The Cambridge Housing Society Limited

FINANCIAL STATEMENTS

for the year ended 31 March 2023

Co-operative and Community Benefit number 10457R

Regulator of Social Housing number L0992

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Board members, executive officers, auditors and advisers

Board members

Chair		
	Heidi Allen	- Resigned as Chair 27 October 2022
	Martin Wheatley	- Appointed 27 October 2022
Other members	Sharon Allen	- Resigned 13 September 2022
	Nick Brown	
	Alex Colyer	
	Philip David	
	Gareth Hillier	
	Phineas Hodson	
	Tendai Kariwo	- Resigned 13 September 2022
	Gerhard Oberholzer	
	Sam Scharf	
	Tim Jennings	- Appointed 18 July 2022
	Heidi Allen	- Resigned as Chair 27 October 2022
	Jacquie Taylor	- Appointed 13 September 2022
	Shaidah Ramzan	- Appointed 13 September 2022

Executive officers

Chief Executive and Secretary	Nigel Howlett	- Resigned 2 December 2022
	Stephen Hills	- Acting from 2 December 2022. - Appointed 30 January 2023.
Group Finance Director	Antony Blewitt	- Resigned 31 May 2023
	Jonathan Birkert	- Acting from 31 May 2023

Auditors and advisers

External auditor:
Beever and Struthers
150 Minories
London, EC3N 1LS

Internal auditor:
Mazars LLP
30 Old Bailey
London, EC4M 7AU

Principal solicitors:
Devonshires Solicitors LLP
Finsbury Circus
London, EC2M 7DT

Bankers:
Lloyds Bank Plc
25 Gresham Street
London, EC2V 7HN

Registered office

Endurance House
Chivers Way
Histon,
Cambridge, CB24 9ZR

Legal status

Co-operative and Community Benefit Society, No. 10457R
Regulator of Social Housing registration, No. L0992

The Board presents its report and audited group financial statements for The Cambridge Housing Society Limited ("Society") and its subsidiary undertakings (the "Group") for the year ended 31 March 2023.

Our financial statements are also available on our website www.chsgroup.org.uk.

Principal activities

The Group's principal activity is helping people and communities across Cambridgeshire to overcome challenges, take opportunities, and develop their ability to achieve their aspirations.

The key areas of operation are the provision of low-cost rented and shared ownership homes; residential and domiciliary care for older people; support for young people, parents, people experiencing homelessness or mental ill-health, or with learning disabilities; and the provision of nurseries for babies and young children. The nursery activities ceased on 31 August 2022. Community investment activities include providing money, debt and employment advice and computer training.

The Group also leases properties to other agencies, such as Mencap and Mind, to use in supporting their customers. In addition, it develops affordable housing and properties to sell on the open market.

Business model

We are independent and believe we have value as a locally based charity and geographically focussed service provider. This value lies in:

- Continuing to house and support low income and vulnerable customers;
- Being more accessible to our customers;
- Delivering a wide range of appropriate and relevant services to meet local needs and aspirations;
- Investing in people and communities;
- Providing services which are distinct from other housing and support providers;
- Having strong, local and up to date understanding of local needs and markets;
- Having the capacity, knowledge and desire to engage with our stakeholders;
- Being prepared to develop new services to tackle particular local problems.

Although the Cambridge area is relatively wealthy and has relatively high economic growth, by some measures Cambridge is the most unequal city in the UK and the northern part of the County is relatively disadvantaged. We can make a significant contribution to tackling this inequality by listening to and working alongside customers and partners in an innovative, collaborative, and business-like way, achieving much more value, quality, and effectiveness than by working in isolation.

Our homes

The Group houses more than 7,000 people in more than 3,000 homes. Most homes are in Cambridgeshire, the other homes being in neighbouring counties close to the Cambridgeshire border.

Around two-thirds of our homes are social housing providing rented homes for people and families who cannot afford to rent or buy on the open market. We have over 400 affordable low-cost home ownership and leasehold homes where residents buy a share in the equity (which they can increase when they choose) and pay rent on the remainder. All of our housing stock is fully compliant with the Decent Homes Standard.

We have approaching 400 homes for residents requiring supported housing, and over 90 rooms in residential care homes.

Group strategic objectives

Our corporate objectives are to:

- Deliver sustainable growth in social and affordable housing;
- Provide excellent services that respond to our customers;
- Ensure strong financial viability and excellent governance.

Group structure

The Cambridge Housing Society Limited ("Society"): the parent entity registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 and registered with the Regulator of Social Housing as a social housing provider. It is responsible for the strategic planning and direction of the Group. It owns or controls the entities below. The consolidated financial statements include all of these entities.

Cambridge and County Developments Limited ("CandCD"): a company limited by shares, wholly owned by the Society, that undertakes the Group's commercial activity, principally developing and selling residential property, providing services and advice as a development agent to the Society.

Waters Almshouses: The Society is the sole corporate trustee for Waters Almshouses, a registered charity with six properties rented to tenants meeting specific criteria.

In addition, the Society owns 50% of the shares in:

Plantsilver Limited: a 50% owned subsidiary company that administers and maintains a communal car park in Cambridge.

The above company does not form part of the consolidated financial statements.

Outlook

The Group provides high quality services which are valued by customers and stakeholders. Our strong geographic focus enables us to develop local service partnerships which offer stakeholders a wide and innovative range of services.

In accordance with our Growth Policy and risk appetite, our aim is to grow the core social housing element of our business and to review our other services to manage risk and improve financial performance. The external economic operating environment has continued to deteriorate over the last year, with high inflation and increasing interest costs, contributing to the "cost of living crisis". These adverse conditions are not forecast to improve greatly in the year ahead but are expected to negatively impact our income streams and increase our costs alongside a below inflation rent increase. As a consequence, it will be necessary to be prudent in our growth aspirations, whilst increasing the need to rebalance the financial performance and social value delivered by our support services, particularly where they rely on local authority funding where we expect funding will not increase in line with the increase in costs.

Group performance summary

The table below shows the Group's financial performance for the last three years:

Statement of comprehensive income	**2023 £'m**	**2022 £'m**	**2021 £'m**
Turnover	31.6	34.7	33.6
Cost of sales	(1.7)	(4.2)	(4.1)
Operating costs	(20.0)	(19.1)	(19.5)
Other operating income	-	-	0.2
Surplus on disposal of tangible fixed assets	2.0	1.6	0.6
Operating surplus	11.9	13.1	10.8
Net interest payable	(6.8)	(6.8)	(8.7)
Surplus for the year before taxation	5.1	6.3	2.1

The Group's operating turnover and surplus will fluctuate over the years as it is materially impacted by continuing growth of the core social housing side of the business in accordance with our Growth Policy, and by the volume and performance of the Group's shared ownership first tranche sales programmes. This year's overall operating surplus has decreased. The operating surplus on social housing lettings has remained consistent at £8.2m. The operating surplus from shared ownership first tranche sales has decreased by £1.4m, and the operating surplus from the sale of fixed assets and non-social housing activities increased by £0.6m.

Financial position at the year-end	**2023 £'m**	**2022 £'m**	**2021 £'m**
Housing properties less depreciation	243.0	238.2	235.4
Other fixed assets and investments	6.9	8.2	8.4
Net current assets / (liabilities)	11.8	15.6	14.3
Loans due after one year	(133.0)	(136.9)	(138.8)
Other long-term liabilities and provisions	(82.2)	(83.1)	(85.3)
Reserves	46.3	42.0	34.0

The net book value of housing properties at historical cost increased to £243.0m (2022: £238.2m). The cost of schemes completed during the year was £8.4m (2022: £10.7m), and properties under construction were £0.5m (2022: £1.5m) at the year-end.

Net current assets include properties being developed for sale of £1.8m (2022: £0.7m). Cash and cash equivalents at the year-end were £15.4m (2022: £19.0m), the statement of cash flows on pages 34-35 contains further detail.

The total of loans and bonds drawn-down, net of issue costs, decreased to £135.8m (2022: £138.8m) due to repayments in the year.

The Group's reserves increased to £46.3m (2022: £42.0m). The surplus of £5.1m for the year was decreased by actuarial losses on the Group's defined benefits pension scheme of £0.8m (disclosed in other comprehensive income).

Development

Policy and aims

Our development policy reflects the acute shortage of affordable housing in our area, the very high house prices in and around Cambridge, the ability of market development to support new affordable housing and the difficulty of making any sort of development viable in the far north of Cambridgeshire. We develop a combination of affordable homes for rent and affordable home ownership.

Our development aims are to:

- Develop at the optimum sustainable and risk appropriate capacity supported by our business plan;
- Increase affordable housing in Cambridgeshire, particularly in and close to Cambridge, and close to the Group's existing housing in neighbouring counties;
- Give priority to developing homes for people on lower incomes or who are at the top of the local housing needs register;
- Meet local need and demand both in terms of types and tenures of housing and its affordability to the occupiers;
- Set rents and service charges that are affordable with reference to the limits at which they can be covered by state benefits for people who need them;
- Deliver sustainability, quality and satisfaction to customers;
- Use our assets to maximise either their social or financial return or to optimise the balance between the two.

Development during the year

	2023		2022	
Number of properties	General Needs Affordable Housing	LCHO: Shared Ownership	General Needs Affordable Housing	LCHO: Shared Ownership
New starts onsite	14	6	38	16
Handed over	28	12	31	32
Onsite at 31 March	15	5	29	11

Future development programme

Our affordable housing development programme in 2023-24 plans to start 57 homes and thereafter our plan is to deliver the 77 homes in the current pipeline for the next five years. A full review of the development strategy will be approved by the Board early in 2023/24 with the potential to resume a new development programme after year 5 if the market conditions are right.

Property sales

	2023			2022		
	Sales	Turnover	Surplus / (Deficit)	Sales	Turnover	Surplus / (Deficit)
	No.	£'000	£'000	No.	£'000	£'000
LCHO: Shared Ownership First Tranche sales	9	1,377	444	37	5,840	1,800
LCHO: Staircasing sales	18	1,856	813	17	1,654	584
Other property sales	50	2,823	1,224	45	1,535	1,058

First tranche low-cost home ownership sales

There were 9 sales during the year compared to 37 in the previous year. This has led to a significant reduction in turnover and the surplus from this activity. The average surplus per sale, before holding interest costs, increased to £49.3k (2022: £48.6k).

The number of sales during the year were 5 lower than budgeted principally because of delays in properties being completed and handed over at a couple of schemes.

Low-cost home ownership staircasing sales

There were 18 staircasing sales during the year contributing a surplus of £813k (2022: 17 sales for a surplus of £584k).

Other property sales

There were 50 other property sales in the year consisting of 2 asset disposals of housing properties (2022: 2), 2 Right To Acquire sales (2022: 2) and the sale of properties associated with the nurseries contributing a combined surplus of £1,224k. (2022: £1,022k). This figure also includes any surplus the group makes when a shared ownership home is resold by its owner, in 2023 there were 45 of these transactions.

Social Housing Lettings

		2023	2022
Income	£'000	21,147	19,873
Operating surplus	£'000	8,234	8,574
Operating margin	%	38.9	43.1
Investment in existing homes	£'000	2,268	2,389
Properties managed	No.	3,071	3,038

Social housing lettings activities contribute £8,234k (2022: £8,574k) to the Group's operating surplus with a margin of 38.9% (2022: 43.1%).

There are a number of different social housing lettings activities the Group participates in (see below). Supported housing and Extra Care home activities are traditionally low-margin activities and contribute 13.3% (2022: 25.2%) of social housing lettings income. The operating margin is therefore negatively influenced by these activities.

General needs homes

Our general needs homes consist primarily of social rented homes but with an increasing number of affordable rent homes. These general needs homes are those providing rented housing for people and families who cannot afford to rent or buy on the open market. All general needs rents are set in accordance with the formula rent calculation as set out in the Government's Policy Statement on Rents for Social Housing. Social rents are generally significantly lower than Affordable Rents as the latter are tied to a proportion of market rents.

General needs income makes up 66% (2022: 66%) of total social housing lettings income.

During the year, the Group invested £2,268k (2022: £2,389k) in existing homes principally replacing kitchens, bathrooms, and heating components. All of our housing stock is fully compliant with the Decent Homes Standard.

40 new Affordable rent and Low-cost home ownership properties were completed and handed over during the year (2022: 63).

Supported housing and sheltered housing

The Group provides accommodation and support services for a range of people including: young people that are homeless or threatened with homelessness, Looked After Children, women at risk of homelessness either because of mental ill health or because they are fleeing domestic abuse, people with learning disabilities, adults with mental health needs, and we work in partnership with other charities to provide housing with support to people who have experienced street homelessness.

The Group also owns and operates three sheltered (retirement) housing schemes that consist of self-contained accommodation with a 24-hour emergency alarm.

Extra care schemes

The Group owns and operates three Extra care schemes. These are designed to provide independence and choice to older adults with varying levels of care and support needs, enabling them to rent a self-contained flat designed to meet their personal and social needs. Tenants also have the security of knowing that our highly trained and caring on-site staff are available for emergencies 24 hours a day, 7 days a week via a community alarm system.

LCHO: Shared ownership homes

Shared ownership is primarily aimed at first-time buyers who can sustain home ownership but who are unable to afford a suitable property on the open market. Buyers initially purchase a share of the property using a deposit and mortgage, to become a leaseholder who pays rent on the unpurchased share. In future years, the leaseholder can purchase further shares in the property (staircasing) or sell the share owned for its market value at the time.

Other Social Housing Activities

In addition to low-cost home ownership first tranche sales, the Group undertakes a number of other activities that are reported as Other Social Housing Activities.

		2023	2022
Extra care spot hours and community services			
Income	£’000	1,320	1,338
Operating surplus	£’000	426	352
Operating margin	%	32.3	26.3
Residential care homes			
Income	£’000	4,086	4,114
Operating surplus	£’000	278	664
Operating margin	%	6.8	16.1
Community investment activities			
Income	£’000	1,026	946
Operating deficit	£’000	(125)	(61)
Operating margin	%	(12.2)	(6.4)
Other activities			
Income	£’000	962	730
Operating surplus	£’000	217	(140)
Operating margin	%	22.6	(19.2)

Community support services

The Group runs a wide range of care and support services for several different client groups and with a number of specialist partners. Many of these services are commissioned or spot purchased by our local authorities. The Group is committed to meeting the needs of these very vulnerable groups but continuing public spending cuts and increasing costs have put the margins on some of these services under pressure. We are reviewing services and reconfiguring some services to improve financial performance and reduce risk. Where this cannot be achieved some services may be closed.

In care, we continue to face significant pressure from staff recruitment and retention, the growing needs of residents and the declining spending power of local authority commissioners. In response to these pressures the Group sold one of its residential care services in 2020-21 and is taking proactive management actions to maintain the quality of service and operating margins.

Residential care homes

Residential care homes offer 24-hour personal care and support. Residential care homes operate at traditionally lower margins and have a significant adverse effect on a number of the regulatory VfM metrics. The voids in the year were in line with the budget but the continued impact of repeated covid outbreaks has impacted on the overall financial performance. In 2022, the Board took the strategic decision to sell both of our care homes as going concerns and this sale is expected to be complete in September 2023.

Community investment activities

We run a comprehensive range of community investment services. Where external funding is available this is for the benefit of the wider community, not just our own residents. We specialise in developing partnerships with other charitable and public sector organisations to access larger funding streams, pool resources, share knowledge and therefore help more people. This also helps us to provide a wider range of services to our own residents while significantly reducing the cost of these services to CHS. Our partnerships have also enabled us to find solutions by reinventing services to provide the maximum social benefit with limited funding. An example of this would be the Cambridgeshire Local Assistance Scheme where we run the service on behalf of the County Council. The service is the provider of last resort for people who do not have the money to afford essential furniture, white goods, or food. Overall, these activities traditionally operate at a loss, but the Group is of the opinion that these are important services.

The value for money report contains further detail on how the Group adds social value through its community investment activities.

Non-social housing activities

The Group has two significant non-social housing activities:

Nurseries

Our Sunflower Nurseries located in Cambridge and Cambourne, are both rated as 'Good' by Ofsted. Whilst in our ownership, our nurseries were able to support a huge social mix from children of parents using our supported housing services, through to parents buying full time places for their children, through parents only using the Governments' Early Years funding which we accept for 2 and 3 year olds without requiring parents to pay for wrap around hours which is especially beneficial to low income parents who could otherwise not afford nursery day care. During the year the decision was made to sell the nurseries. The group completed the sale in August 2022.

During the year, the nurseries made a surplus of £40k (2022: £106k surplus) on turnover of £592k (2022: £1,298k).

Office lettings

The Group has spare office capacity that it lets on the open market. Income for the year of £314k (2022: £235k) yielded a surplus of £213k (2022: £115k).

Treasury policy

Each year the Board reviews the treasury policy and approves the annual treasury management strategy. The treasury policy addresses funding and liquidity risks, covenants compliance and investment policy. The policy was reviewed, and the findings reported to the Board during the year to ensure it remains relevant and fit for purpose. The treasury management activities are monitored by the Group Audit and Risk Committee which meets at least four times per year.

Borrowings are in sterling and do not carry any currency risk. All loans are secured by fixed charges over the Group's housing properties.

At 31 March 2023 the Society had undrawn and available funding facilities of £40.0m (2022: £37.5m).

Financing activity

During the year, no new financing was drawn down. A total of £3.8m of loans were repaid in the year.

Loan covenant compliance

The Finance team monitors covenant compliance at all times and is required to report on covenant compliance to the Group Audit and Risk Committee on a quarterly basis. Monthly monitoring is done internally at the Senior Management Group and the Executive Management Team. As at 31 March 2023, the Group complied with all its covenants and is forecasted to comply for the forthcoming twelve months and the period covered by the approved business plan.

Introduction

The Group's corporate objectives and Value for Money (VfM) targets are embedded in the corporate plan and are reviewed annually. The Executive Management Team meet regularly to oversee the implementation of and review progress against the corporate objectives. The progress is reported quarterly to the Group Board.

The Group Board recognises that the global pandemic and ongoing cost of living crisis adversely impacted the achievement of some of the 2022/23 VfM targets.

VfM is integrated into the organisation's operations in a number of ways:

Governance – Board members' duties include reviewing performance and efficiency and ensuring compliance with the regulator's requirements. Managers and staff are encouraged to question how we work and find ways of providing a better and more efficient service.

Financial – VfM is an integral part of our annual budget, business planning and corporate planning processes that set targets that seek to produce improvements to the service and better use of the resources available.

Business unit review – An update and review of the financial forecast for the next five years for each key business unit continues to be conducted annually. The aim of the review is to improve the viability of the Group by setting medium term plans for each business unit. Specifically, the review aims to:

- Ensure we are better informed about the income or funding streams and the cost structure of each business unit;
- Help better understand the gross operating surplus, future viability and return on housing assets for the individual business units;
- Set overall Group standard and business unit targets in terms of minimum gross operating margin, contribution and return on assets;
- Agree improvement targets and plans in order to address the low performing areas;
- Identify and objectively measure the social return from each business unit as part of considering risk vs return.

Planning process – Our corporate plan and business plan set out our key aims not only to improve services and increase residents' satisfaction but also to allow us to invest in services and responsible growth. Investment in digital technologies and systems are planned to deliver better value for money in term of cost as well as quality.

Resident focus – Improvement in residents' satisfaction with an emphasis on VfM is one of our key corporate objectives. However, the pandemic continued to impact on services with reduced in-person contact for some parts of the year.

Performance against corporate objectives

The following are the key VfM measures from the many measures used to monitor and run the business.

Corporate objective: Deliver sustainable growth in social and affordable housing

		2024	2023		2022
Metric		**Target**	**Actual**	**Target**	**Actual**
Homes in management	No.	3,062	3,131	3,050	3,104
Development - starts on-site:					
Affordable general needs units	No.	24	38	91	91
Shared ownership units	No.	7	16	39	16
Development - handovers:					
Affordable general needs units	No.	25	28	41	31
Shared ownership units	No.	17	12	14	32

Current performance

The development programme has been severely impacted by the pandemic over the last two years, with contracted schemes in development having completion handover delays and most pipeline schemes being delayed either in respect of the legal process to become contractually committed, or the actual start of build on site, or in planning. It was only towards the end of the financial year that schemes started to progress at a pre pandemic norm.

Focus on 2023/24 and beyond

It is expected that our handover targets for 2023/24 will be achieved as the majority of these are on identified schemes most of which are already in contract. Achieving the starts on site objective may be more challenging in the adverse economic environment as some of these are not currently on identified schemes.

Our long-term business plan currently continues to anticipate that the annual volume of new starts will be 25 units a year for the three years from 2023/2024 to 2025/26, then for the following six years this reduces to 0 starts per year. These aspirations will be reviewed as part of managing the risks presented by the adverse economic environment and policy changes by Government that include a possible rent cap, the emphasis shift to First Homes and the New Model for Shared Ownership all of which are anticipated to reduce affordable development scheme opportunities going forward. In 2023/24 we are also planning for asset management reasons to sell several properties, which means our number of homes in management are expected to reduce during the year ahead.

Corporate objective: Provide excellent services that respond to our customers

		2024	2023		2022
Metric		**Target**	**Actual**	**Target**	**Actual**
Digital strategy					
Housing tenants paying by direct debit	%	62.0	61.2	61.0	59.9
Sustain existing services					
Tenants satisfied with CHS services	%	83.0	74.9	84.0	78.0
Asset management and maintenance					
Kitchen replacements	No.	64	137	137	84
Bathroom replacements	No.	71	167	156	55
Heating system replacements	No.	104	60	173	179
Responsive repairs – stay fixed	%	96.0	92.8	95.4	99.3
Responsive repairs – right first time	%	96.0	92.8	90.0	97.0

Current performance

The delivery of planned component replacements was adversely impacted over the last three years by the pandemic and we are still working to catch up. We have worked with customers and contractors to deliver as full a programme as possible.

Focus on 2023/24 and beyond

The component replacement programme planned in the year ahead includes an allowance for catching up on works that were not progressed in 2021/22. Our long-term business plan now includes financial provision from 2023-24 for the commencement of works towards net zero carbon targets and achieving EPC C ratings for all homes by 2030.

Corporate objective: Ensure strong financial viability and excellent governance

In addition to the metrics required by the Regulator, gross operating margins are monitored on a monthly basis for each business unit. The gross operating margin is the margin after deducting direct costs from turnover.

		2024	2023		2022
Metric – gross operating margin		**Target**	**Actual**	**Target**	**Actual**
Social housing lettings	%	58	56	57	59
Other social housing activities	%	25	22	22	29

Current performance

The outcomes in 2022/23 are in part reflecting our continued focus on improving our operating margins so as to solidify our regulatory viability rating of V2 and further reduce viability risks within the business.

Focus on 2023/24 and beyond

To deliver the corporate plan targets we have agreed a range of actions that are expected to continue to contribute to maintaining our gross operating margins.

Benchmarking and peer group review

The metrics below are defined by the Regulator of Social Housing as set out in the Value for Money Standard (2018) accompanied by the Code of Practice (2018).

Peer group selection

On an annual basis, we undertake a formal review of our VfM metrics against a range of peers.

The Group undertakes a range of activities that are so diverse for an organisation of our size that we are not able to identify directly comparable peers at local or national level. To obtain the nearest peer groups possible, we have identified two different groups.

One peer group consists of 11 other housing associations all based in the East of England. They range from 1,400 to 17,500 units.

The other peer group consists of 10 housing associations with between 2,500 to 5,500 units based anywhere in England (national). They are associations with a relatively large income from other social housing activities and LCHO first tranche sales, attributes that we feel more closely relate to ours. Two of these national associations are also based in the East of England and are also included in the East of England peer group.

Data for both peer groups has been extracted from the Regulator of Social Housing's global accounts for 2022. The ranking in the peer group tables below is our ranking compared to the other 11 associations in the respective peer group.

Peer group: East of England (local)

			2024	2023		2022		
No.	**Metric**		**Target**	**Actual**	**Target**	**Actual**	**Peers**	**Rank**
1	Operating margin - social housing	%	32.4	38.9	31.0	43.1	32.9	2
2	Operating margin - overall	%	31.6	31.1	28.8	33.1	28.6	4
3	Reinvestment	%	3.81	4.0	7.3	8.2	16.0	8
4	Return on capital employed	%	6.2	4.5	5.2	5.0	3.6	1
5	Gearing	%	45.4	49.2	48.9	50.3	57.2	5
6	EBITDA MRI interest cover	%	105.4	134.5	121.2	159.0	163.9	8
7	Headline social housing cost per unit	£	5,717	6,289	6,765	5,728	4,600	10
8	New supply delivered - social	%	1.4	1.3	1.8	2.0	2.9	7
9	New supply delivered - non-social	%	0.0	0.0	0.0	0.0	0.0	3

Peer group: National

			2024	2023		2022		
No.	**Metric**		**Target**	**Actual**	**Target**	**Actual**	**Peers**	**Rank**
1	Operating margin - social housing	%	32.4	38.9	31.0	43.1	21.4	1
2	Operating margin - overall	%	31.6	31.1	28.8	33.1	19.2	1
3	Reinvestment	%	3.81	4.0	7.3	4.1	13.2	7
4	Return on capital employed	%	6.2	4.5	5.2	5.0	2.8	1
5	Gearing	%	45.4	49.2	48.9	50.3	45.0	9
6	EBITDA MRI interest cover	%	105.4	134.5	121.2	159.0	137.9	5
7	Headline social housing cost per unit	£	5,717	6,289	6,765	5,728	5,885	7
8	New supply delivered - social	%	1.4	1.3	1.8	2.0	2.1	6
9	New supply delivered - non-social	%	0.0	0.0	0.0	0.0	0.0	1

2024 targets are based on the 2023 Business Plan.

Current performance

Business health (metrics 1 and 2)

The operating margin demonstrates the profitability of operating assets before exceptional items are taken into account.

Overall operating margin improved over the previous year and exceeded target, principally due to Shared Ownership first tranche sales and asset sales including Shared Ownership staircasing. The Group compares favourably with national peers who are all around the same size as the Group. The local peer group contains a number of larger associations who will be able to achieve economies of scale not available to the Group.

Asset management (metrics 3 and 4)

Reinvestment (metric 3) is the investment in properties (existing stock and new supply) as a percentage of the total properties held. Return on capital employed (metric 4) compares the operating surplus to total assets less current liabilities.

Investment in new stock was lower than anticipated due to delays caused by the pandemic, and current economic crisis. Capital Investment in existing stock with regard to replacing components decreased slightly versus the previous year.

Funding (metrics 5 and 6)

Gearing (metric 5) measures how much of the adjusted assets are made up of debt and the degree of dependence on debt finance. EBITDA MRI (Earnings Before Interest, Tax, Amortisation, Major Repairs Included – metric 6) measures the level of surplus generated compared to interest payable avoiding any distortions stemming from the depreciation charge.

The net effect of the funding activity during the year shows a slight reduction in the Group's gearing, due to the regular repayment of loans.

Social housing lettings (metric 7)

Headline social housing cost per unit measures total property costs (including capital expenditure) per property owned or managed.

Due to the diverse range of services and activities undertaken by the Group, specifically in relation to our Other Social Housing activities that are often not related to units in management and that have high direct staff costs, we believe the headline social housing cost per unit metric is not an adequate basis for assessing VfM and for benchmarking against peers. Therefore, to enable more comparable benchmarking and provide greater transparency of our VfM effectiveness and efficiencies we have calculated this metric for the Group by business stream. In the following table we have summarised the calculation to show the metric by each business stream as reported in Note 3 to the Financial Statements.

The headline social housing cost per unit VfM Metric by business stream for 2023 are:

	Units in management at 31 March 2023 Units	Total costs 2023 £'000	Cost per unit 2023 £	Cost per unit 2022 £
Social housing lettings				
General needs and affordable rent	2,126	7,565	3,558	3,289
Supported and sheltered housing	265	2,478	9,351	8,510
Extra care lettings	121	1,838	15,190	11,793
Shared ownership lettings	406	840	2,069	1,658
Other social housing activities				
Extra Care spot hours and community services	-	894	n/a	n/a
Residential care	95	3,808	40,084	36,702
Community investment activities	-	1,151	n/a	n/a
Other activities:				
Development	-	-	n/a	n/a
Community Support and Rough Sleepers	59	745	12,627	15,000
Headline social housing cost per unit	**3,072**	**19,319**	**6,289**	**5,777**

The above table shows the elements required to be included in the metric calculation for the headline social cost per unit. There are a number of care or support activities with high employment costs that are not directly related to units in management which increases the metric significantly.

Residential care is an expensive business to operate due to the level of staffing required. Extra care and Supported Housing are also expensive relative to the provision of general needs housing. These business streams therefore also have a significant adverse effect on the headline social housing cost per unit metric.

This analysis demonstrates that when looking solely at the Group activities classified as General Needs and Affordable Rent within Social Housing Lettings, the 2023 headline social housing cost per unit is £3,558 which is a better comparison against the overall global accounts median of £4,150 and just above the lower quartile of £3,697.

Development (metrics 8 and 9)

The new supply metrics set out the number of new social housing and non-social housing units that have been acquired or developed in the year as a proportion of total social housing units and non-social housing units owned at the year-end.

The development on new housing stock in 2022/23 continued to be delayed by the residual effects of the pandemic, and newly the cost of living crisis and is reflected by the lower than anticipated new supply of new social housing stock.

The Group stopped sourcing new sites to develop properties for market sale in 2019-20, and there has been no non-social housing development in 2022/23.

Focus on 2023/24 and beyond

VfM targets are embedded in our corporate plan having been set to drive continuous improvement across all areas and to reflect the balance required between the Group's commitment to delivering social value, whilst ensuring both social and commercial activities are viable and sustainable.

The key aspects of our strategy to improve value for money are:

- In accordance with our Growth Policy to obtain improved economies of scale through the development of new affordable rent general needs and low cost home ownership properties that will increase our homes in management and be reflected in the average management cost per property increasing at a rate below inflation;

- Setting challenging but achievable minimum gross operating margin targets to be achieved for each of our diversified activities whilst continuing to deliver social value;
- Reshaping services to reduce risk where margin improvements are very difficult because of the service's reliance on public funding;
- Undertaking a robust rolling programme of procurement tenders to ensure optimal price, quality, and customer satisfaction are delivered;
- Managing and monitoring actual performance to deliver effective and efficient services.

In the short to mid-term, we expect our ranking to remain lower than peers for the EBITDA, gearing and headline social housing cost per unit VfM metrics. This is due to the combination of:

- Our comparatively lower number of general needs homes owned compared to many of our peers, which reduces the economies of scale achievable;
- As demonstrated earlier in this report, the Group's very diversified range of activities, that we undertake to deliver social value, where operating margins are lower than social housing but costs per unit are much higher.

Social Value

As a social purpose organisation, we want to be as responsive as possible to the local communities in which we work while considering the risks that may be involved in delivering a range of services. To help us better understand the social value or impact of our services we use three primary tools to measure different aspects of social value.

- Social Value – a tool developed by the Housing Associations Charitable Trust (HACT). This approach monetises outcomes that are related to increases in people's wellbeing as a result of using our services. The advantage of using this methodology is that it is nationally recognised as a credible way of measuring social impact. CHS uses HACT's Social Value Wellbeing Valuation Approach for some of our services.
- Economic value – the Local Multiplier Effect tool initially developed by the New Economics Foundation which estimates the local economic benefits of housing association spending.
- Cost Benefit Analysis – initially developed by HM Treasury and New Economy Manchester to assess the value for money impact of public service programmes. CHS has used a variation of this tool to assess some of its preventative work and to demonstrate its value to wider stakeholders e.g., to support the work of the County Council in assessing the value of (and continued funding for) the Cambridgeshire Local Assistance Scheme (CLAS).

CHS has brought together its work on Social Value to inform strategic decisions about the balance of diversified activity and core activity and how we might best contribute to tackling local social issues. We have developed a 'Business on a Page' methodology which assesses projects and services in a holistic way by taking account of their gross operating margins, risk, Social Value, and strategic relevance.

Community Investment and Community Support Services

In the year, applying the HACT approach we delivered the following Social Value in these service areas:

Service Area	Overall Social Impact 2023	Overall Social Impact 2022	Overall Social Impact 2021
Money and employment advice, community development	£465,565	£377,296	£452,135
Housing Related Support Services[1]	£1,273,789	£1,499,171	£1,360,917
Cambridgeshire Local Assistance Scheme	£1,853,050	£196,495[2]	£1,014,019

In addition, we delivered:

- £392k extra in tenants' pockets through provision of money advice e.g. welfare benefits, tax credits or grants; and £5.4m to the wider community by working in partnership with local Citizens Advice Bureaux as part of CLAS.
- 92 tenants achieved an employment related outcome (paid employment, training course, volunteering); and by working with our partners, a further 102 people in the wider community did so too.
- 44 digitally excluded tenants moved online and by working with our partners, a further 60 people in the community did too.

General needs and affordable housing

To demonstrate economic value, CHS has used research by the Hyde Group and Bates Wells Braithwaite (The Value of a Social Tenancy, (August 2018)) to assess the social value of its tenancies. This builds on the work of the Local Multiplier Effect tool and is applied specifically to housing associations. In its work Hyde Group split the value created into three categories:

- Social value per tenancy.
- Economic impact arising from construction per tenancy.
- Economic impact arising from maintenance activity per tenancy.

Added together these provide a figure for the total social value per tenancy. The total value calculation makes allowance for 'deadweight' and things that would have happened anyway without a social tenancy to arrive at the final figure of £19,906 per tenancy. Using this methodology and leaving aside the customers of the registered care homes, it can be estimated that the total value of (2,508) social housing tenancies for CHS, is £49.9m.

In our Older People's Services

- Around 48% (2022: 48%) of our residents in our Residential Care homes are private payers and the remaining 52% (2022: 52%) are local authority funded. For local authority funded places there is an individual negotiation of fees based on the needs of the individual to improve the financial viability of the business and reduce the cross subsidy from private funders, estimated to be over £800k p.a.
- Our Residential Care Homes offer respite stays which allow family carers to take breaks and extends the time families can continue supporting those living with dementia at home.
- CHS provides an aids and adaptations service for our tenants, research has shown that appropriate adaptation/equipment can delay admission to residential care by around 4 years.

[1] The overall Social Impact understates the Social Value we deliver supporting Looked After Children. We are exploring ways of better understanding how to capture this as our sense is that the HACT model does not fully appreciate the difference the services make.

[2] This figure is much lower than in previous years. This is because there were fewer completed Social Value forms collected through lack of capacity within the service. 25 completed forms were returned in comparison to, on average, 100 completed over previous years. However, we have observed that the average uplift per client has decreased over the last year as the operating context has changed e.g., Universal Credit cut and cost of living pressures.

- Our Extra Care scheme 5-star kitchens provide meals to local volunteer-run lunch clubs, and to residents in our sheltered schemes, these events reduce social isolation amongst the elderly.
- Our schemes act as a community hub for NHS services such as ‘flu’ jab and memory clinics, chiropody, and wellness therapies.
- Our residential care homes and extra care are Wi-Fi enabled to facilitate digital inclusion and includes the use of assistive technology where appropriate.

Looking ahead

Over the year ahead we intend to develop our understanding of our Social Impact further by applying appropriate Social Value methodologies to produce a statement which captures our contribution across the following themes:

- Home – improved housing situation.
- Environmental sustainability.
- Health and wellbeing.
- Community -assisting and supporting people.
- Jobs, training, and skills.
- Financial security.

We intend to frame our approach under an environmental, social and governance (ESG) heading to ensure that the links between social value, environmental sustainability and financial performance are clearly linked. For example, we adopted a sustainability policy and strategy over the last year and in our asset management plans, we are upgrading domestic boilers and storage heaters to more energy efficient models; this will help to reduce customers’ energy bills and lessen the impact on the environment.

Members of the Board

Board members in office during the period are listed on page 2.

All Board members held one share in the Society throughout their period of office, as defined in the Society's rules.

Corporate Governance

The Board is committed to integrity and accountability in the stewardship of the Society's affairs and considers that the Society has complied throughout the year under review with the provisions of the National Housing Federation's ("NHF") Code of Governance (2020 edition) in all respects, and the Regulator of Social Housing's Regulatory Standards. The Society completes annual self-assessment against the NHF's updated 2020 Code of Governance.

The Society exercises control over its subsidiaries by nominating the members of the Board/Executive Management Team and receiving quarterly reports on their performance. In addition to the above, within CandCD the shareholders exercise their vote as directed by the Society.

Composition and role of the Board

The Board currently comprises twelve non-executive members and normally meets at least six times a year. It has a formal schedule of matters reserved for its decision, including strategy, allocation of financial resources, annual budgets, long term business plans, annual results, monitoring performance, treasury policy, risk management and effectiveness of the Group's internal control systems, review of the Board's strengths and weaknesses and to ratify decisions made by Committees. Responsibility for the Group's day-to-day operations is delegated to the Chief Executive and the Executive Management Team.

Committees

The following are the principal committees supporting the Board:

Group Audit and Risk Committee

The Group Audit and Risk Committee is constituted formally as a standing committee of the Board and comprises of at least three members of the main Board. The Committee has precise terms of reference delegated by the Board.

The objectives of the Group Audit and Risk Committee include overseeing and reporting to the Board on the financial reporting process, the external audit, risk management, treasury, the accounting and internal control systems, and the internal audit function.

The Group Audit and Risk Committee makes recommendations to the Board on matters which include a review of the external auditor's audit findings report, internal auditor's annual report and effectiveness of internal controls and the risk management systems.

Operations Committee

The Operations Committee is constituted formally as a standing committee of the Board and comprises at least three members of the main Board. The Committee has precise terms of reference delegated by the Board. The Committee's main purpose is to take responsibility on behalf of the Board for the effective delivery of services to the Group's customers and the operational performance.

HR and Remuneration Committee

The HR and Remuneration Committee is constituted formally as a standing committee of the Board and comprises at least three members of the main Board. The Committee has precise terms of reference delegated by the Board. The Committee's main purpose is to take responsibility on behalf of the Board for ensuring an effective approach to staff reward, development, and management.

Governance Committee

The Governance Committee is constituted formally as a standing committee of the Board and comprises at least three members of the main Board. The Committee has precise terms of reference delegated by the Board. The Committee's main purpose is to take responsibility on behalf of the Board for detailed scrutiny of governance-related matters.

Development and Asset Management Committee

The Development and Asset Management Committee is a standing committee of the Board and comprises at least three members of the main Board. The Committee has precise terms of reference delegated by the Board. The Committee's main purpose is to ensure delivery of development to deliver growth and to have oversight, responsibility for asset management, including the Group's affordable housing activity.

Relevant executive directors and officers also attend Committee meetings and other members of the Board have the right to attend.

Chief Executive and Executive Management Team

The members of the Executive Management Team during the year are listed on page 2.

The Executive Management Team holds no interest in CHS's share capital. They act as executives and directors within the authority delegated by the Board. The detailed scrutiny of performance, the development of policies and procedures and expenditure approvals within budget are carried out by the Management Team. The Management Team meets regularly for these purposes.

Going Concern

The Board has a reasonable expectation that adequate resources exist for the Group and the Society to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. The Board approves the Group long-term financial plan and budget annually. The long-term plan has been tested under various stress scenarios and demonstrates compliance with lender covenants and long-term viability. The output from the financial plan, in the form of Financial Forecast Return (FFR), is submitted to the Regulator of Social Housing. The Board is of the opinion that the Group remains viable. For these reasons, it continues to adopt the going concern basis in preparing the financial statements.

Third party indemnity provisions

Qualifying third party indemnity provision was in place for the benefit of all Board members.

Health and Safety

The Board is aware of its responsibilities on all matters relating to health and safety. The Group has prepared detailed health and safety policies and provides staff training and education on health and safety matters. There is a system of regular monitoring and reporting as well as internal audits in this area.

Effects of material estimates and judgements upon performance

Preparation of the financial statements requires management to make significant judgements and estimates. Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income, and expenses are shown in note 2 of the financial statements.

Board's responsibilities in respect of the financial statements

The Board is responsible for preparing the report and financial statements in accordance with applicable laws 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 Society and of the statement of comprehensive income 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 Society 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 is responsible for the maintenance and integrity of the Societies' website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Risk management

Risk management is integral to the Group's overarching governance arrangements and the achievement of our corporate objectives.

The Group's approach to managing risk is set out in our Risk Management Policy and Framework, which is reviewed and approved at least biennially by the Group Board. It recognises the importance of effective identification, evaluation, and management of all key strategic and operational risks. As part of the risk management framework the Group Board also at least biennially reviews our Growth Policy, which assesses the risk appetite and sets out the total amount of risk that can be taken by the Group and clarifies our attitude to risk, reward and growth for each business unit and service. The risk appetite is set to ensure that the Group remains comfortably compliant with lenders covenants, legal and regulatory requirements and remains attractive to both current and potential future lenders. Our approach is supported by working with a leading risk consultancy that undertakes an annual independent review of our risk register and provides a specialist risk software system, within which risks are scored in terms of probability and impact.

The scenario planning and stress testing carried out on the Group's long-term financial plan provides assurance on the financial robustness of the Group and on other key aspects of risk management. The Group Board considers what might go wrong with our plans and ensures that the consequences have been identified in terms of our ability to achieve our objectives, and that we have considered the controls, indicators, and mitigating actions we need to prevent, or limit the impact of these consequences.

To ensure the effective implementation of the Risk Management Policy, clear roles and responsibilities for the Risk Management process have been established.

The Group Board has overall responsibility for ensuring the effectiveness of this framework. Each quarter the Group Board considers a summary of the Corporate Risk Register, that focuses on the highest scoring risks. Board members and the Executive Management Team participate in a quarterly risk conference call, chaired by either the Group Audit and Risk Committee Chair or the Chair of the Society's Board, which provides an opportunity for more deep dive discussions and review of selected risks. Annually the Board undertakes a full review of the risk register and considers the independent risk consultant's report and recommendations.

The Board has delegated authority to the Group Audit and Risk Committee to regularly review the effectiveness of risk management, by considering the full detailed risk register each quarter. The Board then receives minutes, recommendations and update reports from the Group Audit and Risk Committee.

The Executive Management Team are responsible for ensuring that the agreed Risk Policy and Risk Framework is effectively implemented and supported by the appropriate level of monitoring, reporting and management of risks. The risk management system requires a detailed risk register to be kept for each area of the business. Managers are required to undertake an ongoing and structured review of risks in their respective areas and to provide updates including any new and emerging risks.

The Group Board and Executive Management Team considered the risks identified here as the Group's top scoring risks at this financial year end.

Risk	Assessment and risk mitigation
Significant gap between actual increases in income and costs from April 2024.	• The cost-of-living crisis driven by high inflation, is anticipated to result in a cap on rent increases from April 2024. • The CHS Board is considering a range of mitigation options to implement, including requesting inflation increases for all care and support contracts.
Workforce planning - failure to recruit and retain a staff team that is skilled, motivated, and productive within agreed resources.	• Process for succession plans for key posts in place so that the quality of service can be maintained. • The key indicators of HR performance, including sickness absence and staff turnover, are monitored at HR Committee and action plans are in place to reduce impact. • CHS undertakes a biennial benchmarking review of pay and conditions to ensure competitiveness. • Arrangements are in place to support new staff including an induction programme, training and, if appropriate, mentoring.
Failure to achieve planned VfM Metric and other VfM targets.	• VfM metric projections updated for 2024 Business Plan. • For Business Units not achieving VfM financial targets, notice periods for exit and break options requested in renewing contracts for support services and right to request inflation increases. • Plans being progressed to move some supported housing services to lower risk floating support only in the mid-term.
Responsive / void / cyclical maintenance costs greater than budgeted.	• Cost per Property / void models in place for responsive and void repairs • Monthly monitoring of spend throughout the year, including forward projections of works planned/in train. • Contractual protection – provision in partnering contracts to withhold payments. • Compensation procedures – the contractor will pay compensation if it is their fault.
Failure to achieve the planned volume and Gross Operating Surplus from LCHO Shared Ownership First Tranche sales.	• Affordability test incorporated into scheme appraisal process. • Assumed sales values scrutinised by Investment Group prior to project appraisal. • Minimise sales times by selling off plan.
Financial failure of a major contractor.	• Recurring Independent check on financial well-being of major contractors using the Dunn & Bradstreet alert system. • Legal advice is sought prior to entering into significant development and maintenance contracts. • Close working relationships with main repairs and maintenance contractors including regular liaison meetings and sharing of key performance data.

Internal controls assurance

Identification and evaluation of key risks

A detailed database of all the risks to which the Group is exposed has been prepared and is updated quarterly. A methodology has been developed to quantify the potential impact of these risks, and controls to eliminate, mitigate or reduce these risks have been developed. Management responsibility for the identification, evaluation and control of significant risks has been clearly defined with quarterly reporting of changes to the overall risk profile as well as individual significant risks being made to the Board.

In addition, the risk database is reviewed annually by the Board as part of the annual business plan review to ensure that it provides a comprehensive and up to date representation of the strategic risks faced by the Group. Business risk assessments are carried out at department and business unit level and for new business opportunities. Cambridge and County Developments Limited, the group's main subsidiary, has its own risk database where its risk register is updated and reported to the Board quarterly.

The Executive Management Team considers reports on the significant risks facing the group and the Group Finance Director is responsible for reporting to the Board any significant changes affecting key risks or breakdowns of internal control. A process designed to further embed risk awareness throughout the Group is ongoing. The Board completed the latest biennial review and update of the risk management policy and framework in November 2022.

Monitoring and corrective action

As part of the risk management process Heads of Services carry out control evaluation relating to key risks in their areas and record if key controls are in place and working effectively or require improvements. Actions arising from identified control weakness are documented in the risk assessment. Management reporting on control provides hierarchical assurance to successive levels of management and to the Board. A process of corrective action to be taken in relation to any material control issues arising from independent internal and external audit reports is in place and subject to regular monitoring. The annual reports from the auditors are received by the Board.

The internal audit function carries out risk-based internal audits across the Group. The Group Audit and Risk Committee approve the audit plan and receive an annual report and assurance statement on internal control effectiveness. The Board receives a copy of this report in support of the Group Audit and Risk Committee's annual report to the group.

Control environment and control procedures

The Board retains responsibility for a defined range of matters covering strategic, operational, financial, and compliance issues. The Board has adopted and disseminated to all employees a Code of Conduct for Employees. This sets out the Group's polices with regard to the quality, integrity, and ethics of its employees. It is supported by a framework of policies and procedures with which employees must comply. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection, and fraud detection and prevention.

Fraud

The Group's Anti-fraud policy covers the prevention, detection and reporting of fraud, including the recovery of assets, and reporting of incidents of fraud to the Regulator of Social Housing and the police. The Group maintains a register of actual and attempted frauds which the Board has reviewed as part of its annual review of the effectiveness of the Group's system of internal control. The Anti-fraud policy was last updated in May 2020.

Information and financial reporting

The Group has developed a 30-year business model to inform the strategic planning and decision-making process of the Board. Financial reporting procedures include the preparation of detailed annual budgets with monthly management reviews of progress and quarterly reporting including analysis of significant variances to the Group Audit and Risk Committee and the Board. The Board also regularly reviews key performance indicators to assess progress towards the achievement of business objectives, targets, and outcomes.

Internal Audit

The internal control framework and the risk management process are subject to on-going and regular review by internal audit. An ongoing process of internal audit inspections of key aspects of the internal controls system of the Group has been carried out by the internal auditors. The internal auditors report to the Group Audit and Risk Committee at each of their quarterly meetings. As well as identifying areas for improvement, the internal audit reports include a timetable for action. At each quarterly meeting of the Group Audit and Risk Committee reports on progress against the timetable for action are presented by management.

The Board has received a report from the Chief Executive and the Executive Directors of the Society and the Group on the system of internal controls in place, their operation over the period and their effectiveness. The Board has reviewed the system of internal controls in the light of the risks facing the organisation and the strategic objectives of the Group.

The Board confirms that there is an on-going process for identifying, evaluating, and managing significant risks faced by the Group. This process has been in place throughout the year under review, up to the date of the annual report and is regularly reviewed by the Board.

Public Benefit Entity

As a public benefit entity, the Society has applied the public benefit entity 'PBE' prefixed paragraphs of Financial Reporting Standard 102.

National Housing Federation Code of Governance

The Board has adopted the National Housing Federation's Code of Governance 2015 and complies with all aspects of the Code.

Compliance with Governance and Financial Viability Standard

The Board confirms that the Group has met the regulatory expectations in the governance and financial viability standard.

Details of post statement of financial position events

There have been no significant events between the year-end date and the date of approval of these financial statements which would require an adjustment to the financial statements.

Information for Auditors

The Board members who held office at the date of approval of this Strategic Report confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditors are unaware; and each Board member has taken all the steps that they ought to have taken as a Board member to make themselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

Beever and Struthers have expressed their willingness to continue in office as the Group's auditors. Accordingly, a resolution to re-appoint them as auditors will be proposed at the forthcoming Annual General Meeting.

Statement of Compliance

The Board confirms that this Strategic Report has been prepared in accordance with the principles set out in paragraph 4.7 of the 2018 SORP for Registered Social Housing Providers.

The Report of the Board was approved on 22nd August 2023 and signed on its behalf by:

DocuSigned by:

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Martin Wheatley
Chair

Date: 22nd August 2023

Registered address:
Endurance House
Chivers Way
Histon
Cambridge
CB24 9ZR

Opinion

We have audited the financial statements of The Cambridge Housing Society Limited (the Society) and its subsidiaries (the Group) for the year ended 31 March 2023 which comprise the Consolidated and Society Statement of Comprehensive Income, Consolidated and Society Statement of Financial Position, Consolidated Statement of Changes in Reserves, Society 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 2. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Society's affairs as at 31 March 2023 and of the Group's income and expenditure and the Society'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 Society 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's or the Society's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- the Society has not maintained a satisfactory system of control over transactions; or
- the Society has not kept adequate accounting records; or
- the Society'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 20, 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 Society'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 Society 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 Society, 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.
- 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 Society, 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 Society 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 Society for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

Beever and Struthers, Statutory Auditor

150 Minories
London
EC3N 1LS

Date 28 September 2023

THE CAMBRIDGE HOUSING SOCIETY LIMITED

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Statement of comprehensive income

			Group			Group	
	Note	**2023 Continuing operations**	**2023 Discontinued Operations**	**2023 Total**	2022 Continuing operations (as restated)	2022 Discontinued Operations (as restated)	2022 Total
		£'000	**£'000**	**£'000**	£'000	£'000	£'000
Turnover	3-4	**31,045**	**592**	**31,637**	33,410	1,298	34,708
Cost of sales	3-4	**(1,702)**	**-**	**(1,702)**	(4,161)	-	(4,161)
Operating costs	3-4	**(19,543)**	**(552)**	**(20,095)**	(17,870)	(1,192)	(19,062)
Other operating income	3-4	**-**	**-**	**-**	-	-	-
Surplus on disposal of fixed assets	6	**2,037**	**-**	**2,037**	1,642	-	1,642
Operating surplus		**11,837**	**40**	**11,877**	13,021	106	13,127
Interest receivable	7	**200**	**-**	**200**	7	-	7
Interest payable and financing costs	8	**(6,961)**	**-**	**(6,961)**	(6,789)	-	(6,789)
(Loss)Profit on disposal of current asset investments	9	**-**	**-**	**-**	-	-	-
Change in the fair value of investment property	17	**-**	**-**	**-**	-	-	-
Change in the fair value of current asset investments	20	**-**	**-**	**-**	-	-	-
Surplus before tax	10	**5,076**	**40**	**5,116**	6,239	106	6,345
Taxation	11	**-**	**-**	**-**	-	-	-
Surplus for the year		**5,076**	**40**	**5,116**	6,239	106	6,345
Other comprehensive income							
Actuarial (losses)/gains in respect of pension scheme	14	**(789)**	**-**	**(789)**	1,691	-	1,691
Total comprehensive income for the year		**4,287**	**40**	**4,327**	7,930	106	8,036

The Consolidated and Society's results do not relate wholly to continuing activities. The distribution is shown above. The notes on pages 36 to 73 form an integral part of these financial statements.

The financial statements on pages 30 to 73 were approved and authorised for issue by the Board on 22nd August 2023 and were signed on its behalf by:

DocuSigned by:
Martin Wheatley
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Martin Wheatley Chair

DocuSigned by:
Alex Colyer
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Alex Colyer Board Member

DocuSigned by:
SHill
0E29074F62DF4C0...
Stephen Hills Secretary

THE CAMBRIDGE HOUSING SOCIETY LIMITED

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Statement of comprehensive income

	Note	**2023 Continuing operations £'000**	**Society 2023 Discontinued Operations £'000**	**2023 Total £'000**	2022 Continuing operations (as restated) £'000	Society 2022 Discontinued Operations (as restated) £'000	2022 Total £'000
Turnover	3-4	**30,330**	**592**	**30,922**	33,513	1,298	34,811
Cost of sales	3-4	**(933)**	**-**	**(933)**	(4,040)	-	(4,040)
Operating costs	3-4	**(19,693)**	**(552)**	**(20,245)**	(18,241)	(1,192)	(19,433)
Other operating income	3-4	**-**	**-**	**-**	-	-	-
Surplus on disposal of fixed assets	6	**2,037**	**-**	**2,037**	1,642	-	1,642
Operating surplus		**11,741**	**40**	**11,781**	12,874	106	12,980
Interest receivable	7	**316**	**-**	**316**	103	-	103
Interest payable and financing costs	8	**(6,961)**	**-**	**(6,961)**	(6,789)	-	(6,789)
(Loss)Profit on disposal of current asset investments	9	**-**	**-**	**-**	-	-	-
Change in the fair value of investment property	17	**-**	**-**	**-**	-	-	-
Change in the fair value of current asset investments	20	**-**	**-**	**-**	-	-	-
Surplus before tax	10	**5,096**	**40**	**5,136**	6,188	106	6,294
Taxation	11	**-**		**-**	-		-
Surplus for the year		**5,096**	**40**	**5,136**	6,188	106	6,294
Other comprehensive income							
Actuarial (losses)/gains in respect of pension scheme	14	**(789)**	**-**	**(789)**	1,691	-	1,691
Total comprehensive income for the year		**4,307**	**40**	**4,347**	7,879	106	7,985

The Consolidated and Society's results do not relate wholly to continuing activities. The distribution is shown above. The notes on pages 36 to 73 form an integral part of these financial statements.

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DocuSigned by:
Alex Colyer
3192FCBAFF95413... Alex Colyer Board Member

DocuSigned by:
SHill
0E29074F62DF4C0... Stephen Hills Secretary

Statement of financial position

		Group		Society	
		2023	2022	**2023**	2022
	Note	**£'000**	£'000	**£'000**	£'000
Fixed assets					
Housing properties	15	**242,975**	238,172	**243,352**	238,543
Other tangible fixed assets	16	**6,058**	7,348	**6,058**	7,348
Investment property	17	**815**	815	**815**	815
		249,848	246,335	**250,225**	246,706
Current assets					
Stock	18	**1,814**	1,379	**1,226**	188
Trade and other debtors	19	**2,451**	2,251	**3,007**	3,584
Current asset investments	20	**-**	-	**-**	-
Cash and cash equivalents	21	**15,378**	19,087	**15,289**	19,034
		19,643	22,717	**19,522**	22,806
Creditors: amounts falling due within one year	22	**(7,798)**	(7,077)	**(7,440)**	(6,944)
Net current assets / (liabilities)		**11,845**	15,640	**12,082**	15,862
Total assets less current liabilities		**261,693**	261,975	**262,307**	262,568
Creditors: amounts falling due after more than one year	23	**(211,525)**	(216,079)	**(211,483)**	(216,036)
Provision for liabilities					
Pension - defined benefit liability	14	**(3,866)**	(3,921)	**(3,866)**	(3,921)
Total net assets		**46,302**	41,975	**46,958**	42,611
Reserves					
Revenue reserve		**45,461**	41,087	**46,122**	41,728
Restricted reserves	30	**497**	544	**492**	539
Investment property revaluation reserve		**344**	344	**344**	344
Total reserves		**46,302**	41,975	**46,958**	42,611

The notes on pages 36 to 73 form an integral part of these financial statements.

The financial statements on pages 30 to 73 were approved and authorised for issue by the Board on 22nd August 2023 and were signed on its behalf by:

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.... Martin Wheatley Chair

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.... Alex Colyer Board Member

DocuSigned by:
SHill
0E29074F82DF4C0...
.... Stephen Hills Secretary

Statement of changes in reserves

Group	**Revenue reserve £'000**	**Restricted reserve £'000**	**Investment property revaluation reserve £'000**	**Total equity £'000**
Balance at 1 April 2021	**33,015**	**580**	**344**	**33,939**
Surplus from statement of comprehensive income	6,345	-	-	6,345
Other comprehensive income:				
Actuarial gains/(losses) in respect of pension scheme	1,691	-	-	1,691
Reserves transfers:				
Transfer of revenue reserve to restricted reserve	36	(36)	-	-
Amenity funds:				
Unrealised decrease in value of funds	-	-	-	-
Balance at 31 March 2022	**41,087**	**544**	**344**	**41,975**
Balance at 1 April 2022	**41,087**	**544**	**344**	**41,975**
Surplus from statement of comprehensive income	5,116	-	-	5,116
Other comprehensive income:				
Actuarial gains/(losses) in respect of pension scheme	(789)	-	-	(789)
Reserves transfers:				
Transfer of revenue reserve to restricted reserve	47	(47)	-	-
Amenity funds:				
Realised value of funds on disposal	-	-	-	-
Balance at 31 March 2023	**45,461**	**497**	**344**	**46,302**

The notes on pages 36 to 73 form an integral part of these financial statements.

Society	**Revenue reserve £'000**	**Restricted reserve £'000**	**Investment property revaluation reserve £'000**	**Total equity £'000**
Balance at 1 April 2021	**33,707**	**575**	**344**	**34,626**
Surplus from statement of comprehensive income	6,294	-	-	6,294
Other comprehensive income:				
Actuarial gains/(losses) in respect of pension scheme	1,691	-	-	1,691
Reserves transfers:				
Transfer of revenue reserve to restricted reserve	36	(36)	-	-
Amenity funds:				
Unrealised decrease in value of funds	-	-	-	-
Balance at 31 March 2022	**41,728**	**539**	**344**	**42,611**
Balance at 1 April 2022	**41,728**	**539**	**344**	**42,611**
Surplus from statement of comprehensive income	5,136	-	-	5,136
Other comprehensive income:				
Actuarial gains/(losses) in respect of pension scheme	(789)	-	-	(789)
Reserves transfers:				
Transfer of revenue reserve to restricted reserve	47	(47)	-	-
Amenity funds:				
Realised value of funds on disposal	-	-	-	-
Balance at 31 March 2023	**46,122**	**492**	**344**	**46,958**

The notes on pages 36 to 73 form an integral part of these financial statements.

THE CAMBRIDGE HOUSING SOCIETY LIMITED
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
Consolidated statement of cash flows

	2023 £'000	2022 £'000
Net cash generated from operating activities (see note i)	**11,863**	18,777
Cash flow from investing activities		
Proceeds from sale of housing properties	**3,332**	3,083
Proceeds from sale of other fixed assets	**1,176**	1
Purchase of housing properties	**(9,759)**	(9,746)
Purchase of other fixed assets	**(132)**	(99)
Receipt of grant	**638**	154
Interest received	**200**	7
Purchase of current asset investments	**-**	-
Sale of current asset investments	**-**	-
Net cash from investing activities	**(4,545)**	(6,600)
Cash flow from financing activities		
Interest paid	**(7,068)**	(6,840)
New loans - bank	**-**	-
Repayment of loans - bank	**(3,959)**	(1,531)
New loans - bonds	**-**	-
Net cash from financing activities	**(11,027)**	(8,371)
Net change in cash and cash equivalents	**(3,709)**	3,806
Cash and cash equivalents the beginning of the year	**19,087**	15,281
Cash and cash equivalents at the end of the year	**15,378**	19,087

Note i	**2023 £'000**	2022 £'000
Cash flow from operating activities		
Surplus for the year	**5,116**	6,345
Adjustments for non-cash items:		
Depreciation of housing properties	**2,351**	2,418
Depreciation of other fixed assets	**246**	310
Impairment of fixed assets	**-**	-
Amortised grant	**(815)**	(901)
Decrease in stocks	**928**	5,548
Decrease / (Increase) in trade and other debtors	**(200)**	185
(Decrease) in trade creditors	**357**	30
Pension funding	**(844)**	(471)
Adjustments for investing or financing activities:		
Movement on disposals and sales	**(2,037)**	(1,579)
Interest payable and finance cost	**6,961**	6,899
Interest receivable	**(200)**	(7)
Net cash generated from operating activities	**11,863**	18,777

The notes on pages 36 to 73 form an integral part of these financial statements.

1. Legal status

The Cambridge Housing Society Limited is incorporated in England and Wales under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a Private Housing Association. The registered office is Endurance House, Chivers Way, Histon, Cambridge CB24 9ZR. The Cambridge Housing Society Group's principal activity is to provide social housing.

The Group comprises the following entities:

Name	Incorporation	Registered/Non-registered with Regulator of Social Housing
Cambridge and County Developments Limited	Companies Act 2006	Non-registered
Plantsilver Limited	Companies Act 2006	Non-registered
Waters Almshouses	Co-operative and Community Benefit Societies Act 2014	Registered

2. Accounting policies

Basis of preparation

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 as modified by the revaluation of investments 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 company disclosure exemptions

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

- No cash flow statement has been presented for the Parent Entity,
- Disclosures in respect of the Parent Entity'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 Entity 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 The Cambridge Housing Society Limited and all of its subsidiary undertakings as at 31 March 2023 using the acquisition method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition, being the date the Group obtains control.

The Society controls Waters Almshouses by virtue of its appointment as corporate trustee. The results of Waters Almshouses have been consolidated in these financial statements.

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.

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 statement of financial position 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 39. Initial capitalisation of costs is based on management's judgement that the 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 15 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 less costs to sell 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 perform 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 Group as the existing property. The cash flows are derived from the business plan for the next 5 years and do not include restructuring activities that the Group is not yet permitted to or significant future investments that will enhance the assets' 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.

d. **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 14.

Other key sources of estimation and assumptions:

a. **Tangible fixed assets.:** Other than investment properties, 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 £249.41m.

b. **Revaluation of investment properties**. The Group carries its investment property at fair value and engages independent valuers when required to determine fair value using a valuation technique based on a discounted cash flow model. The calculated fair value of the investment property therefore uses assumptions, of which the most sensitive relate to the estimated yield and the long-term vacancy rate. The key assumptions used to determine the fair value of investment property are further explained in note 17. The carrying value of investment properties at 31 March 2023 was £815k.

Turnover and revenue recognition

Turnover represents rental income receivable, amortised capital grant, revenue grants from Local Authorities and Homes England, income from the sale of shared ownership and other properties developed for outright sale and other income.

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.

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.

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 The Statement of Comprehensive Income, 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 Society's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position 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.

Tangible fixed assets - 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 to the appropriate tenure where it is possible to specify which tenure the expense relates to. Where it is not possible to relate costs to a specific tenure costs are allocated on a floor area or unit basis depending on appropriateness for each scheme.

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 Group depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories. Shared ownership properties are not depreciated.

UELs for identified components are as follows:

• Structure	100 years
• Roofs	60 years
• Heating systems	35 years
• Bathrooms, windows, doors, and wiring	30 years

• Kitchens	20 years
• Boilers	15 years

The Group 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.

Tangible fixed assets – non-housing

Other tangible assets include those assets with an individual value in excess of £500.

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

• Freehold office buildings and nurseries	100 years
• Furniture, fixtures and fittings, computers and software	4 to 10 years

Low cost home ownership properties

The costs of low-cost home ownership properties are split between current and tangible 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 tangible 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.

Investment property

Investment property includes commercial and other properties not held for the social benefit of the Group. Investment property is measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure, and subsequently at fair value at the reporting date. Fair value is determined annually by qualified valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location, or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive income. There are no restrictions on realisation or remittance of income or disposal proceeds.

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 reporting date. Gains and losses on re-measurement are recognised in the Statement of Comprehensive Income 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.

Stock and properties held for sale

Stocks of materials are stated at the lower of cost and net realisable value 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 the Statement of Comprehensive Income.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income 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 Account 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 Homes England. 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.

The Society received furlough grants from the government. These grants have been recognised in other operating income at the fair value of the consideration received. The expenditure compensated by the grant income is included at gross value in administrative expenses in the Statement of Comprehensive Income.

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.

Holiday pay accrual

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

Agreements to improve existing properties

Where the Society 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.

A liability for the Group's pension obligations is recognised net of plan assets. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method. Further details of the assumptions and the pension plans are in note 14.

Investment Property Revaluation Reserve

The investment property revaluation reserve represents the difference between the fair value of properties held for investment and the historical cost carrying value.

Restricted Reserve

The Group holds a restricted reserve of £544k which relates to Amenity and nursery funds. 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 and a further detail is in note 30.

Amenity and Bursary Funds

Charitable funds are held for the benefit of residents of certain residential homes for older people and special needs projects or to establish a bursary fund to assist parents on low incomes to pay the fees of the pre-school nursery.

Nursery Funds

Funds are held for specific purposes in relation to the nurseries. These purposes are: a graduate leader fund, which is monies to be used for employing some graduate trainees at the nurseries, and OQI funding which is monies to be spent on replacement of materials at the nurseries such as developmental and educational toys.

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 the Statement of Comprehensive Income, 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) or 11.8(bA) 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 the Statement of Comprehensive Income 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 and held at amortised cost using the effective interest method, Cash is held at 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.

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 the Statement of Comprehensive Income 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 the Statement of Comprehensive Income immediately.

Sinking Funds

The Group sets aside amounts for future major repairs expenditure on housing property. These are held in long-term creditors.

Discontinued operations

In the year ended 2023 the group disposed of its nursery operations. In line with FRS102 the statement of comprehensive income shows the profits from the discontinued operations separately. The statement of comprehensive income for 2022 has been restated to show these discontinued operations separately.

3. Turnover, operating cost and operating surplus

Group

	Turnover 2023 £'000	Cost of Sales 2023 £'000	Operating costs 2023 £'000	Surplus on disposal of fixed assets 2023 £'000	Operating surplus 2023 £'000
Social housing lettings (note 4):					
General needs	13,894	-	(7,398)	-	**6,496**
Supported housing and sheltered housing	2,958	-	(2,675)	-	**283**
Extra care lettings	2,437	-	(2,000)	-	**437**
Shared ownership	1,858	-	(840)	-	**1,018**
	21,147	-	(12,913)	-	**8,234**
Other social housing activities:					
First tranche low-cost home ownership sales	1,377	(933)	-	-	**444**
Extra care spot hours and community services	1,320	-	(894)	-	**426**
Residential care	4,086	-	(3,808)	-	**278**
Community investment activities	1,026	-	(1,151)	-	**(125)**
Other Activities	962	-	(745)	-	**217**
	12,968	(933)	(6,598)	-	**1,240**
Non-social housing activities:					
Surplus on disposal of fixed assets (note 6)	725	(769)	(10)	2,037	**1,983**
Market rents	16	-	(3)	-	**13**
Nurseries	592	-	(552)	-	**40**
Office lettings	314	-	(101)	-	**213**
Other	46	-	154	-	**200**
	1,693	(769)	(512)	2,037	**2,449**
	31,611	**(1,702)**	**(20,023)**	**2,037**	**11,923**
Other:					
Net income from Amenity Funds	26	-	(72)	-	**(46)**
Total	**31,637**	**(1,702)**	**(20,095)**	**2,037**	**11,877**

There were no impairment charges during the year (2022: £nil).

Group

	Turnover 2022 £'000	Cost of Sales 2022 £'000	Operating costs 2022 £'000	Surplus on disposal of fixed assets 2022 £'000	Operating surplus 2022 £'000
Social housing lettings (note 4):					
General needs	13,150	-	(6,613)	-	6,537
Supported housing and sheltered housing	2,866	-	(2,433)	-	433
Extra care lettings	2,150	-	(1,579)	-	571
Shared ownership	1,707	-	(674)	-	1,033
	19,873	-	(11,299)	-	8,574
Other social housing activities:					
First tranche low-cost home ownership sales	5,840	(4,040)	-	-	1,800
Extra care spot hours and community services	1,338	-	(986)	-	352
Residential care	4,114	-	(3,450)	-	664
Community investment activities	946	-	(1,007)	-	(61)
Other Activities	730	(118)	(752)	-	(140)
	12,968	(4,158)	(6,195)	-	2,615
Non-social housing activities:					
Surplus on disposal of fixed assets (note 6)	-	-	-	1,642	1,642
Market rents	241	-	(5)	-	236
Nurseries	1,298	-	(1,192)	-	106
Office lettings	235	-	(120)	-	115
Other	59	(3)	(181)	-	(125)
	1,833	(3)	(1,498)	1,642	1,974
	34,674	(4,161)	(18,992)	1,642	13,163
Other:					
Net income from Amenity Funds	34	-	(70)	-	(36)
Total	34,708	(4,161)	(19,062)	1,642	13,127

Society

	Turnover 2023 £'000	Cost of Sales 2023 £'000	Operating costs 2023 £'000	Surplus on disposal of fixed assets 2023 £'000	Operating surplus 2023 £'000
Social housing lettings (note 4):					
General needs	13,864	-	(7,357)	-	**6,507**
Supported housing and sheltered housing	2,866	-	(2,675)	-	**283**
Extra care lettings	2,437	-	(2,000)	-	**437**
Shared ownership	1,858	-	(845)	-	**1,018**
	21,117	-	(12,872)	-	**8,245**
Other social housing activities:					
First tranche low-cost home ownership sales	1,377	(933)	-	-	**444**
Extra care spot hours and community services	1,320	-	(894)	-	**426**
Residential care	4,086	-	(3,808)	-	**278**
Community investment activities	1,026	-	(1,151)	-	**(125)**
Other Activities	962		(745)	-	**217**
	8,771	(933)	(6,598)	-	**1,240**
Non-social housing activities:					
Surplus on disposal of fixed assets (note 6)	-	-	-	2,037	**2,037**
Market rents	16	-	(3)	-	**13**
Nurseries	592	-	(552)	-	**40**
Office lettings	314	-	(101)	-	**213**
Other	86	-	(47)	-	**39**
	1,008	-	(703)	2,037	**2,342**
	30,896	(933)	(20,173)	2,037	**11,827**
Other:					
Net income from Amenity Funds	26	-	(72)	-	**(46)**
Total	**30,922**	**(933)**	**(20,245)**	**2,037**	**11,781**

There were no impairment charges during the year (2022: £nil).

Society

	Turnover 2022 £'000	Cost of Sales 2022 £'000	Operating costs 2022 £'000	Surplus on disposal of fixed assets 2022 £'000	Operating surplus 2022 £'000
Social housing lettings (note 4):					
General needs	13,122	-	(6,593)	-	6,529
Supported housing and sheltered housing	2,866	-	(2,433)	-	433
Extra care lettings	2,150	-	(1,579)	-	571
Shared ownership	1,707	-	(674)	-	1,033
	19,845	-	(11,279)	-	8,566
Other social housing activities:					
First tranche low-cost home ownership sales	5,840	(4,040)	-	-	1,800
Extra care spot hours and community services	1,338	-	(986)	-	352
Residential care	4,114	-	(3,450)	-	664
Community investment activities	946	-	(1,007)	-	(61)
Other Activities	864		(869)	-	(5)
	13,102	(4,040)	(6,312)	-	2,750
Non-social housing activities:					
Surplus on disposal of fixed assets (note 6)	-	-	-	1,642	1,642
Market rents	241	-	(3)	-	238
Nurseries	1,298	-	(1,192)	-	106
Office lettings	235	-	(120)	-	115
Other	56	-	(457)	-	(401)
	1,830	-	(1,772)	1,642	1,700
	34,777	(4,040)	(19,363)	1,642	13,016
Other:					
Net income from Amenity Funds	34	-	(70)	-	(36)
Total	34,811	(4,040)	(19,433)	1,642	12,980

4. Turnover, operating cost and operating surplus from social housing lettings

Group	General needs 2023 £'000	Supported and sheltered 2023 £'000	Extra care lettings 2023 £'000	Shared ownership 2023 £'000	Total 2023 £'000	Total 2022 £'000
Income						
Rent receivable net of identifiable service charges	12,708	1,265	719	1,558	**16,250**	15,451
Service charges receivable	517	967	374	291	**2,149**	1,848
Amortised government grant	659	82	100	9	**850**	881
Other income	10	644	1,244	-	**1,898**	1,693
	13,894	2,958	2,437	1,858	**21,147**	19,873
Other operating income						
Total income from social housing lettings	13,894	2,958	2,437	1,858	**21,147**	19,873
Expenditure						
Management costs	(2,829)	(700)	(382)	(572)	**(4,483)**	(3,774)
Service costs	(369)	(937)	(419)	(268)	**(1,993)**	(1,359)
Support costs	-	(554)	(794)	-	**(1,348)**	(1,119)
Routine maintenance	(1,391)	(218)	(104)	-	**(1,713)**	(1,551)
Planned maintenance	(585)	(58)	(125)	-	**(768)**	(911)
Bad debts	(49)	(24)	(7)	-	**(80)**	(35)
Depreciation of housing properties	(2,052)	(173)	(155)	-	**(2,380)**	(2,418)
Other costs	(123)	(11)	(14)	-	**(148)**	(132)
Total expenditure on social housing lettings	(7,398)	(2,675)	(2,000)	(840)	**(12,913)**	(11,299)
Surplus on social housing lettings	**6,496**	**283**	**437**	**1,018**	**8,234**	8,574
Void losses	79	111	59	-	**249**	139

Society	**General needs 2023 £'000**	**Supported and sheltered 2023 £'000**	**Extra care lettings 2023 £'000**	**Shared ownership 2023 £'000**	**Total 2023 £'000**	Total 2022 £'000
Income						
Rent receivable net of identifiable service charges	12,679	1,265	719	1,558	**16,211**	15,423
Service charges receivable	517	967	374	291	**2,149**	1,848
Amortised government grant	659	82	100	9	**850**	881
Other income	9	644	1,244	-	**1,897**	1,693
	13,864	2,958	2,437	1,858	**21,117**	19,845
Other operating income						
Total income from social housing lettings	13,864	2,958	2,437	1,858	**21,117**	19,845
Expenditure						
Management costs	(2,827)	(700)	(382)	(572)	**(4,481)**	(3,772)
Service costs	(342)	(937)	(419)	(268)	**(1,966)**	(1,351)
Support costs	-	(554)	(794)	-	**(1,348)**	(1,119)
Routine maintenance	(1,384)	(218)	(104)	-	**(1,706)**	(1,547)
Planned maintenance	(585)	(58)	(125)	-	**(768)**	(911)
Bad debts	(49)	(24)	(7)	-	**(80)**	(35)
Depreciation of housing properties	(2,047)	(173)	(155)	-	**(2,375)**	(2,412)
Other costs	(123)	(11)	(14)	-	**(148)**	(132)
Total expenditure on social housing lettings	(7,357)	(2,675)	(2,000)	(840)	**(12,872)**	(11,279)
Surplus on social housing lettings	**6,507**	**283**	**437**	**1,018**	**8,245**	8,566
Void losses	79	111	59	4	253	139

Void losses are rental income lost as a result of property not being let, although it is available for letting.

5. Accommodation owned, managed and in development

	Group		Society	
	2023	2022	**2023**	2022
Accommodation owned and in management:	**No.**	No.	**No.**	No.
Social housing accommodation:				
General needs:				
Social rent	**1,825**	1,824	**1819**	1818
Affordable rent	**299**	271	**299**	271
Intermediate market rent	**2**	2	**2**	2
	2,126	2,097	**2,120**	2,091
Supported housing and housing for older people:				
Supported housing	**181**	179	**181**	179
Housing for older people	**205**	205	**205**	205
	386	384	**386**	384
Low-cost home ownership	**411**	443	**411**	443
Leasehold	**53**	20	**53**	20
Care homes	**95**	94	**95**	94
Total social housing units owned and managed	**3,072**	3,038	**3,065**	3,032
Non-social housing accommodation:				
Market rent	**1**	7	**1**	1
Total units owned and managed	**3,073**	3,045	**3,066**	3,033
Accommodation owned but managed by others:				
Units leased to others	**28**	28	**28**	28
Units managed by others	**31**	31	**31**	31
	3,131	3,104	**3,125**	3,092
Housing units contracted in development	**20**	40	**20**	40

6. Surplus on disposal of fixed assets

Group and Society	Staircasing 2023 £'000	Other housing properties 2023 £'000	Total 2023 £'000	Total 2022 £'000
Proceeds of sales	1,856	2,823	**4,679**	3,189
Cost of sales	(1,032)	(1,491)	**(2,523)**	(1,521)
Selling costs	(11)	(108)	**(119)**	(26)
	813	1,224	**2,037**	1,642

7. Interest receivable

	Group 2023 £'000	Group 2022 £'000	Society 2023 £'000	Society 2022 £'000
Interest receivable from group undertakings	**-**	-	**116**	96
Other interest receivable	**200**	7	**200**	7
	200	7	**316**	103

8. Interest payable and financing costs

	Group 2023 £'000	Group 2022 £'000	Society 2023 £'000	Society 2022 £'000
Interest payable on loans at amortised cost	**6,936**	6,776	**6,936**	6,776
Net interest expense on net defined benefit liabilities	**-**	-	**-**	-
Amortisation of loan arrangement fees	**143**	110	**143**	110
Loan breakage: prepaid interest and fees	**-**	-	**-**	-
Financing interest capitalised on development costs	**(118)**	(97)	**(118)**	(97)
	6,961	6,789	**6,961**	6,789

Interest has been capitalised at an average rate of 4.68% (2022: 4.75%) that reflects the weighted average effective interest rate on the Group's borrowings required to finance housing property developments.

9. Disposal of current asset investments

	Group		Society	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Disposal proceeds	**-**	-	**-**	-
Fair value at the beginning of the year	**-**	-	**-**	-
	-	-	**-**	-

10. Surplus for the year

	Group		Society	
	2023	2022	**2023**	2022
This is stated after charging:	**£'000**	£'000	**£'000**	£'000
Auditors remuneration (excluding VAT):				
Audit of the Group financial statements	**22**	22	**22**	22
Audit of subsidiaries	**6**	6	**-**	-
Depreciation on housing properties	**2,351**	2,418	**2,345**	2,412
Depreciation on other fixed assets	**246**	310	**182**	310
Impairment of fixed assets	**-**	-	**-**	-
Impairment of properties held for sale	**-**	-	**-**	-

11. Taxation

Analysis of the charge in the year:

	Group		Society	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Current tax:				
UK corporation tax charge for the year	**-**	-	**-**	-
Under/(over) provision in previous years	**-**	-	**-**	-
Total current tax	**-**	-	**-**	-
Deferred tax:				
Origination and reversal of timing differences	**-**	-	**-**	-
Tax on surplus on ordinary activities	**-**	-	**-**	-

Factors affecting the tax charge for the year:

	Group		Society	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Surplus before taxation	**5,116**	6,345	**5,136**	6,294
Surplus multiplied by 19% (2019: 19%) the standard rate of UK corporation tax	**972**	1,206	**1,284**	1,196
Effects of:				
Tax exempt revenues	**(972)**	(1,206)	**(1,284)**	(1,196)
Current tax charge for the year	**-**	-	**-**	-

The Society operates under charitable rules and therefore is exempt from UK corporation tax.

12. Key management personnel remuneration

Key management personnel comprise the executive and non-executive directors.

Remuneration for executive directors for the year ended 31 March:

	Group		Society	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Salary and other benefits	**435**	406	**435**	406
Pension contributions	**53**	20	**53**	20
	488	426	**488**	426
Remuneration paid to the outgoing Chief Executive, who was also the highest paid director (excluding pension contributions)	**187**	118	**187**	118
Pension contributions	**28**	7	**28**	7
	215	125	**215**	125
Number of Executive Directors in the pension scheme	**3**	3	**3**	3

The Chief Executive is an ordinary member of the pension scheme. The pension scheme is a final salary scheme funded by annual contributions by the employer and employee. No enhanced or special terms apply. There are no additional pension arrangements. A contribution by the Society of £28k (2021: £7k) was paid in addition to the personal contributions of the Chief Executive.

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

	2023	2022
	£'000	£'000
Heidi Allen – Resigned as chair	**6**	4
Sharon Allen	**-**	-
Nick Brown	**3**	3
Alex Colyer	**3**	3
Gareth Hillier	**3**	3
Phin Hodson	**3**	2
Tim Jennings – Commenced 18 July 2022	**2**	-
Tendai Kariwo – Resigned 13 September 2022	**1**	3
Gerhard Oberholzer	**3**	3
Shaidah Ramzan – Commenced 13 September 2022	**1**	-
Sam Scharf	**2**	2
Jacquie Taylor – Commenced 13 September 2022	**1**	-
Martin Wheatley – Chair commenced 1 November 2022	**3**	-
	31	23

13. Employee information

The average number of persons employed during the year expressed as full-time equivalents (35 hours per week) was:

	Group		**Society**	
	2023	2022	**2023**	2022
	No.	No.	**No.**	No.
General needs	**18**	19	**18**	19
Community support services including nurseries	**65**	70	**65**	70
Older people services	**109**	116	**109**	116
Community investment	**12**	12	**12**	12
Development activities	**3**	4	**3**	4
Head office	**37**	38	**37**	38
	244	259	**244**	259

Staff costs (for the above persons) were:

	Group		**Society**	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Wages and salaries	**7,788**	7,968	**7,788**	7,968
Social security costs	**690**	642	**690**	642
Pension costs	**1,197**	933	**1,197**	933
	9,675	9,543	**9,675**	9,543

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

	Group		Society	
	2023	2022	**2023**	2022
	No.	No.	**No.**	No.
£60,000 to £69,999	**2**	3	**2**	3
£70,000 to £79,999	**2**	1	**2**	1
£80,000 to £89,999	**2**	-	**2**	-
£90,000 to £99,999	**-**	2	**-**	2
£100,000 to £109,999	**-**	-	**-**	-
£110,000 to £119,999	**1**	1	**1**	1
£120,000 to £129,999	**-**	1	**-**	1
£130,000 to £139,999	**1**	-	**1**	-
£210,000 to £219,999	**1**	-	**1**	-

There were no loans due from employees at the year-end (2022: £nil). No new loans were given to employees during the year (2022: £nil).

14. Pension obligations

TPT Retirement Solutions – Social Housing Pension Scheme

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

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

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

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

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

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

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

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

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

The Society has 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.

Present values of defined benefit obligation, fair value of assets and defined benefit asset / (liability):

	2023	2022
	£'000	£'000
Fair value of plan assets	**17,143**	25,842
Present value of defined benefit obligation	**21,009**	29,763
Deficit in plan	**(3,866)**	(3,921)
Unrecognised surplus	**-**	-
Net defined benefit liability to be recognised	**(3,866)**	(3,921)

Reconciliation of opening and closing balances of the defined benefit obligation:

	£'000
Defined benefit obligation at start of period	29,763
Current service cost	71
Expenses	26
Interest expense	825
Member contributions	183
Actuarial losses/(gains) due to scheme experience	(708)
Actuarial losses/(gains) due to changes in demographic assumptions	(49)
Actuarial losses/(gains) due to changes in financial assumptions	(8,453)
Benefits paid and expenses	(649)
Defined benefit obligation at end of period	**21,009**

Reconciliation of opening and closing balances of the fair value of plan assets:

	£'000
Fair value of plan assets at start of period	25,842
Interest income	728
Experience gain/(loss) on plan assets (excluding amounts included in interest income)	(9,999)
Employer contributions	1,038
Member contributions	183
Benefits paid and expenses	(649)
Fair value of plan assets at end of period	**17,143**

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2022 to 31 March 2023 was (£9,271,000).

Defined benefits costs recognised in the statement of comprehensive income (SOCI):

	£'000
Current service cost	71
Expenses	26
Net interest expense	97
Defined benefit costs recognised in statement of comprehensive income (SOCI)	**194**

Defined benefit costs recognised in Other Comprehensive Income:

	£'000
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(9,999)
Experience gains and losses arising on the plan liabilities - gain (loss)	708
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	49
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	8,453
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain (loss)	(789)
Total amount recognised in other comprehensive income - gain (loss)	**(789)**

Assets:

	2023	2022
	£'000	£'000
Absolute Return	**185**	1,037
Alternative Risk Premia	**32**	852
Cash	**124**	88
Corporate Bond Fund	**-**	1,724
Credit Relative Value	**647**	859
Currency Hedging	**33**	(101)
Distressed Opportunities	**519**	925
Emerging Markets Debt	**92**	752
Fund of Hedge Funds	**-**	-
Global Equity	**320**	4,959
High Yield	**60**	223
Infrastructure	**1,958**	1,841
Insurance-Linked Securities	**433**	602
Liability Driven Investment	**7,895**	7,210
Liquid Credit	**-**	-
Long Lease Property	**517**	665
Net Current Assets	**44**	72
Opportunistic Credit	**1**	92
Opportunistic Illiquid Credit	**733**	868
Private Debt	**763**	662
Property	**738**	698
Risk Sharing	**1,262**	851
Secured Income	**787**	963
Total assets	**17,143**	25,842

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

Key assumptions:

	2023 **% per annum**	2022 % per annum
Discount Rate	**4.87%**	2.79%
Inflation (RPI)	**3.19%**	3.57%
Inflation (CPI)	**2.75%**	3.19%
Salary Growth	**3.75%**	4.19%
Allowance for commutation of pension for cash at retirement (as a % of maximum allowance)	**75%**	75%

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:

	Life expectancy at age 65 (years)
Male retiring in 2023	21.0
Female retiring in 2023	23.4
Male retiring in 2043	22.2
Female retiring in 2043	24.9

15. Housing properties

Group	**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**
Cost:					
At 1 April 2022	233,455	1,023	33,059	422	**267,959**
Additions	2,268	5,138	-	2,353	**9,759**
Schemes completed in the year	5,760	(5,760)	2,641	(2,641)	**-**
Transfer to current assets	-	-	(1,310)	-	**(1,310)**
Disposals	(814)	-	(971)	-	**(1,785)**
At 31 March 2023	240,669	401	33,419	134	**274,623**
Depreciation:					
At 1 April 2022	(29,787)	-	-	-	**(29,787)**
Charge for the year	(2,350)	-	-	-	**(2,350)**
Eliminated in respect of disposals	490	-	-	-	**490**
At 31 March 2023	(31,648)	-	-	-	**(31,648)**
Net Book Value 31 March 2023	**209,021**	**401**	**33,419**	**134**	**242,975**
Net Book Value 31 March 2022	203,668	1,023	33,059	422	238,172

Society	**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 £'000**
Cost:					
At 1 April 2022	233,722	1,072	33,059	422	**268,275**
Additions	2,268	5,138	-	2,353	**9,759**
Schemes completed in the year	5,809	(5,809)	2,641	(2,641)	**-**
Transfer to current assets	-	-	(1,310)	-	**(1,310)**
Disposals	(814)	-	(971)	-	**(1,785)**
At 31 March 2023	240,985	401	33,419	134	**274,939**
Depreciation:					
At 1 April 2022	(29,732)	-	-	-	**(29,732)**
Charge for the year	(2,345)	-	-	-	**(2,345)**
Eliminated in respect of disposals	490	-	-	-	**490**
At 31 March 2023	(31,587)	-	-	-	**(31,587)**
Net Book Value 31 March 2023	**209,338**	**401**	**33,419**	**134**	**243,352**
Net Book Value 31 March 2022	203,990	1,072	33,059	422	238,543

The net book value of housing properties may be further analysed as follows:

	Group		**Society**	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Freehold	**214,252**	209,359	**214,629**	209,730
Leasehold	**28,723**	28,813	**28,723**	28,813
	242,975	238,172	**243,352**	238,543

Cost of properties includes:

Additions to housing properties in the course of construction during the period include capitalised interest of £83k (2022: £97k) and capitalised development costs of £195k (2022: £445k). Capitalised interest has been charged at an average rate of 4.68% for the year (2022: 4.75%).

Works to existing properties:

Expenditure on existing properties, other than on routine and planned maintenance, was as follows:

	Group		**Society**	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Capitalised enhancements	**2,268**	2,389	**2,268**	2,389
Major repairs expensed	**-**	-	**-**	-
	2,268	2,389	**2,268**	2,389

The carrying value of assets with restricted title or held as security against liabilities at 31 March 2023 was £213m (2022: £172m).

The group considers individual schemes to represent separate cash generating units when assessing for impairment in accordance with the requirements of FRS 102 and SORP 2018. During the current year, there were no recognised impairment losses (2022: £nil) on housing properties.

16. Other tangible fixed assets

Group and Society	**Land & Buildings £'000**	**Furniture, Fitting & Equipment £'000**	**Total £'000**
Cost:			
At 1 April 2022	8,147	3,406	**11,553**
Additions	-	132	**132**
Disposals	(1,377)	(37)	**(1,414)**
At 31 March 2023	6,770	3,501	**10,271**
Depreciation:			
At 1 April 2022	(1,481)	(2,724)	**(4,205)**
Charge for the year	(76)	(170)	**(246)**
Disposals	205	33	**238**
At 31 March 2023	(1,352)	(2,861)	**(4,213)**
Net Book Value 31 March 2023	**5,418**	**640**	**6,058**
Net Book Value 31 March 2022	6,666	682	7,348

17. Investment property

	Group		Society	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
At 1 April	**815**	815	**815**	815
Revaluation in year	**-**	-	**-**	-
	815	815	**815**	815
Historical cost net book value	**471**	471	**471**	471

Investment properties were last revalued on 31 March 2018 by an independent qualified RICS Chartered Surveyor by undertaking a desktop review. At 31 March 2023, investment properties consisted of two offices. In the Directors' opinion, there is no indication that that value of the offices was materially different to its value at 31 March 2018, consequently no independent qualified valuation was undertaken at 31 March 2023.

18. Stock

	Group		Society	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
1st tranche shared ownership properties:				
Completed	**609**	188	**609**	188
Work in progress	**617**	-	**617**	-
Outright sale properties:				
Completed	**-**	-	**-**	-
Work in progress	**588**	1,191	**-**	-
	1,814	1,379	**1,226**	188

19. Trade and other debtors

	Group		Society	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Due within one year:				
Rent and service charge arrears	**732**	834	**732**	834
Less: provision for doubtful debts	**(408)**	(390)	**(408)**	(390)
	324	444	**324**	444
Amounts owed by group undertakings	**-**	-	**570**	1,341
Trade debtors	**995**	327	**995**	322
Other debtors	**251**	1,056	**249**	1,053
Prepayments and accrued income	**881**	424	**869**	424
	2,451	2,251	**3,007**	3,584

Debtors are all due within one year.

20. Current asset investments

	Group		Society	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Investments in listed companies	**-**	-	**-**	-
	-	-	**-**	-

	Group		Society	
	2023	2022	**2023**	2022
Investments in listed companies	**£'000**	£'000	**£'000**	£'000
Fair value at 1 April	**-**	-	**-**	-
Additions	**-**	-	**-**	-
Disposals	**-**	-	**-**	-
Revaluations	**-**	-	**-**	-
Fair value at 31 March	**-**	-	**-**	-
Cash on deposit held as an investment	**-**	-	**-**	-
	-	-	**-**	-

Investments in shares were traded on a regular basis until disposal in 2020/21.

21. Cash and cash equivalents

	Group		Society	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Cash at bank and in hand	**15,378**	19,087	**15,289**	19,034
Cash equivalents	**-**	-	**-**	-
Cash and cash equivalents per statement of cash flows	**15,378**	19,087	**15,289**	19,034

The Group and Society do not have an overdraft facility (2022: £nil).

22. Creditors: amounts falling due within one year

	Group		Society	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Bank overdrafts	**10**	-	-	-
Bank loans (note 26)	**1,807**	1,869	**1,807**	1,869
Amounts owed to group undertakings	**-**	-	**3**	84
Rents and service charges paid in advance	**707**	648	**707**	648
Trade creditors	**1,197**	982	**1,195**	980
Taxes and social security	**281**	5	**156**	5
Accruals and deferred income	**2,679**	2,769	**2,455**	2,554
Recycled capital grant fund	**-**	-	**-**	-
Other creditors	**1,117**	804	**1,117**	804
	7,798	7,077	**7,440**	6,944

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

	Group		Society	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Bank loans	**73,989**	77,787	**73,989**	77,787
Private placement bond	**60,000**	60,000	**60,000**	60,000
Total housing loans	**133,989**	137,787	**133,989**	137,787
Net issue premium	**(969)**	(870)	**(969)**	(870)
Total loans measured at amortised cost (note 26)	**133,020**	136,917	**133,020**	136,917
Deferred capital grants (note 24)	**75,189**	76,053	**75,147**	76,010
Recycled capital grant fund (note 25)	**2,320**	2,220	**2,320**	2,220
Leaseholder sinking funds	**996**	889	**996**	889
	211,525	216,079	**211,483**	216,036

24. Deferred capital grant

	Group		Society	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
At the start of the year	**92,185**	91,486	**92,138**	91,438
Grants received during the year:				
Housing properties	**(2)**	794	**(2)**	794
Recycled Capital Grant Fund	**-**	-	**-**	-
Grants recycled during the year:				
Recycled Capital Grant Fund	**(47)**	(95)	**(47)**	(95)
Amortised Grant	**(16,947)**	(16,132)	**(16,942)**	(16,127)
At the end of the year	**75,189**	76,053	**75,147**	76,010
Amount due to be released in less than one year		-		-
Amount due to be released in after one year	**75,189**	76,053	**75,147**	76,010

The gross amount of grant received by the group prior to amortisation as at 31 March was £92,136 (2022: £92,185). The gross amount of grant received by the society prior to amortisation as at 31 March was £92,089 (2022: £92,137).

25. Recycled capital grant fund

	Group		Society	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
At the start of the year	**2,220**	2,120	**2,220**	2,120
Inputs to fund:				
Grants recycled	**47**	95	**47**	95
Interest credited	**53**	5	**53**	5
Recycling of grant:				
New build	**-**	-	**-**	-
Repayment of grant to Homes England	**-**	-	**-**	-
At 31 March	**2,320**	2,220	**2,320**	2,220
Amounts 3 years old or older where repayment may be required.	**66**	-	**66**	-

26. Loans and borrowings

Maturity of debt:

Group	Loans 2023 £'000	Private placement bond 2023 £'000	Total 2023 £'000	Loans 2022 £'000	Private placement bond 2022 £'000	Total 2022 £'000
Within one year	**1,807**	-	**1,807**	1,869	-	1,869
One to two years	**2,167**	**-**	**2,167**	3,962	-	3,962
Two to five years	**45,339**	**-**	**45,339**	44,489	-	44,489
More than five years	**26,483**	**60,000**	**86,483**	29,336	60,000	89,336
Issue costs	**(647)**	**(322)**	**(969)**	(536)	(334)	(870)
	75,149	**59,678**	**134,827**	79,120	59,666	138,786

Society	Loans 2023 £'000	Private placement bond 2023 £'000	Total 2023 £'000	Loans 2022 £'000	Private placement bond 2022 £'000	Total 2022 £'000
Within one year	**1,807**	-	**1,807**	1,869	-	1,869
One to two years	**2,167**	**-**	**2,167**	3,962	-	3,962
Two to five years	**45,339**	**-**	**45,339**	44,489	-	44,489
More than five years	**26,483**	**60,000**	**26,483**	29,336	60,000	89,336
Issue costs	**(647)**	**(332)**	**(969)**	(536)	(334)	(870)
	75,149	**59,678**	**134,827**	79,120	59,666	138,786

Housing loans are repayable in instalments at varying rates of interest and are secured by specific charges on housing properties.

The bond is repayable in 2048 and is secured by specific charges on CHS's housing properties. It is recognised as basic in accordance with Section 11 of FRS 102.

The weighted average cost of all interest was 4.68% (2022: 4.75%).

All loans and borrowings are measured at amortised cost, including those that have embedded derivative financial instruments attached to them whereby the embedded derivative is deemed to be closely related to the host contract.

At 31 March 2023 the Group and Society had undrawn loan facilities of £40.0m (2022: £37.5m).

27. Analysis of changes in net debt

	At beginning of the year £'000	Cash flows £'000	Non-cash movements £'000	At end of the year £'000
Group				
Housing loans due within one year	1,869	(1,869)	1,807	**1,807**
Bonds due within one year	-	-	-	**-**
Housing loans due after one year	77,251	(2,102)	(1,807)	**73,342**
Bonds due after one year	59,666	-	12	**59,678**
Cash and cash equivalents	(18,998)	3,772	-	**(15,226)**
	119,788	(199)	12	**119,601**
Society				
Housing loans due within one year	1,869	(1,869)	1,807	**1,807**
Bonds due within one year	-	-	-	**-**
Housing loans due after one year	77,251	(2,102)	(1,807)	**73,342**
Bonds due after one year	59,666	-	12	**59,678**
Cash and cash equivalents	(19,034)	3,745	-	**(15,289)**
	119,752	(226)	12	**119,538**

28. Financial instruments

	Group		Society	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Financial assets:				
Measured at cost:				
Cash and cash equivalents	**15,352**	19,087	**15,289**	19,034
Measured at amortised cost:				
Trade receivables	**1,319**	771	**1,319**	766
Other receivables	**1,157**	1,480	**1,688**	2,818
Total financial assets	**17,828**	21,274	**18,296**	22,962
Financial liabilities:				
Measured at amortised cost:				
Trade payables	**1,197**	982	**1,195**	980
Other payables	**4,781**	4,227	**4,438**	4,095
Loans payable	**75,159**	79,120	**75,149**	79,120
Defined benefit pension scheme liabilities	**3,866**	3,921	**3,866**	3,921
Total financial liabilities	**85,003**	88,250	**84,648**	88,116

29. Share capital

Each member of the Board holds one share of £1 in the Society.

Shares of £1 each, issued and fully paid	**2023** **£**	2022 £
At 1 April	**13**	14
Issued in the year	**4**	1
Cancelled in the year	**(5)**	(2)
At 31 March	**12**	13

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distributions on winding up.

30. Restricted reserves

Group	**Waters Almshouses £'000**	**Amenity funds £'000**	**Nursery funds £'000**	**Total £'000**
Balance at 1 April 2022	5	518	21	544
Income	-	19	7	26
Expenditure	-	(45)	(28)	(73)
Realised on sale of investments	-		-	
Balance at 31 March 2023	**5**	**492**	**0**	**497**

Society	**Amenity funds £'000**	**Nursery funds £'000**	**Total £'000**
Balance at 1 April 2022	518	21	539
Income	19	7	26
Expenditure	(45)	(28)	(73)
Realised on sale of investments		-	
Balance at 31 March 2023	**492**	**0**	**492**

Waters Almshouses funds consist of contributions to a cyclical maintenance reserve for external decoration of properties.

Amenity funds are held for the benefit of residents of certain residential homes for older people and supported housing services. There is also a bursary fund to assist parents on low incomes to pay the fees for pre-school nursery.

Nursery funds are held for specific purposes in relation to the nurseries. These purposes are: a graduate leader fund, which is monies to be used for employing some graduate trainees at the nurseries, and OQI funding which is monies to be spent on replacement of materials at the nurseries such as developmental and educational toys.

31. Capital commitments

	Group		Society	
	2023	2022	**2023**	2022
Capital expenditure:	**£'000**	£'000	**£'000**	£'000
Contracted for but not provided for	**3,036**	7,092	**3,036**	7,092
Approved but not yet contracted for	**11,031**	12,323	**11,031**	12,323
	14,067	2,979	**14,067**	19,415
Expected to be funded as follows:				
Social housing grant	**216**	276	**216**	276
Surpluses and borrowings	**13,851**	19,140	**13,851**	19,140
	14,067	19,416	**14,067**	19,416

32. Grant and financial assistance

Group	**Social housing grant 2023 £'000**	**Other grants 2023 £'000**	**Total 2023 £'000**	Total 2022 £'000
The total accumulated government grant and financial assistance received or receivable at 31 March 2022:				
Held as deferred capital grant	71,209	3,980	**75,189**	76,053
Recognised as income in Statement of Comprehensive Income in the current period	908	12	**920**	920

Society	**Social housing grant 2023 £'000**	**Other grants 2023 £'000**	**Total 2023 £'000**	Total 2022 £'000
The total accumulated government grant and financial assistance received or receivable at 31 March 2022:				
Held as deferred capital grant	71,167	3,980	**75,147**	76,010
Recognised as income in Statement of Comprehensive Income in the current period	908	12	**920**	920

33. Related party transactions

In accordance with FRS 102 Related Party Disclosures, Section 33.1A the Group has not disclosed transactions entered into between two or more 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:

Tenant Board Members

The Board had two tenant members during the year who held tenancy agreements on normal terms and cannot use their position to their advantage. Rent and services charged to the tenant board members were £5,349 (2022: £4,414). There were no arrears at the reporting period end (2022: £nil).

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:

	CandCD		**Waters Almshouses**	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Payable to the Society:				
Turnover	**40**	133	**-**	-
Interest receivable	**116**	96	**-**	-
Payable by the Society:				
Turnover	**-**	1,021	**-**	-
Interest payable	**-**	-	**-**	-
Balances due to the Society:				
Development loans	**1,008**	1,341	**-**	-
Other debtors	**130**	88	**-**	-
Balances owed by the Society				
Other creditors	**-**	58	**2**	26

The Society provides administration services to CandCD and charges a fee.

There is a loan agreement between the Society and CandCD that allows CandCD to borrow a maximum of £6m to fund the development of residential properties for sale on the open market. The Society has committed to continue to maintain this loan agreement so that CandCD can meet its obligations for the next 12 months. Interest is charged on the loan at a rate higher than the average interest rate the Society pays for its own finance.

There are no transactions with Waters Almshouses (2022: £nil). For administrative reasons, the Society collects rents on behalf of Waters Almshouses, and carries out repairs and maintenance on their behalf. Re-charges are made accordingly at cost.

There are no transactions or balances with Plantsilver Limited (2022: £nil).

There are no qualifying charitable donation payments between group companies in respect of the year (2022: £nil).