age discrimination and EEC Directives.

EQUALITY AND DIVERSITY

As a housing provider and employer, we can reduce the disadvantages that some people experience, by making our services more responsive and accessible to a diverse range of individual and community needs. We are committed to listening to our internal and external customers and involving them in the development of services and recognising the value of their diversity. We want our colleagues to feel that in everything they do they are valued and are making a difference and that the Board actively promotes fairness and the elimination of prejudice in all the activities of the Association.

During our previous business plan Commitment2020, we signed up to the Chartered Institute of Housing Equality and Diversity Charter and delivered a number of initiatives through this including detailed and impactful resident surveys, support for the Legacy Youth Zone, promotion of ccha's Horizon programme which tackles worklessness and offering residents digital workshops.

This ED&I strategy supports the new business plan ccha2025 and underpins our commitment to promote equality, diversity, and inclusion (ED&I), and to meet the needs and expectations of all our employees and customers. Our goal is for our workforce to be truly representative of all sections of society, and for each employee and customer to feel respected and valued.

As an organisation we have committed to a renewed focus on ED&I over the next 5 years with four key strategic objectives detailed below to give an overview of ccha's plan moving forward.

- The organisation has a clear idea of its strengths and weaknesses with regards to equality, diversity and inclusion and areas for development.
- Equality, Diversity, and Inclusion is core to the organisations values and ethos and communicated to staff, residents, and service users.
- Prejudice-related incidents are dealt with effectively and staff, customers and contractors have confidence in the process.
- A diverse team with engaged and talented staff who are innovative and truly understand customer needs.

BOARD OF MANAGEMENT

The Board comprises 9 members. The overall role of the Board is to direct ccha in accordance with its rules and objectives on behalf of the shareholders, tenants, employees and community at large. The Board meets at least six times a year. The Board members as at 31 March 2023 are listed on page 3.

LEADERSHIP TEAM

The Leadership Team comprises those Senior Managers listed on page 3. They are responsible for the day to day management of ccha within the authority delegated by the Board.

Board Report

Annual Statement of Internal Controls 2022/23

Introduction

The Regulator for Social Housing (RSH) is responsible for the regulation of social housing providers in England. It has two distinct roles set out in statute in relation to economic and consumer regulation. Both documents emphasise the RSH's general approach as being one of co-regulation with more responsibility on the Board to ensure compliance against both the consumer and the economic standards.

The Board are required annually to confirm compliance of the regulatory standards within the financial statements. For them to have confidence in providing this assurance, they must satisfy themselves that they have the correct monitoring tools and reporting mechanisms in place to ensure that we remain compliant with all regulatory standards.

This report outlines what our main monitoring and reporting mechanisms are and aims to provide assurance to the Board that we are compliant with all relevant regulatory standards.

Compliance with the RSH Regulatory Standards

Consumer Standard

The Consumer Standard covers compliancy with Tenant Involvement and Empowerment, Home, Tenancy, and Neighbourhood and Community. There is a new set of consumer standards being launched but for 2022 – 23 we are still required to report against the existing standards, but this will change. The new Tenant satisfaction measures have been introduced already and we have been monitoring against these since Q3 of 2022-23 but will be required to publish our results from 2023-24.

In the current standard the RSH can only use its regulatory and enforcement power if they think that there has been a failure to meet a consumer standard and there are reasonable grounds to suspect that:

- the failure has resulted in serious detriment to the provider's tenants (or potential tenants), or
- there is significant risk that, if no action is taken by the regulator, the failure will result in serious detriment to the provider's tenants (or potential tenants).

For the purposes of reporting compliance against 2022-23, we have used our own self-assessment tool, and believe that we are fully compliant with the requirements of the consumer standards.

The economic standards relate to governance and financial viability, value for money and rent. The RSH will review information such as the financial statement, the business plan, financial forecast return and the value for money statement annually and provide a grading based upon this information. They are looking for assurance in the following areas:

- Governance
- Financial strength
- Risk management and risks to social assets including stress testing
- Vulnerability to covenant breaches
- Liquidity

Governance

There is a greater emphasis on good governance and risk management in the latest standards in recognition of the government's requirement for co-regulation.

Board Report

The RSH conducted an In-Depth Assessment of ccha in February/March 2022 and we were regraded to a V1 G2. We have an approved IDA action plan which we are working through, and we are currently on track to complete the action plan by October 2023. There is a Task and Finish Group who monitor progress of the action plan and report back to the Board. Progress of the action plan is also reported to the Regulator after each Task and Finish Group meeting.

This is the first year that we have self-assessed against the Code of Governance 2020. We have also introduced a new self-assessment tool which has been recommended to us by Campbell Tickell. We believe this checklist is more appropriate for an organisation our size and complexity and includes all aspects of regulations, governance, financial viability, and legal compliance. They have reviewed this submission and were satisfied with the information supplied.

We believe that we are fully compliant with all aspects of the NHF Code of governance 2020.

Financial Viability

The Board developed and approved the five-year plan ccha2025 and Year 4 objectives are being presented at this Board for approval. Progress, achievements, and areas of concern are reported to the Board at least annually. A full financial plan linked to the business plan is stress tested and approved by the Board annually.

We are financially viable and have a strong surplus which is invested in the services provided to our residents and new homes. We have an Assets and Liability register which is reviewed and updated regularly. We have an approved Asset management strategy, and an active asset management report is brought to the Board annually to update them as to the performance of all our assets and appraise them of actions we are taking on any non-performing assets. This information is linked to our long-term financial plan.

Covenants for gearing and interest cover are met, and our financial plans are designed to remain within a set margin (Golden rules) of the covenants, including stress tested scenarios for significant risks which may affect our future. The board have also approved trigger limits set on our key covenants which they would need to be informed of if reached.

The Board approved a new risk appetite Statement in March 2022. The Risk Appetite Statement includes specific acceptable limits and criteria for new development within both ccha and cchadl, our "for profit" development company. It also states the limits for on-lending from ccha group to the subsidiary to contain risk within manageable limits.

We provide an annual Value for Money (VfM) Statement which is published through our financial statements and on the website as a separate document, this includes performance against the RSH's Value for Money metrics.

We adhere to the new Rent Standard published in April 2020 and the Welfare Reform and Work Act 2016 for all our existing and new residents. We will operate within the guidelines set out in the document and through the government's guidance to the regulator.

We believe that we are fully comply with the financial viability standards set out by the Regulator.

Legal compliance

We are required to ensure that the organisation "adheres to all relevant law" and as such we have included a section on legal compliance within our self- assessment tool. From this We believe that we are fully compliant and adhere to all relevant law appropriate for our business and it is our intention to include a statement in our financial statements declaring our compliance to all relevant law.

Performance Indicators

A set of Special Performance Indicators (SPIs) are developed annually to represent all critical aspects of the business. These are presented to the Board for approval annually together with proposed targets. Once the Board has approved the SPIs, they are provided quarterly together with an exception report which identifies any failures and mitigating actions along with any areas which have gone particularly well in that quarter. The new SPIs for 2023-24 were approved by the Board in February 2023.

Audit

Internal Audit Function

Our internal audits for 2022-23 were undertaken by RSM. The ARC review and approve an annual plan at the start of each year, the audit plan which is linked to the key risk areas of the business was approved in January 2022 for 2022-23 and covered the following areas:

- Responsive repairs and maintenance including contract management
- Staff Wellbeing
- Rent income and collection and arrears management
- Treasury Management
- Consumer Standards
- Follow up

All internal audit reports are presented by RSM at the ARC meetings and ARC members have the right to ask for discussion time without the Leadership Team present. The Chair of the ARC updates the Board on the results of the audits through the ARC update highlighting any areas of concern. The Board pack will also include the minutes of the ARC meetings.

External Audit Function

Our financial statements are subject to external audit and continually receive unqualified audit reports. The appointment of Beevers and Struthers as our external auditors for 2022-23 was approved at the AGM in September 2022.

The external audit plan is produced by Beevers and Struthers and presented to the ARC annually for approval. The results of the external audit are presented by Beevers and Struthers to the ARC and the ARC can speak to the auditors without the Leadership Team present. The external auditors will also report to Board annually.

No incidents of fraud or Cyber Security breaches have been reported during the year that have caused us loss and the Board considers that all appropriate policies and procedures are in place to deal with fraud. This view is supported by our internal auditors who consider that appropriate policies and procedures are in place to deal with fraud.

Risk Management

The ARC meets four times during the financial year and reports its activities to the Board through ARC updates from the Chair at Board meetings. The meeting minutes and all ARC papers are provided to Board members for information. The ARC and the Board regularly review their terms of reference which highlight the relationship between the Board and committee.

Board Report

The Board reviews the strategic top risks, controls, and assurances quarterly through the ARC updates and minutes to ensure that it is current and reflects the true risks to the business.

The Board requires assurance that critical controls to manage the key risks are in place and are effective. This assurance is provided by a combination of methods, including independent assurance from auditors and benchmarking services as well as performance monitoring.

The IDA action plan has sections on improvements to our internal Risk Management and satisfactory progress is being made.

As part of the Action Plan, a new risk management policy and a new Risk Appetite Statement will be coming to Board in July 2023.

The ARC is also responsible for reporting on risk management of cchadl to the Board and where necessary highlighting any concerns.

We engage Hargreaves Risk and Strategy (HRS) as a key partner/adviser to support us in the management of risk and advise us on good practice throughout the sector. They undertake a full review of our risk management provision annually which is presented to the ARC and the Board by a representative of HRS. As part of the review, HRS look at our current practice against changes in the sector and report on trends in the risk drivers since the previous report as well as both internal and external sources of risk.

Changes to the risk register and key controls are discussed and agreed monthly with the Leadership team and discussed quarterly at ccha's Senior Management team meetings.

VALUE FOR MONEY STATEMENT – 2022-23

ccha strive to provide our local community in Croydon, Sutton and Bromley, with decent, safe and reliable homes; and dedicate our work to provide a high quality of service to our residents. We have been rooted in this community since we were founded in 1967. We are proud to create sustainable communities by forging strong local partnership, local initiatives like the Legacy Youth Zone in Central Croydon and working closely with residents. We are also committed to developing more homes to meet the increasing demand in our community. We currently provide just under 1600 homes in the area.

Value for money (VFM) is extremely important to ccha, as we want to ensure our limited resources are being used effectively to achieve our strategic objectives, be able to meet the demand for our services, have a positive impact on our customers and bring value to the communities we work with and provide a home for. We aim to manage our costs to maximise the resources available and identify and implement improvements in the way we work to bring about efficiency savings. This is also supported by providing more affordable homes for the area, which will bring economies of scale.

VFM is pivotal to us achieving our ccha2025 business plan which identified five priorities key to the future success of our Group, with improving our Value for Money offer being the fifth strategic objective underpinning the others. We have a VFM Strategy which explains how we will achieve best value and the optimum blend of Economy, Efficiency and Effectiveness through our work and embed this into the culture of the organisation.

- **Resident Standards**
- **Staff and Partner Engagement**
- **Safety and security undertaking**
- **More affordable homes pledge**
- **Value for Money offer**

The targets to achieve over the five years of the plan ccha2025 to make progress towards our 10 year aspirations are:

- Resident standards – Customer satisfaction in Upper Quartile and improvement in our Net Promoter score +25
- Staff and partner engagement – Upper Quartile
- Safety and security undertaking – 100% compliant will all legislation and regulations
- More affordable homes pledge – 120 more homes by 2025
- Value for Money offer – Median quartile cost and upper quartile quality

Our Board approved Strategy Framework supports delivery of these targets.

Our approach to value for money is aligned with our corporate VALUES.

C - Care
We care about our customers, staff and our wider environment

R - Resilient
We are resilient and effective in challenging times

A - Adapt
We adapt and embrace change to achieve our goals

E - Everyone
Our strength is in our unity with everyone playing their part

We understand that expectations of our residents have increased alongside that of the regulator of social housing, but we continually set our actions on reaching these.

We are still operating in an area where housing is in short supply compared to the demand. We therefore recognise that the supply of genuinely affordable housing for rent, and sale needs to be increased and that many people in our community, particularly those on lower income and on state benefits are seeing their income fall in real terms. We therefore need to continue to develop to meet the needs of the community and in turn will help us become more cost effective.

The current wider economic environment we operate in is challenging and the internal and external pressures we face are detailed in our risk register, monitored, controlled, and mitigated where possible. This year has seen unprecedented inflationary rises in the UK, which has impacted the cost of living of our residents as well as organisational cost base.

This year we developed and opened our new office at Sheldon Street, Croydon. This initiative has saved us £200k in lease and running costs per year going forward.

Our new hybrid way of working means that we are servicing a smaller office which in turn has brought operational efficiency. We have reduced our storage space and moved the majority of documents online through Sharepoint.

Sharepoint has encouraged collaborative working and has improved the efficiency of the document review process. Our ICT team have delivered the following projects and processes in the year, enabling effective collection of data and tracking of information to support our residents and in some areas achieving value for money in all areas of economic, efficiency and effectiveness. The majority of these are through our housing management system Civica, CX.

- Complaints reporting
- DWP Payments Import
- Council Tax Notifications
- Damp and Mould Cases
- Customer Letters Process
- Asset and Liability Register linked to data warehouse and housing
- Monitoring information
- Improvements on how we capture our data for Housemark key performance indicators.

We continue to move forward in strength, with new effective and efficient ways of working, able to grow our capabilities and expand on our potential, to support our residents, and develop new affordable homes.

More than ever, our strategic VFM aim remains the same to achieve **Median Quartile Cost and Upper Quartile Quality.**

Resident Safety and Wellbeing

ccha are proud to report 100% Landlord Compliance at the end of 2022-23. The health and safety of our residences is paramount to the organisation, and we completed a full Health and Safety review this year which was reported to Board and an action improvement plan developed from it. Progress of the improvement plan is monitored by our Health and Safety Committee and the Audit and Risk Committee.

We have improved the damp and mould reporting and management processes so that it is live data reported through our CRM system.

Board Report

The team have been working to improve the energy efficiency of our homes and 79.75% of our homes now have an EPC-C rating or above. We are currently working on a programme to address any homes which are energy rated below EPC-C.

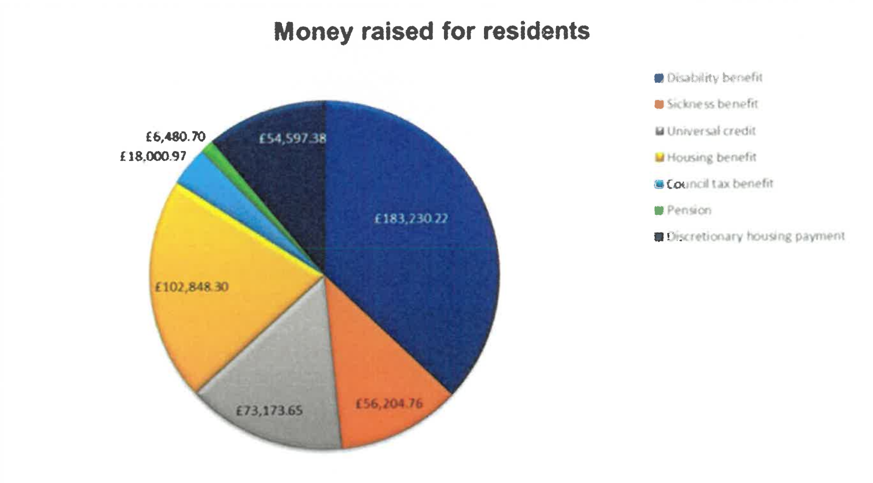
The cost of living this year has risen to financially challenging levels which has had a significant impact on our residents. Despite this, we have finished the year in a strong position in terms of our overall rent arrears figure and have achieved our targets for both resident on universal credit and those not on universal credit. We invest in this service as it provides much needed support for our residents in a financially challenging time. The income management team truly work to our values and their approach is supportive wherever possible.

Following on from changes made during the pandemic, we have continued to support residents over the phone where residents prefer this approach, saving time on both sides and increasing efficiency of this service.

We are proud that our welfare and debt officer service provides significant value for money and is an effective investment that ccha has chosen to support our residents.

This time saved has been matched by the increase in residents needing this service and the requirement of more time speaking to residents to understand their individual circumstances so we could be responsive to this, carrying out affordability assessments to ensure repayment plans are realistic and referring to our Welfare and Debt Advice Officer for additional support where needed. As a result of this, no one lost their home, and we are pleased that our current arrears figures are at 3.07%.

We are proud of the income maximisation work completed by our income team who have managed to bring in £495k for our residents which otherwise would not be available for some of our vulnerable residents.

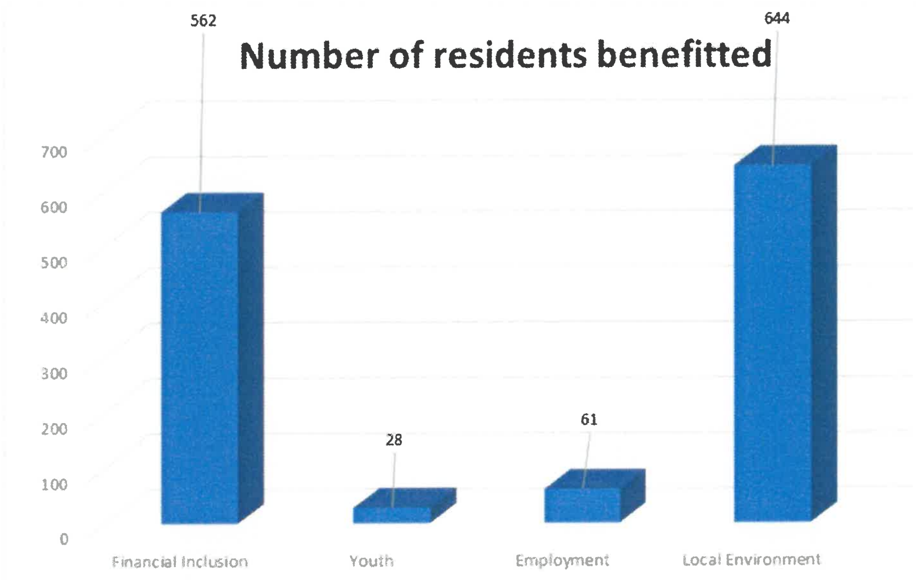


562 of our residents in the year benefitted from financial support from ccha, with 74% of those getting help with receiving their council, disability or housing benefits.

644 residents benefited from our local environment community investment President's Fund. This year, to improve our estates, help combat social isolation and improve wellbeing for our residents, we invested £33k. This included communal projects such as improving the landscaping, shrubs, fencing, borders and railings, and adding additional planting and flowers, the planting of a herb garden and funding initiatives such as improvements in our communal social spaces, purchasing outdoor furniture and benches so residents can socialise outdoors together.

Board Report

We also continue to support residents through our dedicated Hardship Fund which this year helped 72 residents in financial crisis to alleviate some immediate needs with things like food, utilities and other essentials. The budget was £15,000 but there was greater need so we diverted £6000 of the President's Fund as we felt this was a greater priority.



Customer Service

As part of our customer strategy, following consultation with our residents, we launched our new customer service standards in April 2022 and publicised performance on the ccha website.

These standards are a starting point and will be developed and improved on over the lifetime of our customer strategy.

We can monitor ourselves against these standards through our CRM system to ensure they are met and any failures to meet these standards are addressed immediately.

Customer Satisfaction and Resident Engagement

We have launched Together with Tenants and invited residents to comment. We also held two 'Meet the Board' sessions for residents to meet Board Members. We had our first Resident's Open Days since the Covid -19 pandemic which was well received, and it was good for the residents to see the new offices and most importantly meet new and existing staff and get their queries dealt with on the day. The sessions were well attended, and we saw over 60 residents over the space of the five sessions. This enabled us to talk directly to residents and for them to highlight areas where our President Fund can be used to increase satisfaction.

Improving customer satisfaction is a key focus for ccha and one of our main business plan objectives. Following on from the Pandemic and the launch of our new Repairs service in April 2020, we have not seen satisfaction levels improve as we had expected them to this year.

This year we are in the lowest quartile and our lowest result ever achieved at 62% overall satisfaction. The overriding reason for dissatisfaction is associated with repairs and maintenance, the length taken to complete a repair or the outstanding and forgotten repairs.

However, we have found that we are in the upper quartile for 'communal areas being clean and well maintained. We have also found that 78% of residents felt our staff kept them informed.

We have restructured our Property Services team to bring greater focus and accountability to customers around repairs and maintenance and provide an improved service for residents.

Value for Money Area	Outcomes %	Actual 20/21	Actual 21/22	Actual 22-23	Target 22-23
Customer Satisfaction	Satisfaction with overall service provided	71%	66%	62%	80%
	Satisfied views are listened to and acted upon	59%	61%	64%	75%

Staff Wellbeing and Engagement

It is important to ccha to have a motivated workforce, aligned to our strategic objectives and values.

A committed and satisfied team are likely to provide better service for our residents and perform effectively and efficiently thereby each member of staff bringing increased value for money.

We support our staff to maintain a work/life balance and a healthy lifestyle as we recognise that a happy staff team enables good performance and an improved service for our residents. Our wellbeing committee are now an essential part of this and our staff retention programme.

Our new office has been designed for and with our staff. It provides a space for collaboration, teamwork and bright and comfortable meeting room spaces to improve performance and productivity.

Our Productivity, Performance and Wellbeing Programme is in place to address work life balance pressures and issues raised in the Best Companies Survey in December 2021, which is supported by bi-annual pulse surveys.

Staff turnover has improved further from last year and we are in the median quartile by exceeding our target for voluntary turnover at 8.5%. We are focusing our efforts further on recruitment and retention in 23-24.

Target	2020/21	2021/22	YE 2022/23
10.50%	7.32%	20.22%	8.50%

The Average working days lost due to sickness absence per FTE was unprecedented for our organisation. We have had a particularly difficult year with a high proportionate number of staff on long term sick. Removing our long-term sick brings the working days lost due to sickness down to 4.16 days per employee which is below target.

Target	2020/21	2021/22	Q4 / YE 2022/23
4.40	5.48	3.54	10.54 days

Board Report

Partnership Working

Croydon Youth Zone

We continue to support the Croydon Youth Zone (Legacy) and promote the Youth Club and Holiday clubs, including a number of free spaces, to all residents that are parents with children ages 8-12. We also promote to all tenants with children between 8-19 as the Youth Zone is open all year round after school providing a safe space for children to attend and socialise with their friends, take part in extracurricular activities or do their homework. The places are well attended by ccha residents.

South East Consortium procurement framework

We joined the South East Consortium and have used them for three contract procurements throughout the year saving approximately £90,000 on the cost of a standard consultant. They also offer free training sessions in many aspects of housing and six staff have attended their sessions this year. We have also had one staff member attend their future leader's programme.

Contractors

We continue to build on our relationship with our contractors to deliver work experience, training and employment opportunities for our residents through our main repairs, gas servicing and estate services contracts. We have also carried out a number of social value activities with our contractors including improving the appearance of our schemes, tree planting and a 'Skip for the Day' programme for residents to dispose of bulk waste.

Support Providers

As part of our strategy for Supported Housing, we have also established a new relationship with Hestia (support provider) and are working with them to lease a number of our homes over the coming year. We have also built on our relationship with Emmaus and joined up with them to help provide upcycled furniture and white goods to those residents with limited resources.

Value for Money Metrics

We strive to maintain a high-quality service at a low to medium cost to ensure that the expectations of our residents and stakeholders continue to be met.

The table below shows the Value for Money metrics as set out in the Value for Money metrics technical note. These have been benchmarked against Housing Associations with under 5000 homes in the London Area.

	Actuals			Budget	VfM RSH Median	VfM RSH Lower	VfM RSH Upper
VFM METRICS	2020-21	2021-22	2022-23	2022/23	2021-2022 Benchmarking Quartiles		
1. Reinvestment %	3.79%	11.26%	2.89%	6.08%	4.00%	3.30%	6.90%
2a New Supply Delivered Social Housing	1.18%	2.59%	2.64%	2.59%	0.60%	0.05%	2.40%
2b New Supply Delivered Non-Social Housing	0.00%	0.52%	0.00%	0.00%	0.00%	0.00%	0.00%
3. Gearing %	36.44%	35.90%	40.28%	37.95%	36.50%	28.95%	44.30%
4. Earnings Before Interest, Tax, and Depreciation (EBITDA (MRI))	202.44%	193.24%	151.65%	165.26%	173.00%	41.00%	195.50%
5. Headline Social Housing Cost Per Unit	£5,208	£5,791	£6,889	£6,190	£6,707	£4,929	£9,414
6a. Operating Margin % (Social Housing)	25.98%	21.16%	14.76%	23.26%	21.70%	11.70%	29.05%
6b. Operating Margin% (Overall)	26.07%	24.20%	14.19%	25.97%	17.70%	10.45%	28.95%
7. Return on Capital Employed (ROCE)	2.28%	2.50%	1.78%	2.38%	2.10%	1.75%	3.55%

Board Report

Reinvestment
This area has been affected by supply shortages and the increase in inflation affecting building works and new scheme appraisals. This has caused delays to our development programme, with no start on sites being launched. In addition, our capital works were lower in the year with savings found on our kitchen programme by going through an alternative contractor.

New Supply Delivered
Though completions were delayed by supply shortages, we are pleased that we were able to complete and provide 41 more homes in the Croydon area in the year achieving in line with expectations.

Our reinvestment budget will increase slightly as we anticipate starting on new developments and we increase the investment on our existing properties, through repairs and maintenance.

Gearing
ccha's low gearing is reflective of the commitment to our developments over the life of our medium-term business plan. We have drawn on loans ready to use in 23-24 and therefore have the cash available to finance our development ambitions and are able to comfortably meet our repayment schedules.

EBITDA – Interest Cover
ccha's interest cover is part of our bank loan covenant along with gearing and is also comfortably met. However, our lower than expected operating surplus brings us below target. Next year will be our tightest position over the life of the business plan.

Headline Social Housing Cost Per Unit
The ccha Board's agenda over the past couple of years has been to invest in efficiency improvements in the short term, for the long-term benefit of our residents and stakeholders resulting in an increase in quality and customer care and therefore increased value for money for our customers. As a small organisation these investments have a large impact on the headline social housing cost per unit. This had been anticipated and budgeted for to support our future growth and investment in our residents and their homes.

However, this has increased adversely to target in year due to an unprecedented amount of temporary staffing costs, due to the long term sickness and turnover experienced in the year and we could not let the service suffer as a result.

The cost of materials and labour has increased by at least 12% in year, which has also had an adverse impact on our overall cost per unit along with the significant rise in gas prices which raised our service charge costs.

Though our headline cost per unit remains high in 2022-23, we are pleased to have implemented management cost savings from our office move, which will be sustained in 2023-24. We now have a Value for Money Strategy, which focuses on making further savings and efficiency reductions over the life of the plan. We will gain efficiencies through our new IT infrastructure and achieve economies of scale, while maintaining and improving the quality of service we have already invested in.

Operating Margin
Our Operating Margins are significantly less than budget. This is due to a reduction in turnover for the year which was based on budgeted sales not being sold as planned. We had 21-22 March completed development sales going through in 20-21, though budgeted for sales in 22-23/ and one scheme due to complete in July 2022, completed in March 2023, and therefore all 13 homes were not sold prior to April 2023. The increased headline social cost per unit has further reduced our operating margins as described.

Return on Capital Employed
The delay to our developments has reduced the surplus we had budgeted to achieve, along with the high fixed asset base we have. The 13 units completed in March, were expected to have contributed £1.5m to revenue, with only 4 homes sold by 31st March 2023.

Board's Responsibilities in respect of the financial statements

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 Group and Association and of the Income and Expenditure for the period of account.

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 Group and 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 Group and Association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Society Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. It has general responsibility for taking reasonable steps to safeguard the assets of the group and association and to prevent and detect fraud and other irregularities.

The Board are responsible for the maintenance and integrity of the association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Information for 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.

Public Benefit Entity
As a public benefit entity, Croydon Churches Housing Association Limited has applied the public benefit entity 'PBE' prefixed paragraphs of FRS 102.

The Board Report was approved on behalf of the Board on 21st August 2023 and signed on its behalf by:

DocuSigned by:
Heather Thomas

Heather Thomas

Chair

Report of the Independent Auditors

Opinion
We have audited the financial statements of Croydon Churches Housing Association Limited (the Association) and its subsidiary (the Group) for the year ended 31 March 2023 which comprise the Consolidated and Association Statement of Comprehensive Income, Consolidated and Association Statement of Financial Position, Consolidated and Association Statement of Changes in Reserves, Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 1. 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 Group's and of the Association's affairs as at 31 March 2023 and of the Group's income and expenditure and 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 Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

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 Group and 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 Group or 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 Board 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.

Report of the Independent Auditors

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 Board's Responsibilities set out on page 17, 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 Group and 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 website 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 Group and 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 2022, 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 Group's activities and the regulated nature of the Group's activities.

Report of the Independent Auditors

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

- 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.

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

Beever and Struthers
Chartered Accountants & Statutory Auditor

150 Minories
London
EC3N 1LS

Date 27 September 2023

Consolidated and Association Statement of Comprehensive Income

	Notes	Year ended 31 Mar 2023 Consolidated £'000	Year ended 31 Mar 2023 Association £'000	Year Ended 31 Mar 2022 Consolidated £'000	Year Ended 31 Mar 2022 Association £'000
Turnover	2	**17,283**	**14,998**	15,665	13,988
Operating expenditure	2	**(14,748)**	**(12,882)**	(12,894)	(11,462)
Other income	2	**(82)**	**(22)**	450	500
Gain/loss on disposal of property, plant and equipment (fixed assets)	6	**76**	**76**	570	570
Operating surplus		**2,529**	**2,170**	3,791	3,596
Interest receivable	7	**157**	**337**	20	136
Interest payable and financing costs	7	**(1,638)**	**(1,638)**	(1,819)	(1,819)
Surplus before tax	8	**1,048**	**869**	1,992	1,913
Taxation	9	**-**	**-**	-	-
Surplus for the year after tax		**1,048**	**869**	1,992	1,913
Other comprehensive income					
Actuarial (losses)/gains in respect of pension scheme	12	**(265)**	**(265)**	253	253
Other comprehensive income for the year after tax		**783**	**604**	253	253
Total comprehensive income for the year		**783**	**604**	2,245	2,166

The financial statements on pages 22 to 60 were approved and authorised for issue by the Board on 21st August 2023 and were signed on its behalf by:

Heather Thomas **Board Member, Chair:**	**Neil Perrins** **Board Member, Chair (Audit & Risk):**	**Chris Abad** **Secretary:**
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The consolidated and parent results relate wholly to continuing activities and the notes on pages 26 to 60 form an integral part of these financial statements.

Consolidated and Association Statement of Financial Position

	Notes	At 31 Mar 2023 Consolidated £'000	At 31 Mar 2023 Association £'000	At 31 Mar 2022 Consolidated £'000	At 31 Mar 2022 Association £'000
Fixed assets					
Tangible fixed assets	13	**139,691**	**139,691**	137,628	137,628
Investment in subsidiary		**-**	**-**	-	-
		139,691	**139,691**	137,628	137,628
Current assets					
Stock	14	**1,753**	**1,396**	4,545	2,457
Trade and other debtors	15	**2,675**	**4,819**	1,015	4,563
Cash and cash equivalents	16	**10,133**	**8,666**	11,870	11,305
Creditors: amounts falling due within one year	17	**(12,259)**	**(12,581)**	(3,577)	(4,295)
Net current assets		**2,302**	**2,300**	13,853	14,030
Total assets less current liabilities		**141,993**	**141,991**	151,481	151,658
Creditors: amounts falling due after more than one year	18	**(115,192)**	**(115,192)**	(125,375)	(125,375)
Provisions for liabilities					
Pension – defined benefit liability	12	**(1,592)**	**(1,592)**	(1,680)	(1,680)
Total net assets		**25,209**	**25,207**	24,426	24,603
Reserves					
Non-equity share capital	21	**-**	**-**	-	-
Income and expenditure reserve		**25,171**	**25,169**	24,388	24,565
Restricted reserve		**38**	**38**	38	38
Total reserves		**25,209**	**25,207**	24,426	24,603

The financial statements on pages 22 to 60 were approved and authorised for issue by the Board on 21st August 2023 and were signed on its behalf by:

Heather Thomas
Board Member, Chair:

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Heather Thomas............
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Neil Perrins
Board Member, Chair (Audit & Risk):

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Chris Abad
Secretary:

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Chris Abad...........................
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The notes on pages 26 to 60 form an integral part of these financial statements.

Consolidated Statement of Changes in Reserves

	Income and expenditure reserve £'000	Restricted reserve £'000	Total reserves £'000
Balance as at 1 April 2021	22,143	38	22,181
Total comprehensive income for the year	2,245	-	2,245
Balance at 31 March 2022	24,388	38	24,426
Total comprehensive income for the year	783	-	783
Balance at 31 March 2023	25,171	38	25,209

The notes on pages 26 to 60 form an integral part of these financial statements.

Association Statement of Changes in Reserves

	Income and expenditure reserve £'000	Restricted reserve £'000	Total reserves £'000
Balance as at 1 April 2021	22,399	38	22,437
Total comprehensive income for the year	2,166	-	2,166
Balance at 31 March 2022	24,565	38	24,603
Total comprehensive income for the year	604	-	604
Balance at 31 March 2023	25,169	38	25,207

The notes on pages 26 to 60 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

	Year ended 31 Mar 2023 £'000	Year Ended 31 Mar 2022 £'000
Net cash generated from operating activities (see Note i)	1,654	3,889
Cash flow from investing activities		
Purchase of tangible fixed assets	(4,007)	(5,458)
Proceeds from sale of tangible fixed assets	5,138	570
Grants received	-	-
Interest received	157	20
	1,288	(4,868)
Cash flow from financing activities		
Interest paid	(1,638)	(1,819)
New secured loans	-	-
Repayment of borrowings	(3,041)	(71)
Net change in cash and cash equivalents	(4,679)	(2,869)
Cash and cash equivalents at beginning of the year	11,870	14,739
Cash and cash equivalents at end of the year	10,133	11,870

Note i

	Year ended 31 Mar 2023 £'000	Year Ended 31 Mar 2022 £'000
Cash flow from operating activities		
Surplus for the year	1,048	1,992
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	1,719	1,376
Decrease/(increase) in stock	2,792	1,616
Decrease/(increase) in trade and other debtors	(1,660)	(190)
Increase/(decrease) in trade and other creditors	(2,603)	(2,393)
Pension Cost Less Contribution Payable	(316)	(265)
Carrying amount of tangible fixed asset disposals	(1)	-
Adjustments for investing or financing activities:		
Gain/loss on disposal of tangible fixed assets	(76)	570
Government grants utilised in the year	(730)	(616)
Interest and financing costs	1,638	1,819
Interest received	(157)	(20)
Net cash generated from operating activities	1,654	3,889

The notes on pages 26 to 60 form an integral part of these financial statements.

Legal Status
Croydon Churches Housing Association Limited is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a Private Registered Provider of Social Housing. The registered office is 20 Shelton Street, Croydon, England, CR0 2SS. Croydon Churches Housing Association Limited's principal activity is to provide social housing.

The Group comprises the following entities:

Name	Incorporation	Registered/Non-registered
Croydon Churches Housing Association Limited	Co-operative and Community Benefit Societies Act 2014	Registered
CCHA Developments Limited	Companies Act 2006	Non-registered

1. Principal Accounting Policies

Basis of Accounting
The Group's financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2018. The Group is required under the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 to prepare consolidated Group financial statements.

The financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. The financial statements are prepared on the historical cost basis of accounting and are presented in sterling £'000 for the year ended 31 March 2023.

The Group's financial statements have been prepared in compliance with FRS 102. The Group meets the definition of a public benefit entity (PBE).

Parent association disclosure exemptions
In preparing the separate financial statements of the parent association, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent association,
- Disclosures in respect of the parent association's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole, and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent association as their remuneration is included in the totals for the group as a whole.

Basis of consolidation
The consolidated financial statements incorporate the results of Croydon Churches Housing Association Limited and its subsidiary undertaking as at 31 March 2023.

Going concern
The Group's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. No significant concerns have been noted in the business plan updated for 2023-24 and therefore we consider it appropriate to continue to prepare the financial statements on a going concern basis.

1. Principal Accounting Policies (continued)

Critical accounting judgements and key sources of estimation uncertainty
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

a. **Development expenditure.** The Group capitalises development expenditure in accordance with the accounting policy described on page 30. Initial capitalisation of costs is based on management's judgement that development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

b. **Categorisation of housing properties.** The Group has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Group has considered if the asset is held for social benefit or to earn commercial rentals. The Group has determined that market rented property and student accommodation are investment properties.

c. **Impairment.** The Group considers whether indicators of impairment exist in relation to tangible assets. Indicators considered include external sources of information such as market value, market interest rates and returns on investment, actual or proposed changes to the technological, economic or legal environment, obsolescence or damage to the asset, operational changes or internal reporting which indicates that the asset is performing worse than expected. The Group also considers expected future performance of the asset. See note 13 for more information. Any impairment loss is charged to the Statement of Comprehensive Income.

   Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified.

   Following a trigger for impairment, the Group performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in an arm's length transaction on similar cash generating units (properties) or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on either a depreciated replacement cost or a discounted cash flow model. The depreciated replacement cost is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the Association as the existing property. The cash flows are derived from the business plan and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

   Following the assessment of impairment no impairment losses were identified in the reporting period.

1. Principal Accounting Policies (continued)

Pension and other post-employment benefits. The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases and pension increases are based on expected future inflation rates for the respective sector. Further details are given in note 12.

Other key sources of estimation and assumptions:

a. **Tangible fixed assets.** Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. The carrying value of tangible fixed assets at 31 March 2023 was £140,036k.

b. **Lease accounting**. Whether the risks and rewards of ownership in relation to individual leases indicate that it should be accounted for as a finance lease or an operating lease. The carrying value of finance leases at 31 March 2023 was nil.

Turnover and revenue recognition

Turnover represents rental income receivable, amortised capital grant, revenue grants from local authorities, the Greater London Authority, and Homes England, income from the sale of shared ownership and other properties developed for outright sale and other income and are recognised in relation to the period when the goods or services have been supplied.

Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion. Supporting People Income is recognised under the contractual arrangements.

Sales of properties developed for outright sale are included in Turnover and Cost of Sales.

Service charges

Service charge income and costs are recognised on an accruals basis. The Group operates both fixed and variable service charges on a scheme by scheme basis in full consultation with residents. Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior years, with 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.

Where periodic expenditure is required a provision may be built up over the years, in consultation with the residents; until these costs are incurred this liability is held in the Statement of Financial Position within long term creditors.

Loan interest costs

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and amount of maturity of the related loan.

1. Principal Accounting Policies (continued)

Loan finance issue costs
These 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. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income account in the year in which the redemption took place.

Taxation
The tax expense for the period comprises current and deferred tax. Tax is recognised in profit and loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiary operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits,
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met, and
- Where timing differences relate to interests in subsidiaries, associates and joint ventures and the Group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair value of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Value Added Tax
The Group charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. All amounts disclosed in the financial statements are inclusive of VAT to the extent that it is suffered by the Group and not recoverable.

1. Principal Accounting Policies (continued)

Tangible fixed assets and depreciation

Housing properties

Tangible fixed assets are stated at cost, less accumulated depreciation. Donated land/assets or assets acquired at below market value from a government source, i.e. local authority, are included as a liability in the Statement of Financial Position at the fair value less consideration paid.

Housing properties under construction are stated at cost and are not depreciated. These are reclassified as housing properties on practical completion of construction. For mixed tenure housing properties, costs are allocated in the following way:

Freehold land is not depreciated.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

The association depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

UELs for identified components are as follows:

	Years
Leasehold properties - structure	Over the lease term
Freehold properties - structure	125
Kitchens	20
Bathrooms	30
Electrics	40
Windows and Doors	30
Roofs	70
Heating including Boilers	20
Lifts	25

The association depreciates housing properties held on long term leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

Depreciation is charged on other tangible fixed assets on a straight-line basis over the expected economic useful lives which are as follows:

	Years
Office equipment	5
Office furniture	10
Scheme assets	5
Photovoltaic roof panels	25
ICT equipment	3
ICT Software	6
Office premises improvements	Over the lease term

1. Principal Accounting Policies (continued)

Low cost home ownership properties

The costs of low cost home ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset and subsequent sales treated as sales of fixed assets/property sales in operating profit.

Capitalisation of interest and administration costs
Interest on loans financing development is capitalised up to the date of the completion of the scheme and only when development activity is in progress.

Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into their intended use.

Property managed by agents
Where the Group carries the majority of the financial risk on property managed by agents, income arising from the property is included in the Statement of Comprehensive Income.

Where the agency carries the majority of the financial risk, income includes only that which relates solely to the Group.

In both cases, the assets and associated liabilities are included in the Group's Statement of Financial Position.

Leasing and hire purchase
Where assets are financed by hire purchase contracts and leasing agreements that give rights approximating to ownership (finance leases), they are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as obligations to the lessor in creditors. They are depreciated over the shorter of the lease term and their economic useful lives.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit and loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

Other leases are treated as operating leases and payments are charged to the Statement of Comprehensive Income on a straight line basis over the term of the lease.

Reverse premiums and similar incentives received on leases to enter into operating lease agreements are released to Statement of Comprehensive Income over the term of the lease.

Valuation of investments
Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted company shares, which have been classified as fixed asset investments as the Group intends to hold them on a continuing basis, are re-measured to market value at each balance sheet date. Gains and losses on re-measurement are recognised in profit or loss for the period.

Current asset investments
Current asset investments include cash and cash equivalents invested for periods of more than 24 hours. 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.

1. Principal Accounting Policies (continued)

Stock and properties held for sale

Stocks of materials are stated at the lower of cost and net realisable vaue being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

Properties developed for outright sale are included in current assets as they are intended to be sold, at the lower of cost or estimated selling price less costs to complete and sell.

At each reporting date, stock and properties held for sale are assessed for impairment. If there is evidence of impairment, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in 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 transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Non-government grants

Grants received from non-government sources are recognised under the performance model. If there are no specific performance requirements the grants are recognised when received or receivable. Where grant is received with specific performance requirements it is recognised as a liability until the conditions are met and then it is recognised as Turnover.

Social Housing and other government grants

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 and recognised in Turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. SHG received for items of cost written off in the Statement of Comprehensive Income is included as part of Turnover.

When Social Housing Grant (SHG) in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

SHG must be recycled by the Group under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by the Homes England and Greater London Authority. However, SHG may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as Turnover. In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

Non-monetary government grant

On disposal assets for which non-monetary government grants are held as liabilities in the Statement of Financial Position, the unamortised amount in creditors is derecognised and recognised as income in the Statement of Comprehensive Income.

Recycling of Capital Grant

Where Social Housing Grant is recycled, as described above, the SHG is credited to a fund which appears as a creditor until used to fund the acquisition of new properties, where recycled grant is known to be repayable it is shown as a creditor within one year.

1. Principal Accounting Policies (continued)

Holiday pay accrual
A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Agreements to improve existing properties
Where the PRP has entered into agreements to purchase property from a third party and subsequently enters into a sub-contracting agreement to carry out improvement works to the properties, the related assets and liabilities are shown at gross values unless the right of net settlement exists.

Retirement benefits
The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services. The difference between the deficit funding liability and the net defined benefit deficit for the Social Housing Pension Scheme was recognised in Other Comprehensive Income for the year ending 31 March 2023.

Restricted Reserve
The group holds a restricted reserve. This reserve can only be utilised in accordance with the wishes of the funder. Movements in reserves are shown in the Consolidated Statement of Changes in Reserves.

Contingent Liabilities
A contingent liability is recognised where settlement is not probable and/or cannot be reliably estimated.

1. **Principal Accounting Policies (continued)**

Financial Instruments
Financial assets and financial liabilities are measured at transaction price initially, plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs the entity may incur on sale or other disposal:

- Debt instruments that meet the conditions in paragraph 11.8(b) of FRS 102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.

- Commitments to receive or make a loan to another entity which meet the conditions in para 11.8(c) of FRS 102 are measured at cost less impairment.

- Investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are measured at:

  - Fair value with changes in fair value recognised in profit or loss if the shares are publicly traded or their value can otherwise be measured reliably, and
  - At cost less impairment for all other such investments.

Financial instruments held by the Group are classified as follows:
- Financial assets such as current asset investments and receivables are classified as loans and receivables are held at amortised cost using the effective interest method,
- Financial assets such as cash are held at historic cost,
- Financial liabilities such as bonds and loans are held at amortised cost using the effective interest method,
- Loans to or from subsidiaries including those that are due on demand are held at amortised cost using the effective interest method,
- Commitments to receive or make a loan to another entity which meet the conditions above are held at cost less impairment,
- An investment in another entity's equity instruments other than non-convertible preference shares and non-puttable ordinary and preference shares are held at fair value,
- Derivatives such as interest rate swaps are classified as financial assets or financial liabilities at fair value.

Financial assets and financial liabilities at fair value are classified using the following fair value hierarchy:
(a) The best evidence of fair value is a quoted price in an active market.
(b) When quoted prices are unavailable, the price of a recent transaction for an identical asset, adjusted to reflect any circumstances specific to the sale, such as a distress sale, if appropriate.
(c) Where there is no active market or recent transactions then a valuation technique is used to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

Loans
All loans held by the group are classified as basic financial instruments in accordance with FRS 102. They are measured at transaction price plus transaction costs initially, and subsequently at amortised cost using the effective interest rate method. Loans repayable within one year are not discounted.

1. Principal Accounting Policies (continued)

Impairment of Financial Assets
Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

The following financial instruments are assessed individually for impairment:

(a) All equity instruments regardless of significance; and
(b) other financial assets that are individually significant.

Other financial instruments are assessed for impairment either individually or grouped on the basis of similar credit risk characteristics.

An impairment loss is measured as follows on the following instruments measured at cost or amortised cost:

(a) For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.
(b) For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. The reversal cannot result in a carrying amount (net of any allowance account) which exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of the reversal is recognised in profit or loss immediately.

2(a). Particulars of turnover, cost of sales, operating expenditure and operating surplus

Group	2023			
	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Operating surplus £'000
Social housing lettings (notes 3a and 3b)	**10,663**	**-**	**(8,597)**	**2,066**
Other social housing activities				
First tranche low cost home ownership sales	1,752	(1,591)	-	161
Charges for support services	2,583	-	(2,694)	(111)
	14,998	**(1,591)**	**(11,291)**	**2,116**
Activities other than social housing				
Other	(82)	-	-	(82)
Outright sales	2,285	(1,866)	-	419
Total	**17,201**	**(3,457)**	**(11,291)**	**2,453**
Gain on disposal of property, plant and equipment (fixed assets)				76
Operating surplus				**2,589**

Group	2022			
	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Operating surplus £'000
Social housing lettings (notes 3a and 3b)	**9,591**	**-**	**(7,527)**	**2,064**
Other social housing activities				
First tranche low cost home ownership sales	2,031	(1,687)	-	344
Charges for support services	2,366	-	(2,248)	118
	13,988	**(1,687)**	**(9,775)**	**2,526**
Activities other than social housing				
Other	450	-	-	450
Outright sales	1,677	(1,414)	(18)	245
Total	16,115	(3,101)	(9,793)	3,221
Gain on disposal of property, plant and equipment (fixed assets)				570
Operating surplus				**3,791**

2(b). Particulars of turnover, cost of sales, operating expenditure and operating surplus (continued)

Association	2023			
	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Operating surplus £'000
Social housing lettings (notes 3a and 3b)	10,663	-	(8,597)	2,066
Other social housing activities				
First tranche low cost home ownership sales	1,752	(1,591)	-	161
Charges for support services	2,583	-	(2,694)	(111)
Activities other than social housing				
Other	(22)	-	-	(22)
Total	14,976	(1,591)	(11,291)	2,094
Gain on disposal of property, plant and equipment (fixed assets)				76
Operating surplus				2,170

Association	2022			
	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Operating surplus £'000
Social housing lettings (notes 3a and 3b)	9,591	-	(7,527)	2,064
Other social housing activities				
First tranche low cost home ownership sales	2,031	(1,687)	-	344
Charges for support services	2,366	-	(2,248)	118
	13,988	(1,687)	(9,775)	2,526
Activities other than social housing				
Other	500	-	-	500
Total	14,488	(1,687)	(9,775)	3,026
Gain on disposal of property, plant and equipment (fixed assets)				570
Operating surplus				3,596

3(a). Particulars of turnover and operating expenditure from social housing lettings

Group & Association	General Housing £'000	Supported Housing and Housing for Older People £'000	Low Cost Home Ownership £'000	Total 2023 £'000	Total 2022 £'000
Income					
Rent receivable net of identifiable service charges and net of voids	8,461	950	374	9,785	8,749
Service charge income	1,129	1,231	96	2,456	2,272
Amortised government grants	549	127	54	730	617
Other income from Social Housing Lettings	-	275	-	275	319
Total turnover from Social Housing Lettings	10,139	2,583	524	13,246	11,957
Operating expenditure					
Management	3,328	826	117	4,271	3,732
Service charge costs	1,337	1,185	59	2,581	1,730
Routine maintenance	1,806	366	30	2,202	1,831
Planned maintenance	397	72	5	474	588
Bad debts	39	9	-	48	89
Depreciation of Housing Properties	1,479	236	-	1,715	1,805
Total operating expenditure on Social Housing Lettings	8,386	2,694	211	11,291	9,775
Operating Surplus/(Deficit) on Social Housing Lettings	1,753	(111)	313	1,955	2,182
Void losses (being rental income lost as a result of property not being let, although it is available for letting)	(16)	(150)	(2)	(168)	(102)

3(b). Turnover from activities other than social housing

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Other	**(82)**	450	**(22)**	500
Other	**(82)**	450	**(22)**	500

4. Accommodation owned, managed and in development

Group	**2023 No. of properties Owned**	**2023 No. of properties Managed**	2022 No. of properties Owned	2022 No. of properties Managed
Social Housing				
Under development at end of year:				
General needs housing affordable rent	-	-	12	-
London Living Rent	-	-	7	-
Low-cost home ownership	-	-	35	-
Under management at end of year:				
General needs housing	**922**	-	906	-
Supported housing and housing for older people	**446**	**23**	448	23
Low-cost home ownership	**76**	-	52	-
Social Leasehold	**85**	-	85	-
Non social leasehold	**41**	-	35	-
	1,570	**23**	1,580	23

Association	**2023 No. of properties Owned**	**2023 No. of properties Managed**	2022 No. of properties Owned	2022 No. of properties Managed
Social Housing				
Under development at end of year:				
General needs housing affordable rent	-	-	12	-
London Living Rent	-	-	7	-
Low-cost home ownership	-	-	35	-
Under management at end of year:				
General needs housing	**922**	-	906	-
Supported housing and housing for older people	**446**	**23**	448	23
Low-cost home ownership	**76**	-	52	-
Leasehold	**85**	-	85	-
Non social leasehold	**41**	-	35	-
	1,570	**23**	1,580	23

5. Accommodation managed by others

The Group owns property managed by other bodies.

Group	**2023 No. of properties**	2022 No. of properties
Supported housing and housing for older people	**12**	12

Association	**2023 No. of properties**	2022 No. of properties
Supported housing and housing for older people	**12**	12

6. Gain/(loss) on disposal of property, plant and equipment (fixed assets)

Group & Association	**Low Cost Home Ownership Staircasing Sales**	**Others**	**Total 2023**	Total 2022
	£'000	**£'000**	**£'000**	£'000
Proceeds of sales	**1,101**	**-**	**1,101**	1,076
Less: Costs of sales	**(1,000)**	**(25)**	**(1,025)**	(506)
Surplus/(deficit)	**101**	**(25)**	**76**	570

7. Net interest

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Interest receivable and similar income				
On financial assets measured at amortised cost:				
Interest receivable	**157**	20	337	136
	157	20	337	136

	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Interest payable and financing costs				
On financial liabilities measured at amortised cost:				
On loans repayable within five years	**-**	-	**-**	-
On loans wholly or partly repayable in more than five years	**1,593**	1,775	**1,593**	1,775
Interest on Recycled Capital Grant Fund	**4**	-	**4**	-
	1,597	1,775	**1,597**	1,775
On defined benefit pension scheme				
Net Interest on scheme liabilities	**41**	44	**41**	44
	1,638	1,819	**1,638**	1,819

8. Surplus on ordinary activities

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
The operating surplus is stated after charging/(crediting):				
Auditors remuneration including expenses (excluding VAT):				
Audit of the group financial statements	**19**	18	**19**	18
Audit of subsidiary	**2**	2	**-**	-
Auditors remuneration including expenses (excluding VAT):				
Taxation compliance services	**3**	1	**2**	1
Accounts preparation services	**2**	2	**2**	2
Service charge certification	**2**	2	**2**	2
Operating lease rentals:				
Other (vehicles and IT equipment)	**-**	-	**9**	9
Land and buildings	**78**	78	**156**	156
Office equipment	**9**	9	**9**	9
Depreciation of housing properties	**1,507**	1,376	**1,507**	1,376
Depreciation of other fixed assets	**212**	216	**212**	216
Surplus on sale of fixed assets	**-**	-	**-**	-

9. Tax on surplus on ordinary activities

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Current tax				
UK corporation tax on surplus for the year				
Adjustments in respect of prior years	-	-	-	-
Changes in accounting policies/errors				
Total current tax charge	-	-	-	-

The tax assessed in the year is lower than the standard rate of corporation tax in the United Kingdom at 19% (2022: 19%). The differences are explained as follows:

	Group		Association	
	2023	2022	**2023**	2022
Total tax reconciliation	**£'000**	£'000	**£'000**	£'000
Surplus on ordinary activities before tax	1,048	1,992	869	1,913
Theoretical tax at UK corporation tax rate 19% (2022: 19%)				
- Tax on other comprehensive income items	**199**	378	**165**	363
- Non-taxable gains on asset sales	**(129)**	(258)	**(31)**	(65)
- Other non-deductible expenditure	**(70)**	(120)	**(134)**	(298)
- Non-taxable charitable activities	-	-	-	-
Total tax charge	-	-	-	-

10. Key management personnel remuneration

Key management personnel comprise the executive and non-executive directors. Total remuneration amounted to £394k (2022: £423k).

Remuneration for executive directors for the year ended 31 March 2023:

	2023 **£'000**	2022 £'000
Wages and salaries (including performance related pay for period)	365	399
Pension contributions	29	24
Total	**394**	**423**

Non-executive Board Member remuneration for the year ended 31 March 2023:

	2023 **£'000**	2022 £'000
Ken Morgan	-	1
Abigail Lock	3	2
Heather Thomas	6	5
Carolyn Porretta	3	2
Neil Perrins	3	3
Mark Collins	2	2
Nathan Gravesande	2	2
Marcella Jenoure	1	1
Julian Chun	2	1
Dastur Mackenzie Phiroze	1	-
Felicity Gentle	1	-
Nancy Callender	1	-
Total	**25**	**19**

Tracy Cullen is remunerated as Chief Executive and receives no additional salary as a member of the Board.

Remuneration payable to the highest paid director who is the Chief Executive in relation to the period of account amounted to £108k (2022: £122k) excluding pension contributions.

Tracy Cullen was a member of the defined benefit pension scheme which is now closed to future accrual. The scheme is a final salary scheme which was funded by annual contributions by the employer and employee. Tracy Cullen is now a member of the defined contribution scheme.

11. Employee information

	Group 2023 No.	Group 2022 No.	Association 2023 No.	Association 2022 No.
The average number of persons employed during the year expressed in full time equivalents (35 hours per week) was:				
Office staff	**44**	43	**44**	43
	44	43	**44**	43

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Staff costs (for the other persons)				
Wages and salaries	**1,936**	1,896	**1,936**	1,896
Social security costs	**215**	198	**215**	198
Other pension costs	**145**	131	**145**	131
	2,296	2,225	**2,296**	2,225

Aggregate number of full time equivalent staff whose remuneration (including compensation for loss of office) exceeded £60,000 in the period:

	2023 Number	2022 Number
£60,000 - £70,000	**1**	1
£70,001 - £80,000	**2**	2
£80,001 - £90,000	**-**	-
£90,001 - £100,000	**1**	1
£100,001 - £110,000	**1**	1

There were no loans made to employees in the year (2022: £0). All loans are interest free and for a maximum term of one year.

12. Pension obligations

Social Housing Pension Scheme
The Group participates in the Social Housing Pension Scheme ('SHPS'), a defined benefit multi-employer pension scheme administered by TPT Retirement Solutions ('TPT'). The accounting policy in relation to SHPS is set out on page 28. This scheme is now closed to future accruals as of April 2021.

12. Pension obligations (continued)

Principal Actuarial Assumptions

	At 31 March 2023	**At 31 March 2022**
Discount rate of scheme liabilities	4.87%	2.79%
Rate of increase in salaries	3.75%	4.19%
Inflation assumption (RPI)	3.19%	3.57%
Inflation assumption (CPI)	2.75%	3.19%
Commutation of pensions to lump sums	75% of maximum allowance	75% of maximum allowance

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 March 2023 Years	**At 31 March 2022** Years
Retiring today		
Males	21.0	21.1
Females	23.4	23.7
Retiring in 20 years		
Males	22.2	22.4
Females	24.9	25.2

12. Pension obligations (continued)

Analysis of the amount charged to operating expenditure in the Statement of Comprehensive Income

	At 31 March 2023 £'000	At 31 March 2022 £'000
Employer service cost (net of employee contributions)	-	-
Expenses	(10)	(9)
Past service cost	-	-
Total operating charge	**(10)**	**(9)**
Analysis of pension finance income / (costs)		
Expected return on pension scheme assets	313	233
Interest on pension liabilities	(354)	(277)
Amounts charged/credited to financing costs	**(41)**	**(44)**
Amount of gains and losses recognised in the Statement of Comprehensive Income		
Actuarial gains(/losses) on pension scheme assets	(4,307)	537
Actuarial gains/(losses) on scheme liabilities	4,042	(284)
Actuarial gain/(loss) recognised	**(265)**	**253**

Movement in surplus/(deficit) during year	At 31 March 2023 £'000	At 31 March 2022 £'000
(Deficit)/surplus in scheme at 1 April	(1,680)	(2,198)
Movement in year:		
Employer service cost (net of employee contributions)	(10)	(9)
Employer contributions	404	318
Past service cost	-	-
Net interest/return on assets	(41)	(44)
Remeasurements	(265)	253
(Deficit)/Surplus in scheme at 31 March	**(1,592)**	**(1,680)**

12. Pension obligations (continued)

Asset and Liability Reconciliation	At 31 March 2023 £'000	At 31 March 2022 £'000
Reconciliation of liabilities		
Liabilities at start of period	13,077	12,945
Service cost	10	9
Interest cost	354	277
Employee contributions	-	-
Remeasurements	(4,042)	284
Benefits paid	(741)	(438)
Past Service cost	-	-
Curtailments and settlements	-	-
	8,658	**13,077**
Reconciliation of assets		
Assets at start of period	11,397	10,747
Return on plan assets	313	233
Remeasurements	(4,307)	537
Employer contributions	404	318
Employee contributions	-	-
Benefits paid	(741)	(438)
Assets at end of period	**7,066**	**11,397**

The assets at the end of the period are as follows:

	2023 £'000	2022 £'000
Global equity	132	2,187
Aboslute Return	76	457
Distressed Opprtunities	214	408
Credit Relative Value	267	379
Alternative Risk Premia	13	376
Fund of Hedge Funds	-	-
Emerging Markest Debt	38	332
Risk Sharing	520	375
Insurance-Linked Securities	178	266
Property	304	308
Infrastructure	807	812
Private Debt	315	292
Opportunitic Illiquid Credit	302	383
High Yield	25	98
Opportunistic Credit	-	41
Corporate Bond Fund	-	760
Liquid Credit	-	-
Long Lease Property	213	293
Secured Income	324	425
Cash	51	39
Currency Hedging	14	(45)
Libiality Driven Investment	3,255	3,179
Net Current Assets	18	32
Total Assets	**7,066**	**11,397**

13. Tangible fixed assets

Group & Association	Housing Properties					Other fixed assets			
	Social Housing Properties for Letting completed £'000	Social Housing Properties for letting under construction £'000	Low cost home ownership Properties completed £'000	Low cost home ownership properties under construction £'000	Total Housing Properties £'000	Freehold offices £'000	Long Leasehold Property £'000	Furniture and office equipment £'000	Total fixed assets £'000
Cost									
At start of the year	135,609	6,733	7,875	10,032	160,249	206	324	1,687	2,217
Transfers	345	-	-	(564)	(219)	-	-	-	-
Additions	-	2,271	-	621	2,892	-	-	291	291
Works to existing properties	1,115	-	-	-	1,115	-	-	-	-
Schemes completed	9,004	(9,004)	9,227	(9,227)	-	-	-	-	-
Disposals	-	-	(232)	-	(232)	-	-	(64)	(64)
Replaced components	(426)	-	-	-	(426)	-	-	-	-
At end of the year	**145,647**	**-**	**16,870**	**862**	**163,379**	**206**	**324**	**1,914**	**2,444**
Depreciation and impairment									
At start of the year	23,588	-	-	-	23,588	182	321	747	1,250
Charge for the year	1,507	-	-	-	1,507	-	2	210	212
Released on disposals	(425)	-	-	-	(425)	-	-	-	-
At end of the year	**24,670**	**-**	**-**	**-**	**24,670**	**182**	**323**	**957**	**1,462**
Net book value at 31 March 2023	**120,977**	**-**	**16,870**	**862**	**138,709**	**24**	**1**	**957**	**982**
Net book value at 31 March 2022	112,021	6,733	7,875	10,032	136,661	24	3	940	967

13. Tangible fixed assets

Housing Properties comprise:	**2023 £'000**	2022 £'000
Freeholds	**129,605**	127,557
Long leaseholds	**8,895**	8,895
Short leaseholds	**209**	209
	138,709	136,661

Works to existing properties in the year:	**2023 £'000**	2022 £'000
Components capitalised	**1,115**	571
Amounts charged to expenditure	**474**	588

The aggregate amount of interest and finance costs included in the cost of housing properties was £270,739 (2022: £1,068,492) (the capitalisation rate used was 4.21% (2022: 3.09%)).

The net book value of other fixed assets includes £nil (2022: £nil) in respect of assets held under finance leases.

Cost of properties includes £197,311 (2022: £186,255) for direct administrative costs capitalised during the year.

Freehold land and buildings with a carrying amount of £74m (2022: £71m) have been pledged to secure borrowings of the Association. The Association is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

13. Tangible fixed assets

Impairment of Housing Properties
Housing properties are assessed at each reporting date to determine whether an indicator of impairment exists, where there is evidence of impairment an assessment is carried out to estimate the recoverable amount of the asset.
The recoverable amount is the higher of fair value less costs to sell and value in use.

The recoverable amount is compared to the book value of the asset (or cash generating unit) and any write down is charged to profit or loss.

Value in use is defined as value in use – service potential (VIU-SP), this is the present value of the asset's remaining service potential plus the net amount the entity will receive from its disposal.

Group & Association

As at 31 March 2023 no impairment loss was recorded in profit or loss (2022: none)

14. Stock

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
First tranche Shared ownership properties:				
Completed	**1,013**	88	**1,047**	88
Work in progress	**349**	2,335	**349**	2,369
Outright sale properties:				
Completed	**391**	2,122	**-**	-
	1,753	4,545	**1,396**	2,457

15. Trade and other debtors

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Rent arrears	**631**	544	**631**	544
Less: provision for bad debts	**(281)**	(234)	**(281)**	(234)
Amounts owed by group undertakings	**-**	-	**3,548**	3,653
Other debtors	**2,175**	446	**772**	446
Less: provision for bad debts	**(199)**	(199)	**(199)**	(199)
Prepayment and accrued income	**349**	458	**348**	353
	2,675	1,015	**4,819**	4,563

Debtors are all due within one year.

16. Cash and cash equivalents

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Cash at bank	**10,133**	11,870	**8,666**	11,305

17. Creditors: amounts falling due within one year

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Loans and overdrafts (Note 26)	**6,034**	71	**6,034**	71
Trade creditors	**719**	644	**719**	644
Rents and service charges paid in advance	**716**	716	**716**	**716**
Accruals and deferred income	**1,764**	1,068	**1,586**	1,068
Deferred Capital Grant (Note 19)	**730**	616	**730**	616
Recycled Capital Grant Fund (Note 20)	**-**	199	**-**	199
Other creditors	**2,296**	263	**2,796**	981
	12,259	3,577	**12,581**	4,295

Loans are secured by housing properties, see note 26.

18. Creditors: amounts falling due after more than one year

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Bank and other loans (Note 26)	**59,976**	69,399	**59,976**	69,399
Deferred Capital Grant (Note 19)	**54,563**	55,407	**54,563**	55,407
Recycled capital grant fund (Note 20)	**459**	371	**459**	371
Leaseholder sinking funds	**194**	198	**194**	198
	115,192	125,375	**115,192**	125,375

Loans are secured by housing properties, see note 26.

19. Deferred capital grant

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
At the start of the year	**56,023**	56,727	**56,023**	56,727
- Grants received during the year:				
Housing properties	-	-	-	-
Recycled Capital Grant Fund	-	-	-	-
Grants recycled during the year:				
Housing properties	-	-	-	-
Recycled Capital Grant Fund	-	(87)	-	(88)
Amortised Grant	**(730)**	(616)	**(730)**	(616)
At the end of the year	**55,293**	56,023	**55,293**	56,023
Due within one year	**730**	616	**730**	616
Due in more than one year	**54,563**	55,407	**54,563**	55,407
	55,293	56,023	**55,293**	56,023

The gross amount of grant received prior to amortisation as at 31 March 2023 was £72,697k (2022: £72,697k).

20. Recycled capital grant fund

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
At the start of the year	**570**	429	**570**	429
Inputs to fund:				
Grants recycled from deferred capital grants fund	**-**	141	**-**	141
Interest accrued	**4**	-	**4**	-
Transfers from other Private Registered Providers	**-**	-	**-**	-
Recycling of grant:				
New build properties	**-**	-	**-**	-
Outputs to fund:	**-**	-	**-**	-
Repayment of grant	**(115)**	-	**(115)**	-
At the end of the year (Note 17 and Note 18)	**459**	570	**459**	570
Amounts of 3 years and older where repayment may be required.	-	-	-	-

Withdrawals from the recycled capital grants fund were used for new build affordable homes. Amounts in the RCGF are due to the GLA where repayment may be required.

21. Non-equity share capital

	2023	2022
	£	£
Group and Association		
Allotted Issued and Fully Paid		
At the start of the year	**11**	11
Issued during the year	**-**	-
Cancelled during the year	**-**	-
At the end of the year	**11**	11

The par value of each share is £1. 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 fully paid.

22. Capital commitments

Tangible fixed assets/intangible fixed assets

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	-	2,363	-	**2,363**
Capital expenditure that has been authorised by the Board but has not yet been contracted for	**3,442**	2,606	3,442	2,606
	3,442	4,969	3,442	4,969
The Group expects these commitments to be contracted within the next year and financed with:				
Social Housing Grant	845	370	845	370
Proceeds from the sales of properties	1,105	3.345	1,105	3.345
Cash at Bank	1,492	1,254	1,492	1,254
	3,442	4,969	**3,442**	4,969

The above figures include the full cost of shared ownership properties contracted for.

There are no performance conditions attached to the above commitments.

23. Operating leases

The association holds properties and office equipment under non-cancellable operating leases. At the end of the year the association and group had commitments of future minimum lease payments as follows:-

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Land and buildings:				
In one year or less	-	78	-	78
In one year or more but less than two years	-	-	-	-
In two years or more and less than five years	-	-	-	-
In five years or more	-	-	-	-
Others:				
In one year or less	-	9	-	7
In one year or more but less than two years	-	-	-	-
In two years or more and less than five years	-	-	-	-
In five years or more	-	-	-	-

24. Grant and financial assistance

Group & Association	Social Housing Grant £'000	Other grants £'000	Total 2023 £'000	Total 2022 £'000
The total accumulated government grant and financial assistance received or receivable at 31 March 2023:	72,697	-	72,697	72,697
Held as deferred capital grant	55,293	-	55,293	56,023
Recognised as income in statement of Comprehensive Income	17,404	-	17,404	16,674
	72,697	-	72,697	72,697

25. Related parties

In accordance with FRS 102 Related Party Disclosures, Section 33.1A the Group has not disclosed transactions entered into between members of the Group, where each party to the transaction is 100% owned.

The Group entered into the following related party transactions in the year ended 31 March 2023:

- The Board had one tenant member during the year who held a tenancy agreement on normal terms and transactions were undertaken on an arm's length basis. Total rent charged to the Tenant Board member was £1,118 (2022: £7,113). There are no arrears on their tenancy at the reporting period end (2022: £Nil).

25. Related parties (continued)

Transactions with registered and non-registered elements of the business

In accordance with the Accounting Direction 2022, transactions between private registered providers and other non-registered entities in the Group are disclosed as follows:

2023	Turnover	Operating Expenses	Other Income	Interest Payable	Interest receivable	Loan Creditors	Loan Debtors	Other creditors	Other debtors
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Subsidiary									
CCHA Developments Limited	-	(60)	-	(180)	-	-	3,548	714	4,262

2022	Turnover	Operating Expenses	Other Income	Interest Payable	Interest receivable	Loan Creditors	Loan Debtors	Other creditors	Other debtors
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Subsidiary									
CCHA Developments Limited	-	(50)	-	(116)	-	-	3,548	175	927

CCHA provides a loan to CCHA Developments Limited on commercial terms. CCHA also provides operational resources sufficient for the running of CCHA Developments Limited, under a Service Level Agreement.

26. Financial instruments and risk management

Liquidity
Total loan and credit facilities

The Group had total borrowing facilities of £74.2m available at 31 March 2023 (2022: £70.7 m), of which £13.0m (2022: £10.0m) were undrawn.

Undrawn borrowings at 31 March 2023 relate to a revolving credit facility of £3.0m and variable loan of £10m (2022: £10.0m) with Santander Bank. Cash and cash equivalents totalled £10.1m (2022: £11.9m) at 31 March 2023.

26. Financial instruments and risk management (continued)

Maturity profile of outstanding borrowing at 31 March 2023:

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Loans repayable by instalments				
Repayable within one year	34	71	34	71
In one year or more but less than two	7,038	71	7,038	71
In two years or more but less than five	141	211	141	211
In five years or more	1,427	555	1,427	555
Loans not repayable by instalments				
Repayable within one year	-	-	-	-
In one year or more but less than two	-	-	-	-
In two years or more but less than five	9,572	22,500	9,572	22,500
In five years or more	47,798	46,981	47,798	46,981
Less: loan issue cost	(954)	(919)	(954)	(919)
Total drawn borrowings	65,056	69,470	65,056	69,470

An early repayment of £6m of the RCF is expected within the year and has been recognised within short term creditors.

The Group's weighted average cost of capital at 31 March 2023 is 4.210% (2022: 3.095%).

All of the group's borrowing facilities are secured by fixed charges on individual properties.

In April 2019 we put in place an additional facility with Santander which provides a new £10m facility and extends an existing revolving credit facility by a further 3 years.

Managing market risk

Interest rate risk

The Group manages volatility of cash flows and interest payments in relation to interest rate risk via limiting its exposure to variable interest rate risk and hedging. Interest rate risk policy managed by Treasury and approved by the board states that variable rate borrowings shall not exceed more than 40% of total outstanding borrowings.

Group fixed and variable rate outstanding borrowing at 31 March 2023:

	2023 £m	2023 Weighted average rate %	2023 Weighted average term Years	2022 £m	2022 Weighted average rate%	2022 Weighted average term Years
Fixed rate	34.6	3.18	22	39.7	3.44	22
Variable rate borrowings	26.6	3.95	10	24.5	2.54	10
Total drawn borrowings	61.2	4.21	17	64.2	3.09	17

26. Financial instruments and risk management (continued)

Financial assets and financial liabilities at book value and fair value
The book value of all financial assets and financial liabilities at 31 March 2023 is deemed to equal fair value.

The Group's and Association's financial instruments may be analysed as follows:

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Financial assets				
Financial assets measured at cost:				
Cash and cash equivalents	**10,133**	11,870	**8,666**	11,305
Financial assets measured at amortised cost:				
Trade receivables	**631**	544	**631**	544
Other receivables	**2,175**	446	**772**	446
Total financial assets	**12,939**	12,860	**10,069**	12,295

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Financial liabilities				
Financial liabilities measured at amortised cost:				
Loans payable	**66,010**	69,470	**66,010**	69,470
Trade creditors	**719**	644	**719**	644
Other creditors	**3,012**	1,078	**3,512**	1,796
Accruals	**1,764**	1,068	**1,586**	1,068
Total financial liabilities	**71,505**	72,260	**71,827**	72,978

27. Analysis of Changes in Net Debt

Group	At the Beginning of the Year £'000	Cash Flows £'000	Non-Cash Movements £'000	At the End of the Year £'000
Cash and Cash Equivalents	11,870	(1,737)	-	10,133
Housing Loans Due in One Year	(71)	(3,041)	(2,922)	(6,034)
Housing Loans Due After One Year	(69,470)	-	9,494	(59,976)
	(57,671)	(4,778)	6,572	(55,877)

27. Analysis of Changes in Net Debt (continued)

Association	At the Beginning of the Year £'000	Cash Flows £'000	Non-Cash Movements £'000	At the End of the Year £'000
Cash and Cash Equivalents	11,305	(2,639)	-	8,666
Housing Loans Due in One Year	(71)	(3,041)	(2,922)	(6,034)
Housing Loans Due After One Year	(69,470)	-	9,494	(59,976)
	(58,236)	(5,680)	(6,572)	(57,344)

28. Contingent Liability – Social Housing Pension Scheme

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes.

The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

29. Events after the end of the reporting period

The value of the land at the Wheatsheaf Pub has dropped in June 2023 to £250k lower than the carrying amount in the 22-23 financial statements. This is therefore an early warning of possible impairment to next year's financial statements if the value does not increase over the next 9 months at which point we will re-value.