ELDON **HOUSING**

ANNUAL REPORT & ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2023

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MANAGEMENT AND ADVISERS

BOARD

- H Premlal MBA (Chair)
- A Chapman, BA (Hons), CIHCM (Deputy Chair)
- M Chinn, FCCA, CPFA
- D Gower-Smith, Cmgr FCMI
- K Harvey
- K Melgaard
- N Sakyi BA (Hons), MA
- G Livingston (Resigned 16th December 2022)
- B Dowling (Co-opted 16th March 2023)
- V MacRae (Resigned 4th May 2023)

SENIOR LEADERSHIP TEAM

- S Carter - Interim Chief Executive (Appointed 1st March 2022. Resigned 27th May 2022)
- P Davies - Interim Chief Executive (Appointed 13th June 2022. Resigned 3rd February 2023)
- S Faridi – Chief Executive (Appointed 13th February 2023)
- D Nixon – Head of Operations
- M Aboraa – Interim Head of Finance (Appointed 20th July 2022*)

* M Aboraa left Eldon in May 2023. Eldon appointed C Chow as the Director of Finance & Resources in July 2023

REGISTERED OFFICE

Second Floor (North Wing)
Legion House
73 Lower Road
Kenley CR8 5NH

AUDITOR

Knox Cropper LLP Chartered Accountants
65 Leadenhall Street
London EC3A 2AD

BANKERS

Barclays Bank PLC
1 Churchill Place
London EC14 5HP

Unity Trust Bank PLC
9 Brindley Place
Birmingham B1 2HB

AIB Capital Markets
St Helens 1 Undershaft
London EC3A 8AB.

SOLICITORS

Batchelors Solicitors
Charles House
25 Widmore Road
Bromley BR1 1RW

Streeter Marshall
74 High Street
Croydon CR9 2UU

Co-Operative & Community Benefit Society Registration Number: **23431R**

Regulator of Social Housing Registration Number: **L3262**

BOARD REPORT FOR THE YEAR ENDED 31 MARCH 2023

PRINCIPAL ACTIVITY

The principal activity of the Association is to meet the needs of older people within the London Borough of Croydon and in West Sussex by providing supported housing and facilities management services together with welfare and care services tailored to individual needs to promote independent living.

VISION

The Association's vision is to be the best provider of affordable housing and services within our area of operation.

MISSION

The Association's mission is to provide accessible and sustainable housing, supported by flexible and reliable services.

VALUES

The Association's values are:

- To be passionate, professional, operating with integrity
- Caring about our customers, staff and business
- Respectful – listening and approachable
- Innovative – always working to improve

GOVERNANCE

The Association is governed by a Board of Management which also sets out the strategic direction of the organisation. Board Members meet formally at least four times a year. The Board of Management is listed on page 3.

The Board set up an Audit & Risk Committee in May 2022 to strengthen risk management and internal control. It meets formally at least four times a year.

The Board is currently considering an additional subcommittee to further improve good governance and quality assurance for all services provided by the Association.

Following the adoption of the National Housing Federation's Code of Governance 2020 last year, a Board effectiveness review and a comprehensive review of all the Association's Governance documents took place during the year to ensure compliance with the Rules and the National Housing Federation's Code of Governance. This review was conducted in partnership with a specialist governance consultant.

Existing Board Members at the time of the adoption of the National Housing Federation Code of Governance 2020 will continue on their current term, a maximum of 9 years – 3 terms of 3 years each, and new Board Members appointed after the adoption of the code will be appointed for a maximum of 6 years – 2 terms of 3 years each.

The Association continues to comply with the principles of the Code of Governance, evident in its practices.

The Board remains committed to best practices and the principles of good governance regarding recruitment to ensure the Association has the right expertise on the Board.

Following completion of Board member annual appraisals a Board Training Plan will be developed to ensure Board members continue to have the essential skills and knowledge to effectively practice good governance and provide the strategic direction of the Association.

A Governance Action Plan is in place, which is reviewed and monitored to ensure continuous improvements and compliance with the code.

The Board confirms compliance with the Regulator of Social Housing's Governance and Financial Viability standards.

BOARD REPORT FOR THE YEAR ENDED 31 MARCH 2023

RISK MANAGEMENT

The Association has a robust risk management framework in place to monitor and mitigate major risks to which the organisation is exposed. The Association's risks are reviewed at least quarterly and discussed at Board, subcommittee, and Senior Leadership Team meetings to ensure effective risk management.

As guided by the Audit and Risk Committee, the internal control has been strengthened further, eg. monitoring performance through reviewing management accounts, thorough review of the key policies and procedures with the support of independent experts.

The Board has scheduled a review of the Association's Risk Management Framework for 2023/24 with the support of an independent expert, which will include training, reviewing the Risk Management Framework, developing the Association's risk universe, reviewing the risk appetite and improving the risk management tools, to follow best practice and ensure there is a robust risk register with three lines of defence.

During 2022/23 the Board considered the following principal risks:

RISK	RESULT & THREAT	CONTROL ASSURANCE & MITIGATION
Inability to meet Bank Covenants.	Lender has the right to call in the debt or charge a penalty fee, increase interest, increase collateral.	• Sought independent advice. • Compliance monitoring. • Financial Model with compliance forecast.
Pension Deficits.	Weakens Balance Sheet & Reduction in cash.	• Pension scheme controlled externally by actuaries. • Annual reports and valuations supplied by Social Housing Pension Scheme (SHPS) with planned payments made to reduce and eliminate the current pension scheme deficits.
Reduction in reserves due to impairment costs & loss of income generating contracts.	Weakens Balance Sheet & Ability to raise loans.	• Approval to all stages of development projects by Board. • Annual portfolio valuation check against 'carry costs'. • Monthly monitoring by Senior Leadership Team of development progress.
Loss of C4C Contract.	Loss of contract halves the Association's turnover & business. Reputation risk.	• Service and capability improvement. • Payment mechanism Help Desk control & monitoring producing monthly KPI reports to C4C. • Monthly monitoring reports.
Changes to Welfare Benefits and statutory entitlements.	Reduction in income & increase in arrears.	• Rent & services budgets & controls plus management • Monthly rental income monitoring and benefit support provided to tenants.

REVIEW OF THE YEAR

OPERATIONAL OVERVIEW

Staff

The Association places great emphasis on the contribution of its staff. The Board would like to express gratitude and appreciation for their dedicated work throughout the year.

In December 2022, the Board made the decision to award a 7% pay increase, effective from 1st April 2023, for all staff across the organisation.

The Employee Handbook was reviewed and updated during the year to ensure that it was up-to-date with current legislation and best practice.

A key priority for the Association in 2023/24 is to develop a People's Strategy, which will begin its development in the autumn following the planned staff survey. The Association will work with its staff to expand the current employee forum and involve employees in its development, with a key focus on equality, diversity, and inclusion (EDI). The Association celebrates EDI within its staff team and Board.

During the 2022/23 period, the Association continued with its Employee Excellence Awards. Eight members of staff received the Employee Excellence Award in the 12 months period ending on 31st March 2023, and a total of 76 nominations were received from staff and tenants.

All nominees received a certificate, and the winners were acknowledged with a gift and gratitude for their continued hard work.

An overall winner will be presented with the Gerald Ellis Award which is presented annually to an employee of the Association in memory of Gerald Ellis, the Association's late Honorary President, who passed away in July 2018. The award will be presented at the Annual General Meeting in September 2023.

Despite the challenges posed by COVID, the cost-of-living crisis, Brexit, inflationary pressure, recruitment challenges, the Association has performed well overall.

The Association has also faced leadership challenges during the past two years, resulting in three Chief Executive changes, two of whom were interim during the year. However, the Association successfully appointed Susan Faridi as the new permanent Chief Executive in February 2023, who will take the organisation to the next level and execute The Association's Strategic plan for 2023 – 2026, developed last year.

To strengthen the Senior Leadership Team, the Association has now recruited a new role, Director of Finance and Resources, to enhance the finance and HR functions of the Association.

Tenant Satisfaction

The Association has contracted a specialist provider to administer its Annual Tenant Satisfaction Surveys and has implemented the Regulator of Social Housing's Tenant Satisfaction Measures: Tenant Survey Requirements, the results of these questions are:

	Very or Fairly Satisfied	Neither Satisfied nor Dissatisfied	Fairly of Very Dissatisfied
How satisfied or dissatisfied are you with the service provided by Eldon Housing	87.82	6.09	6.09
How satisfied or dissatisfied are you that Eldon Housing provides a home that is well maintained	92.24	3.45	4.31
How satisfied or dissatisfied are you that Eldon Housing provides a home that is safe	89.66	3.45	6.89
How satisfied or dissatisfied are you that Eldon Housing keeps the communal areas clean and well maintained	94.60	0.90	4.5
How satisfied or dissatisfied are you with the overall repairs service from Eldon Housing in the last 12 months	87.32	2.82	9.86
How satisfied or dissatisfied are you with the time taken to complete your most recent repair after reporting this	79.71	7.25	13.04
How satisfied or dissatisfied that Eldon Housing listens to your views and acts upon them	77.88	10.58	11.54
How satisfied or dissatisfied are you that Eldon Housing keeps you informed about things that matter to you	79.09	13.64	7.27
To what extent do you agree or disagree with the following "Eldon Housing treats me fairly and with respect"	85.84	10.62	3.54
How satisfied or dissatisfied are you that Eldon Housing makes a positive contribution to your neighbourhood	72.34	25.53	2.13
How satisfied or dissatisfied are you with Eldon Housing's approach to handling anti-social behaviour	84.21	12.63	3.16
How satisfied or dissatisfied are you with Eldon Housing's approach to complaints handling	52.17	17.39	30.44

REVIEW OF THE YEAR

Tenant Engagement

We effectively engage with our tenants using different formats and methods, such as surveys, meetings, one-to-one discussions and our tenant magazine, The Link. Currently, we are reviewing our tenant engagement practices ensuring inclusivity and flexibility.

The outcomes of the Tenant Satisfaction Survey will be reported to tenants in October 2023, and the findings will be valuable in shaping the Association's plan for improving tenant engagement in collaboration with tenants.

Regular meetings with tenants are held at each scheme, and tenants are actively involved in the choices for cyclical works such as redecoration. Before undertaking any major/planned works, tenants are consulted to ensure that their preferences and service requirements are fully considered.

Board Members visit tenants at their schemes to hear their views and receive feedback to inform future planning and improvements to service delivery.

Tenant activities continued during the year across all schemes.

Customer Service Excellence

The Association continues to meet the criteria of Customer Service Excellence in accordance with the requirements of the Cabinet Office's Customer Service Excellence Standard.

At the December 2022 Customer Service Excellence review the Association was awarded Compliance Plus certification for having made positive changes to our services as a result of analysing customer experience including improved customer journeys and for making our services easily accessible to all customers through the provision of a range of alternative channels.

Cost of Living Support

The Association continues to support tenants through challenging times and monitors their well-being. The Association operates a Hardship Fund for tenants to access in times of difficulties. Staff also work with external community groups and organisations to support tenants and provide appropriate referrals when necessary. In addition, the Association has a dedicated Welfare & Support Officer to help tenants maximise their income and to access funds.

Voids

58 flats were let during the year ending on 31st March 2023, compared to 73 in the previous year.

The Association incurred higher than normal void income loss, primarily due to delays in receiving suitable nominations for our Extra Care Schemes in the London Borough of Croydon and the delays in occupying Lingfield Lodge for the first time.

Void improvement plans are in place to ensure voids are filled within the target timeframe. These improvement plans include effective promotion across the local authorities' areas, engaging with key local authority staff to improve direct nominations, working in partnership with community organisations, and engaging key stakeholders.

Care

The Association continues to provide good quality services across all schemes and ensures high-quality care for tenants in its Extra Care Schemes.

The Association directly provides care at Extra Care Schemes, Lindsay Court and Westdene, where CQC continues to carry out direct monitoring, and the Association is pleased to report it has maintained an overall rating of 'good'.

Care services are provided by London Care at Extra Care Schemes Fellows Court in Croydon and Lingfield Lodge in East Grinstead.

We continuously monitor the care provision with action plans in place, conduct internal audits, and hold monthly scheme-based meetings to gather tenants' views. This includes all services, such as catering, cleaning, laundry, and property services.

External Care Audits are carried out at Lindsay Court and Westdene by an external care consultant. The latest audit scored both schemes an overall rating of 'good'.

Asset Management Plan

The Board has approved a new Asset Management Plan with an overall aim to maintain good quality homes that are safe to live in. Our plan includes the following objectives:

Ensuring good quality homes that meet or exceed the Decent Homes Standard, incorporating any new provisions enacted through the government's review.

- Involving tenants and seeking their input in planned and cyclical works within their schemes.
- Focusing on carbon reduction, with all homes rated 'C' or above for energy efficiency.
- Re-developing existing schemes that are no longer fit for purpose.
- Ensuring financial resilience while maintaining high-quality schemes without breaching the Association's financial covenants.
- The Association is committed to keeping all properties in good repair and ensuring building safety.

During the year, the following planned works were completed:

- Replacement of timber glazed windows with double glazing at Claremont Court, improving energy efficiency and soundproofing.
- Void repairs to 47 voids, including full redecoration, flooring, and kitchen replacements.
- Replacement of 5 kitchens.
- Replacement of 4 bathrooms.
- Upgrading 40 fuse boards.
- Replacing all 608 smoke detectors at Fellows Court.
- Replacement of all fascias and guttering at Claremont Court and Westdene.
- External redecorations at Garden Court.
- Internal redecorations at Fellows Court.
- Replacement of communal lounge furniture at Marten House.

REVIEW OF THE YEAR

Resident Safety and Compliance

We have maintained building safety by completing the following compliance checks and report 100% compliance in all areas

- **Gas**
- **Fire**
- **Asbestos**
- **Water**
- **Lifts**
- **Electrical**

EPCs

To meet the requirements of the Government's Clean Growth Strategy, we aim to achieve a minimum of SAP2 Efficiency Band C by 2030 across all schemes. The stock condition survey report has confirmed that the Association's schemes have a relatively high degree of energy efficiency, with an average EPC rating of C.

Facilities Management C4C – Caring for Croydon

The Association prides itself on its excellent Facilities Management services. The Association has been the Facilities Management provider for the London Borough of Croydon's 3 Residential Care Homes (comprising 150 ensuite rooms and social spaces, 3 Day Centres and office accommodation used by NHS teams) all though a contract with Caring 4 Croydon since 2008.

The team consists of locally employed catering, cleaning, laundry, and caretaking staff, supported by and providing job opportunities to small - medium sized contractors with the majority being local to Croydon.

The Association aims to ensure that the services it provides are of a high standard, caring, efficient and supportive to all services users.

These include:-

- Safety & Compliance Checks (including Fire Safety)
- Lifecycle replacements (mechanical & electrical, furniture, flooring & redecorations) which in the year to 31st March 2023 totalled £501,000 with a similar spend pattern expected in the next 5 years)
- Planned Preventative Maintenance (PPM) with 1465 individual PPM tasks completed during the year.
- Catering service providing Breakfast, Lunch and Supper 7 days a week equating to 178,810 meals per annum
- Planned and responsive cleaning and waste management services 365 days a year

Financial Performance

Eldon demonstrated strong operational and financial resilience in a year of severe structural challenges for the UK, such as the post-pandemic consequences, inflationary pressure, the interest rate hike and recruitment challenges.

We achieved a surplus of £0.60m (£0.87m). The turnover had increased by 12% to £7.80m, but the structural challenges and our journey of transitioning to a new leadership team had led to a decrease in operating efficiency to 20% (24% in 2022). For example, the Association experienced increases in maintenance and void repair costs, which were partially offset by some efficiencies on service charge costs such as cleaning, gardening, and utilities. The Association also incurred higher overheads for appointing interim Chief Executives, an interim Head of Finance, and some actuarial loss on the pension schemes because of changes to the financial and demographic assumptions for the valuation of the pension fund in line with the macro environment.

We remain financially strong with £11.83m of capital and reserves and £5.48m cash at year end. Our financial leverages (non-current liability as a percentage of total assets that excludes current liabilities) remained stable at 68% (70% in 2022). Our credit rating was considered at the top tier by our largest lending bank.

Overall, 2022-23 was a challenging year for the whole of the UK. Eldon rigorously pursued VFM for both the organisation and customers, strengthened the leadership team and financial strength. These have strongly positioned us for delivering the strategic objectives.

Priorities for 2023-24

The Board has now put in place a strengthened senior leadership team (SLT). The SLT has comprehensive plans to deliver the strategic objectives rigorously in 2023-24. That includes site visits and tenant satisfaction surveys to proactively understand and meet tenants' needs, a rent and service charge review to ensure more VFM to both Eldon and tenants.

The Audit and Risk Committee continues to challenge the SLT to strengthen internal control. There are plans to establish a new risk management framework with the support of an independent expert, finalise and implement policy and procedures for staff and financial management and the supporting finance improvement plan, implement the People Strategy, explore opportunities to achieve savings and enable more effective delivery at the frontline.

VALUE FOR MONEY

During the year the Senior Leadership Team, overseen by the Board who have the responsibility for setting the vision and mission of the association, have proactively strived to maintain the Association's VFM strategy ensuring the maintenance of quality and high standards in our homes in a business efficient manner.

During the year Eldon used a range of data to measure our VFM status, complying with the Regulator of Social Housing standard and providing comparison to the Acuity and Housemark Sector Scorecards. The result is presented below.

Eldon demonstrated strong operational and financial resilience in 2022-23, a year of severe macro and uncontrollable challenges that all businesses in the UK had to tackle as the Chair / Chief Exec have articulated above, such as the post-pandemic consequences, inflationary pressure, interest rate hike and recruitment challenges.

The journey of strengthening the SLT had incurred additional costs for hiring interim senior managers. Despite these challenges, Eldon managed to achieve operating efficiency (20.14%) that was on a par with the scorecard. We remain financially very strong as evidenced by the gearing ratio (49.26%) and cash balance (over £5m). This position was endorsed by our main lending banks, independent advisers and auditors.

Going forward, building on the strong financial position and ongoing plans to improve internal control. With a strengthened Senior Leadership Team, Eldon will continue to build upon its strong financial position and improving internal controls to deliver its strategic aims with a focus on maintaining the value for money strategy.

BUSINESS HEALTH	2022/23 Result	2021/22 Result	2020/21 Result	Acuity Scorecard	Housemark Scorecard
B. Operating Margin (overall) %	20.14%	24.48%	28.99%	16.5%	20.2%
A. Operating Margin (social housing lettings only) %	10.84%	16.67%	28.18%	17.0%	22.2%
EBITDA MRI interest Cover %	185.42%	200.85%	242.37%	248.0%	181.9%
DEVELOPMENT - CAPACITY AND SUPPLY					
A. New supply delivered (Social housing units) %	0%	16.96%	0%	0%	1.2%
B. New supply delivered Non-social housing units) %	0%	0%	0%	0%	0%
Gearing %	49.31%	50.63%	53.42%	16.53%	35.8%
Gearing % (excluding PFI contract)	24.35%	24.30%	24.77%	-	-
OUTCOMES DELIVERED					
Reinvestment %	2.82%	5.79%	16.82%	2.80%	5.7%
EFFECTIVE ASSET MANAGEMENT					
Return on Capital Employed %	3.96%	4.24%	7.04%	2.41%	2.8%
OPERATING EFFICIENCIES					
Headline Social Housing Cost Per Unit **	£13,164	£10,769	£11,331	£4,774	£4,230
Housing Cost per Unit (excluding personal services)	£5,141	£3,358	£3,658	-	-

** Cost per unit at Eldon is high compared to our peer bodies due to the specialist nature of support provided to residents at our schemes. A separate measure of performance excluding personal services has therefore been added.

STATEMENT ON THE ASSOCIATION'S SYSTEM OF INTERNAL CONTROL

Control is exercised through the application of policies and procedures, board reporting, and ongoing review of the risk register. No internal audit function was performed in the year, but Eldon has appointed an internal auditor to provide independent assurance that its risk management, governance, and internal control processes are operating effectively. A risk management framework has been developed to introduce 'three lines of defence' against core functions.

The Audit & Risk Committee has been set up to provide independent scrutiny and challenge to provide the board with assurance.

The Board recognises that no system of internal control can provide absolute assurance against material misstatement or loss or eliminate all risk of failure to achieve business objectives. The system of internal control is designed to manage key risks and to provide reasonable assurance that planned business objectives and outcomes are achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Association's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which is embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Association is exposed.

Identification and evaluation of key risks

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and on-going process of management review in each of the Association's activities. The Senior Leadership Team regularly considers and receives reports on significant risks facing the Association and the Chief Executive is responsible for reporting to the Board any significant changes in respect of key risks. This includes the Business Continuity Policy which is reviewed annually.

Environment and control procedures

The Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues including treasury strategy and new investment projects. Policies and procedures cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection.

Information and financial reporting systems

Financial reporting procedures include detailed budgets for the year ahead, detailed management accounts produced quarterly and forecasts for the remainder of the financial year and for subsequent years. These are reviewed in detail by the Senior Leadership Team and are considered and approved by the Board.

The Board also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

Monitoring and corrective action

A process of regular management monitoring on control issues provides assurance to senior management and to the Board. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those that may have a material impact on the financial statements and delivery of our services.

The internal control framework and the risk management process are subject to regular review by the Senior Leadership Team who report to the Board. The Board considers internal control and risk at each of its meetings during the year.

The system of internal control is under constant review to ensure its effectiveness and has taken account of any changes needed to maintain the effectiveness of risk management and control process. In addition, through its procedure review, controls were checked, and changes made which will be monitored during the coming year.

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

GOING CONCERN

The Board has reasonable expectation that the association has adequate resources to continue operations for the foreseeable future. For this reason, the going concern basis has continued to be used in preparing the financial statements. The Board has considered the impact of inflationary pressure, interest rate hike, cost of living crisis, and recruitment challenges on the short and long term health of the association, and is content that the measures taken by the association, together with a robust business plan provides assurance that the going concern basis is appropriate in preparing the financial statements.

STATEMENT OF THE BOARD'S RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The Board of Management is responsible for preparing the Report of the Board and the financial statements in accordance with applicable law and regulations.

The law requires the Board of Management to prepare financial statements for each financial year. Under that law the Board of Management has elected to prepare the Association's financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The Board of Management must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Association and of the surplus or deficit for that period.

In preparing these financial statements, the Board of Management are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Board of Management is responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, the Accounting Direction for private registered providers of social housing 2022 and the Statement of Recommended Practice: Accounting by registered social housing providers (SORP 2018).

They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PROVISION OF INFORMATION TO AUDITORS

The Board members who held office at the date of approval of this Board 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 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.

APPOINTMENT OF AUDITORS

Knox Cropper LLP have indicated their willingness to continue in office and a resolution to reappoint them will be put to the members.

By order of the Board

H Premlal – Chair
Date: 15th August 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELDON HOUSING ASSOCIATION

Opinion

We have audited the financial statements of Eldon Housing Association Limited for the year ended 31st March 2023 which comprise the Statement of Comprehensive Income, the Statement of Changes in Capital and Reserves, the Statement of Financial Position, the Statement of Cash Flows and Notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2023 and of its incoming resources and application of resources 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 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 Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company'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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

As explained more fully in the Statement of Board's responsibilities set out on page 11, the board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board are responsible for assessing the company'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 intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELDON HOUSING ASSOCIATION

Responsibilities of the Board

We have been appointed as auditor under section 83 of the Co-operative and Community Benefit Societies Act 2014 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Association and determined that the most significant are the Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Co-operative and Communities Benefit Societies Act 2014, the Housing and Regeneration Act 2008, and the regulatory standards issued by the Regulator of Social Housing.
- We understood how the Association is complying with those frameworks via communication with those charged with governance, together with the review of the Association's documented policies and procedures.
- We assessed the susceptibility of the Association's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. These included risks associated with revenue recognition, application of accounting estimates, and management override of controls, which were discussed and agreed by the audit team.
- Our approach included agreeing the Association's recognition of income to the terms of tenancy agreements, reviewing the assumptions used and controls applied in the calculation of accounting estimates, the review of journal entries processed in the accounting records and the investigation of significant and unusual transactions identified from our review of the accounting records.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the board members with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Association.

There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of our report

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

KNOX CROPPER LLP
Chartered Accountants
Statutory Auditors 2023
65 Leadenhall Street
London EC3A 2AD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023	2022
		£	£
Turnover	**3**	**7,797,485**	**6,930,835**
Operating costs	3	(6,226,717)	(5,234,449)
Gain/loss on disposal of housing property components		(18,196)	(18,760)
Gain on disposal of other fixed assets	10	-	-
Operating Surplus	3	**1,552,572**	**1,677,626**
Interest receivable		59,444	14,627
Interest payable and finance costs	7	(1,011,321)	(819,766)
Surplus/(deficit) for the year		**600,695**	**872,487**
Other comprehensive income			
Actuarial gain/(loss) on pension schemes	17	(69,000)	109,000
Total comprehensive income for the year		**531,695**	**981,487**

All amounts relate to continuing activities.

The financial statements on pages 14 to 40 were approved by
the Board of Management on 15th August 2023 were signed on its behalf by:

Board Member: ....

Board Member: ....

Secretary: ....

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Notes	2023	2022
		£	£
Tangible Fixed Assets			
Housing Properties	9	27,439,888	27,145,766
Other Fixed Assets	10	204,868	239,736
		27,644,756	27,385,502
Investments	11	173,276	173,276
		27,818,032	27,558,778
Current Assets			
Debtors	12	749,518	866,658
PFI Contract Debtor due After More Than One Year	12	6,781,327	7,113,067
Cash at Bank and In Hand		5,479,998	5,904,444
		13,010,843	13,884,169
Creditors: Amounts Falling Due Within One Year	13	(1,639,436)	(1,882,304)
Net Current Assets		11,371,407	12,001,865
Total Assets less Current Liabilities		39,189,439	39,560,643
Creditors: Amounts Due After More Than One Year	14	(26,659,709)	(27,535,606)
Provision for Liabilities and Charges			
Pension Liabilities	17	(697,000)	(724,000)
Total Assets Less Liabilities		**11,832,730**	**11,301,037**
Capital and Reserves			
Called-up Share Capital	18	83	85
Restricted Reserve		9,583	9,583
Revenue Reserve		11,823,064	11,291,369
		11,832,730	**11,301,037**

The financial statements on pages 14 to 40 were approved by the Board of Management on 15th August 2023 were signed on its behalf by:

Board Member: ....

Board Member: ....

Secretary: ....

STATEMENT OF CHANGES IN CAPITAL AND RESERVES FOR THE YEAR ENDED 31 MARCH 2023

	Share Capital	Restricted reserve	Revenue reserves	Total capital and reserves
	£	£	£	£
At 1 April 2022	85	9,583	11,291,369	11,301,037
Total comprehensive income for the year	-	-	531,695	531,695
Issue of share capital	1	-	-	1
Cancellation of shares	(3)	-	-	(3)
At 31 March 2023	83	9,583	11,823,064	11,832,730
At 1 April 2021	83	9,583	10,309,882	10,319,548
Total comprehensive income for the year	-	-	981,487	981,487
Issue of share capital	5	-	-	5
Cancellation of shares	(3)	-	-	(3)
At 31 March 2022	85	9,583	11,291,369	11,301,037

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023	2022
		£	£
Net cash generated from operating activities	A	2,129,786	1,720,642
Cash flow from investing activities			
Interest received		66,424	4,056
Dividend received		-	-
Proceeds from sale of fixed assets		-	-
Purchase of tangible fixed assets		(26,143)	(96,597)
Purchase of housing properties and components		(954,823)	(1,693,389)
Grants received		-	960,000
Net cash (used in) / from investing activities		(914,542)	(825,930)
Cash flow from financing activities			
Repayment of borrowings		(649,970)	(675,120)
New borrowings		-	2,413,282
Share issue		1	5
Share cancellation		(3)	(3)
Interest paid		(989,718)	(774,181)
Net cash used in financing activities		(1,639,690)	963,983
Net increase / (decrease) in cash and cash equivalents		(424,446)	1,858,695
Cash and cash equivalents at beginning of year		5,904,444	4,045,749
Cash and cash equivalents at end of year	B	5,479,998	5,904,444

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

A: Reconciliation of surplus for the year to cash generated by operations	2023	2022
	£	£
Surplus for the year	600,695	872,487
Depreciation charge on tangible fixed assets	61,011	63,797
Depreciation on housing properties	461,995	301,716
Amortisation of grant	(77,832)	(59,912)
Interest receivable	(59,444)	(14,627)
Interest Payable	1,011,321	819,766
(Increase)/decrease in debtors	133,249	(105,643)
Increase/(decrease) in creditors	87,606	(87,684)
(Gains)/Losses on disposal of fixed assets	18,196	18,760
Payments to pension schemes	(107,011)	(88,018)
Net cash inflow from operating activities	2,129,786	1,720,642

B: Cash and cash equivalents	2023	2022
	£	£
Cash at bank and in hand	5,479,998	5,904,444

C: Analysis of Changes in Net Debt	At 01/04/2022	Cash Flows	Other non-cash changes	At 31/03/2023
	£	£	£	£
Cash	5,904,444	(424,446)	-	5,479,998
Loans falling due within one year	(713,300)	649,970	(809,733)	(873,063)
Loans falling due after more than one year	(18,934,816)	-	797,853	(18,136,963)
	(13,743,672)	225,524	(11,880)	(13,530,028)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. PRINCIPAL ACCOUNTING POLICIES

General information

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is a private registered provider of social housing, registered with the Regulator of Social Housing under the Housing and Regeneration Act 2008.

A description of the nature of the Association's operations and its principal activity is disclosed in the Board Report on page 4.

The Association's registered office is stated on page 3.

Basis of accounting

These accounts of the Association are prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Housing SORP 2018 "Statement of Recommended Practice for registered social housing providers 2018" ("the SORP") and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

In accordance with FRS 102 (3.3A), the Association is a public benefit entity that has applied the "PBE" prefixed paragraphs.

The accounts have been prepared under the historical cost convention. The financial statements are presented in Sterling (£).

Going concern

The Board has reasonable expectation that the Association has adequate resources to continue operations for the foreseeable future. For this reason, the going concern basis has continued to be used in preparing the financial statements. The Board has considered the impact of inflationary pressure, interest rate hike and recruitment challenges on the short and long-term health of the association, and is content that the measures taken by the Association, together with a robust business plan provides assurance that the going concern basis is appropriate in preparing the financial statements.

Turnover

Turnover represents rental income and service charges receivable, fees and grants from local and central government authorities, and other income. Turnover is recognised when the significant risks and rewards are considered to have been transferred.

Rental income and service charges receivable are recognised on the basis of the amount receivable for the year.

Other income is recognised based upon the value of goods or services supplied during the period.

Revenue grants are recognised within income in the same period as the related expenditure, provided that the conditions for its receipt have been satisfied and there is reasonable assurance that the grant will be received.

Property Managed by Agents

Where the Association carries the financial risk on property managed by agents, all income and expenditure arising from the property is included in the Statement of Comprehensive Income.

Where the agency carries the financial risk, the Statement of Comprehensive Income includes only that income and expenditure which relates solely to the Association.

Employee benefits

Pensions

The Association contributes to a defined benefit multi-employer pension scheme, the Social Housing Pension Scheme (SHPS), a funded multi-employer defined benefit scheme. The assets of the scheme are held separately from those of the Association, in separate trustee administered funds. The scheme trustee identifies the share of underlying assets and liabilities belonging to individual participating employers and therefore the Association accounts for the scheme as a defined benefit plan.

Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments together with any change in the net defined benefit liability arising from employee service. They are included as part of staff costs. Net interest on the defined benefit liability is shown as a cost in the statement of comprehensive income. The remeasurement of the defined benefit liability is included within other comprehensive income.

The Association also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Association, in separate trustee administered funds. Contributions payable to the scheme are included as part of staff costs in the period to which they relate.

Employee termination benefits

Where the Association has committed to pay employee termination benefits before the year end, those benefits are accrued in the current year.

Operating leases

Rental costs under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease, even if the payments are not made on such a basis.

Value Added Tax

The Association is registered for value added tax (VAT) and charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Association and not recoverable from HM Revenue and Customs. All amounts disclosed in the financial statements are exclusive of VAT where applicable. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Housing Properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit.

Freehold and long leasehold housing properties are stated at cost depreciation and impairment. The cost of land is not depreciated.

The cost of housing properties is the initial purchase price, together with those costs that are directly attributable to acquisition and construction, interest charges incurred during the development period.

Properties in the course of construction are stated at cost and transferred to completed housing properties when completed.

Interest charges on loans financing development are capitalised up to the date of 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.

Where an asset comprises components with materially different useful economic lives, those assets are separately identified and depreciated over those individual lives.

Subsequent expenditure which relates to either the replacement of previously capitalised components or the enhancement of such components which results in incremental future benefit is capitalised and the carrying amount of any replaced component or part component is derecognised.

Depreciation is provided on a straight-line basis over the periods shown below:

- **Structure – 125 years**
- **Heating Systems – 15 years**
- **Kitchen – 20 years**
- **Lifts – 20 years**
- **Roofs – 100 years**
- **Electrics – 40 years**
- **Bathrooms – 30 years**
- **Windows – 30 years**

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

Other Fixed Assets

Other fixed assets are stated at cost, less depreciation and impairment. Depreciation is charged on a straight-line basis over the expected useful lives of the assets at the following annual rates:

- **Computer Equipment 25%**
- **Motor Vehicles 25%**
- **Fixtures and Fittings 10% - 20%**

Leasehold is depreciated over the life of the lease.

Service concession arrangements (Private Finance Initiative Contract)

The Association and its consortium partners (Caring 4 Croydon) entered into a Private Finance Initiative (PFI) contract with Croydon Council in December 2006.

There are four schemes of which three are resource centres providing residential and nursing care for the elderly. Each resource centre has day care facilities. The fourth scheme is an Extra Care Sheltered Accommodation for the elderly with an adjoining day centre.

The three resource centres together with their day care facilities are owned by C4C Ltd and excluded from these accounts.

The Association provided development finance to C4C Ltd for the construction of the Extra Care Sheltered Accommodation and related day centre. The loan to C4C Ltd is recognised within debtors, apportioned between more than and less than one year. The loan is not interest bearing and is reduced by the portion of the Unitary payment deemed to relate to loan finance each year.

The Association has a 125 year lease of the Extra Care facility and its day centre and the cost of this leasehold interest is included in fixed assets. The day centre is leased back to the London Borough of Croydon over 30 years.

The Association manages the Extra Care facility and its day centre and provides facilities management to the other three resource centres. Income arising from these activities is based upon the Financial Model agreed with the consortium partners. This income is described in these accounts as PFI contract income and accounted for in accordance with the stated turnover policy.

Financial Instruments

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

Financial assets and liabilities comprise investments, trade and other debtors, cash and cash equivalents, trade and other payables and loans.

Financial assets and liabilities

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

All financial assets and financial liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through the Statement of Comprehensive Income, which are initially measured at fair value (normally the transaction price less transaction costs), unless the arrangement constitutes a financial transaction. If an arrangement constitutes a financial transaction, the financial asset or financial liability is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the Statement of Financial Position when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Association intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the conditions of Section 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Financial assets are only derecognised when and only when:

- the contractual rights to the cash flows from the financial asset expire or are settled,
- the Association transfers to another party substantially all the risk and rewards of ownership of the financial asset, or,
- the Association, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

The Association does not use standalone derivative financial instruments to reduce exposure to interest rate movements.

Investments

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

Cash and cash equivalents

Cash and Cash Equivalents comprise cash in hand and at bank and short term deposits. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash without significant risk of change in value.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income as described below.

Non-financial assets

Non-financial assets comprise tangible fixed assets.

The Association's tangible fixed assets are assessed for impairment at each reporting date. Where indicators are identified, then an assessment is undertaken to compare the carrying amount of assets or cash-generating units for which impairment is indicated to their recoverable amounts. If there is objective evidence of impairment, an impairment loss is recognised immediately in the Statement of Comprehensive Income.

A cash generating unit is the smallest identifiable group or assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value is use.

Value in use represents the present value of the future cash flows expected to be derived from an asset or cash-generating unit, appropriately adjusted to account for any restrictions on their use. The assessment of value in use may involve considerations of the service potential of the assets or cash-generating units, provided the property concerned is being used for social housing and is in demand. Value in use for assets held for their service potential represents the depreciated replacement cost, being the most economic cost required to replace the service potential of the asset. Depreciated replacement cost is the lower of the cost of constructing or acquiring a replacement asset to provide the same level of service potential. The cost of acquiring a replacement asset could be either through purchasing an equivalent property on the open market or purchasing an equivalent property from another registered provider, providing there is considered to be an active market.

Where indicators exist for a decrease in impairment loss previously recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

Financial assets comprise trade and other debtors and cash and cash equivalents.

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Grants

Government grant

Government grants include grants receivable from Homes England, local authorities, and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure (excluding land), on a pro rata basis under the accrual model of accounting.

The unamortised element of the government grant is recognised as deferred income in creditors due within one year or due after more than one year as appropriate in the Statement of Financial Position.

Where a component is replaced the amount of any unamortised government grant associated with this component is taken to income.

Government grant is repayable indefinitely unless formally abated or waived. On the occurrence of certain relevant events, primarily following the sale of property, the Government Grant repayable or to be recycled will be restricted to the net proceeds of sale where appropriate. In recognition of this, external lenders seek the subordination of the Home and Communities Agency's right to recover Government Grant to their own loans.

Government grant received in respect of revenue expenditure is recognised within income in the same period as the related expenditure, provided that the conditions for its receipt have been satisfied and there is reasonable assurance that the grant will be received using the performance model of grant accounting.

Social Housing Grant (SHG) can be recycled by the Association under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by the Homes and Communities Agency and is credited to a Recycled Capital Grant Fund and included in the Statement of Financial Position as a creditor due within one year or due after more than one year as appropriate. SHG may have to be repaid if certain conditions are not met.

Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose a specific future performance condition is recognised as revenue when the grant proceeds are receivable. A grant that imposes a specific future performance related conditions on the Association, is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is shown as a liability in the Statement of Financial Position.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Reserves

The Association restricts those reserves which have been set aside for uses which prevent them, in the judgement of the Board, from being regarded as part of the free reserves of the Association.

2. KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

The preparation of Financial Statement requires the use of estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenses for the year. Although these estimates and associated assumptions are based on historical experience and the management's best knowledge of current events and actions, the actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis.

Critical judgements in applying the Associations accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Board has made in the process of applying the Association's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Financial instruments classification

The classification of financial instruments as "basic" or "other" requires judgement as to whether all applicable conditions as basic are met. This includes consideration of the form of the instrument and its return.

Identification of cash generating units for impairment testing

For impairment purposes, as explained in the accounting policies, housing properties are grouped into schemes which reflects how the properties are managed.

Recoverable amounts are based on either future cash flows or, for assets held for their service potential, depreciated replacement cost. The assessment of whether an asset is held for its service potential is a matter of judgement and in making that judgement the Board considers the current use of the asset and the expected future use of the asset. If the asset is unable to be let in its current condition or is not being used for a social purpose, either now or in the foreseeable future, it is assessed as not being held for its service potential.

Recoverable amount for assets held for their service potential is assessed as the depreciated replacement cost which is the lower of (a) the cost of purchasing an equivalent property on the open market; and (b) the land cost plus the rebuilding cost of the structure and components. The Association has no history of acquiring or selling properties from or to other registered providers and the Board considers that there is no active market.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Identification of housing property components

The Association accounts for its expenditure on housing properties using component accounting. Under component accounting, the housing property is divided into those major components which are considered to have substantially different useful economic lives. Judgement is used in allocating property costs between components (land, structure, kitchens, bathrooms etc) and in determining the useful economic lives of each component.

Housing property depreciation is calculated on a component by component basis. The identification of such components is a matter of judgement and may have a material impact on the depreciation charge. The components selected are those which reflect how the major repairs to the property are managed.

Key sources of estimation uncertainty

The estimates and assumptions which have the most significant effect on amounts recognised in the financial statements are discussed below:

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to 'technological obsolescence' with regard to IT equipment/software and any changes to decent homes standard requiring frequent replacement of components. The accumulated depreciation at 31 March 2023 was £4,191k.

Impairments of social housing properties held for their service potential

The cost of purchasing an equivalent property on the open market is estimated based on the sale prices for similar properties in or near the same location.

The rebuilding cost of structures and components is based on the current build costs, based on either current building contracts or market data (being primarily construction indices) applied to the relevant building size and type.

Amortisation of government grants

Government grants received for housing properties are recognised in income over the useful life (as identified for the depreciation charge) of the housing property structure (excluding land), on a pro rata basis under the accrual model.

Bad debt provision

The rent arrears balance recorded in the Association's Statement of Financial Position comprises a relatively large number of small balances. A full line by line review of trade debtors is carried out at the end of each month. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectible.

Multi-employer pension obligations

The discount rate used for the multi-employer pension scheme is determined by reference to market yields at the reporting date on high quality bonds.

A provision for £697k is recorded in the Statement of Financial Position at 31 March 2023 in respect of pension schemes in deficit.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

3. TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	2023			
	Turnover	Operating costs	Other	Operating surplus
	£	£	£	£
Social Housing lettings (note 4)	4,021,426	(3,585,492)	-	435,934
Disposal of fixed assets	-	-	(18,196)	(18,196)
Other social housing activities:				
Charges for support services	619,381	(479,866)	-	139,515
Cleaning and laundry charges	22,436	-	-	22,436
Sub-Total	4,663,243	(4,065,358)	(18,196)	579,689
Memo only: Non-social housing activities				
Managed Associations	145,964	(168,826)	-	(22,862)
PFI Contract	2,975,704	(1,992,533)	-	983,171
Other	12,574	-	-	12,574
Sub total	3,134,242	(2,161,359)	-	972,883
Total	**7,797,485**	**(6,226,717)**	**(18,196)**	**1,552,572**

	2022			
	Turnover	Operating costs	Other	Operating surplus
	£	£	£	£
Social Housing lettings (note 4)	3,299,956	(2,749,750)	-	550,206
Disposal of fixed assets	-	-	(18,760)	(18,760)
Other social housing activities:				
Charges for support services	614,870	(510,075)	-	104,795
Cleaning and laundry charges	32,979	-	-	32,979
Sub-Total	3,947,805	(3,259,825)	(18,760)	669,220
Memo only: Non-social housing activities				
Managed Associations	140,688	(176,047)	-	(35,359)
PFI Contract	2,834,606	(1,798,577)	-	1,036,029
Other	7,736	-	-	7,736
Sub total	2,983,030	(1,974,624)	-	1,008,406
Total	**6,930,835**	**(5,234,449)**	**(18,760)**	**1,677,626**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

4. INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	General housing	Supported housing	Total 2023	Total 2022
	£	£	£	£
INCOME				
Rents	136,056	1,629,461	1,765,517	1,459,496
Service charge income	37,671	1,435,414	1,473,085	1,268,948
Supplements income	-	704,992	704,992	501,596
Amortised government grant	3,564	74,268	77,832	59,912
Government grants	-	-	-	10,004
Turnover from social housing lettings	**177,291**	3,844,135	**4,021,426**	3,299,956
EXPENDITURE				
Management	(47,035)	(747,183)	(794,218)	(528,610)
Service charge costs	(24,970)	(1,467,421)	(1,492,391)	(1,142,321)
Supplements costs	-	(354,693)	(354,693)	(496,590)
Routine Maintenance	(20,374)	(320,939)	(341,313)	(223,224)
Cyclical & planned maintenance	-	(155,034)	(155,034)	(56,712)
Bad debts	-	14,152	14,152	(577)
Depreciation of Housing Properties	(36,331)	(425,664)	(461,995)	(301,716)
Operating costs on social housing lettings	**(128,710)**	**(3,456,782)**	**(3,585,492)**	**(2,749,750)**
Operating surplus / (deficit) on social housing lettings	**48,581**	**387,353**	**435,934**	**550,206**
Void losses	(1,830)	(391,787)	(393,617)	(393,774)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

5. DIRECTORS' EMOLUMENTS

For the purpose of this note Directors are defined as the Chief Executive and Senior Management Team.

	2023	2022
	£	£
The aggregate emoluments paid to Directors including pension contributions	399,612	244,732
The emoluments paid to the highest paid Director of the Association excluding pension contributions	147,358	87,757

The Chief Executive (from February 2023) is an ordinary member of the Association's defined contribution pension scheme. No enhanced or special terms apply. There are no additional pension arrangements.

PAYMENTS TO NON-EXECUTIVE DIRECTORS

	Remuneration	Expenses	Total 2023	Total 2022
	£	£	£	£
Board Chair	5,000	-	5,000	1,250
Board Deputy Chair	3,500	-	3,500	932
Audit & Risk Chair	3,500	-	3,500	875
Committee Members	15,000	166	15,166	2,131
	27,000	166	27,166	5,188

The total payment to Board and Committee members is reviewed annually, taking external independent advice where appropriate and represents in 2022/23 less than 0.35% of turnover. Remuneration is based on sector benchmarking data for comparable sized associations

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

6. EMPLOYEE INFORMATION

	2023	2022
	No	No
The average weekly number of persons employed during the year (full time equivalents) was:	88	89
FTE staff by department:		
Catering	27	29
Care & support	22	22
Domestics	19	19
Premises	4	9
Administration	16	10
	88	89
Staff costs for the above persons		
Wages and salaries	2,269,410	2,195,385
Social Security costs	186,176	175,565
Defined benefit pension costs	28,000	44,000
Other pension costs	52,547	53,565
Redundancy costs	-	2,786
	2,536,133	2,471,301

7. INTEREST PAYABLE

	2023	2022
	£	£
Interest payable on Housing loans	988,430	788,867
SHPS – Interest Cost	11,011	13,019
Amortisation of arrangement fees	11,880	17,880
	1,011,321	819,766

Interest and financing costs of £Nil (2022: £59,737) have been capitalised at an average interest rate during the year of Nil% (2022: 2.40%).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

8. SURPLUS FOR THE YEAR

	2023 £	2022 £
Is stated after charging:		
Depreciation	523,006	362,817
Auditors remuneration (excluding VAT):		
in respect of audit services	11,000	9,800
in respect of other services	19,720	22,800
Operating lease charges - plant & machinery	-	-
Operating lease charges – land and buildings	28,813	36,138

9. HOUSING PROPERTIES

	Work in progress on development	Housing properties	Total Housing Properties
Cost			
As at 1st April 2022	-	30,089,306	30,089,306
Additions	-	574,140	574,140
Works to existing properties	-	200,173	200,173
Disposals	-	(65,556)	(65,556)
Transfer to completed properties	-	-	-
As at 31st March 2023	-	30,798,063	30,798,063
Depreciation			
As at 1st April 2022	-	2,943,540	2,943,540
Charge for year	-	461,995	461,995
Disposals	-	(47,360)	(47,360)
As at 31st March 2023	-	3,358,175	3,358,175
Net Book Value			
As at 1st April 2022	-	27,145,766	27,145,766
As at 31st March 2023	-	27,439,888	27,439,888

The Net Book Value of leasehold land and buildings included within housing properties is £1,310,205 (2022: £1,324,457). Housing properties under development during the year included capitalised interest of £Nil (2022: £59,737.)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

10. OTHER FIXED ASSETS

	Leasehold office improvements	Furniture & equipment at schemes	Vehicles and office equipment	Total other fixed assets
	£	£	£	£
Cost				
As at 1st April 2022	25,995	848,057	161,558	1,035,610
Additions	-	23,084	3,059	26,143
Disposals	(23,896)	-	-	(23,896)
As at 31st March 2023	2,099	871,141	164,617	1,037,857
Depreciation				
As at 1st April 2022	25,995	634,324	135,555	795,874
Charge for year	-	48,794	12,217	61,011
Disposals	(23,896)	-	-	(23,896)
As at 31st March 2023	2,099	683,118	147,772	832,989
Net Book Value				
As at 31st March 2022	-	213,733	26,003	239,736
As at 31st March 2023	-	188,023	16,845	204,868

11. INVESTMENTS

	2023	2022
	£	£
Loan Note Instrument 7.26%	170,776	170,776
Shareholding in C4C Holdings Ltd	2,500	2,500
	173,276	173,276

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

12. DEBTORS

	2023	2022
	£	£
Amounts falling due within one year:		
Rent arrears	289,701	187,581
Less: provision for bad debts	(34,933)	(44,500)
	254,768	143,081
Prepayments & Accrued Income	36,617	68,073
PFI Contract Debtor	332,000	309,000
Other Debtors	126,133	346,504
	749,518	866,658
Amounts falling due after one year:		
PFI Contract Debtor	6,781,327	7,113,067
	7,530,845	7,979,725

13. CREDITORS amounts falling due within one year

	2023	2022
	£	£
Pre-paid rent	76,518	33,379
Trade creditors	342,470	535,680
Other taxation and social security payable	181,209	160,630
Accrued expenses	52,647	120,057
Other creditors	31,742	18,234
Deferred income – government grants	77,827	77,826
Retentions	3,748	222,986
Pension liability	212	212
Loans falling due within one year	873,063	713,300
	1,639,436	1,882,304

14. CREDITORS amounts falling due after more than one year

	2023	2022
	£	£
Loans	18,136,963	18,934,816
Deferred income - government grants	8,522,588	8,600,421
Pension liability	158	369
	26,659,709	27,535,606

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

15. CREDITORS analysis of loans repayable

	2023	2022
	£	£
Due within one year	873,063	713,300
More than 1 year less than 2 years	984,298	582,748
More than 2 years less than 5 years	2,535,272	2,261,408
More than 5 years	14,617,393	16,090,660
Total due in more than one year	18,136,963	18,934,816
Total loans	19,010,026	19,648,116
Breakdown of Loans Types:		
Private Finance Initiative	8,712,695	9,021,442
Bank	10,407,467	10,748,690
Less Finance costs	(110,136)	(122,016)
	19,010,026	19,648,116

Housing loans are secured on the Association's housing properties and are repayable in instalments at various rates of interest between 1.85% and 3% plus the relevant SONIA floating rate, and fixed rates between 5.33% and 6.07%. The loan maturity dates range from May 2025 to March 2045.

16. GOVERNMENT GRANT

	Completed schemes	Under construction	Total
	£	£	£
Received			
At 1 April 2022	9,728,396	-	9,728,396
Received in the year	-	-	-
Transfer to complete	-	-	-
At 31 March 2023	9,728,396	-	9,728,396
Amortisation			
At 1 April 2022	1,050,149	-	1,050,149
Amortisation	77,832	-	77,832
At 31 March 2023	1,127,981	-	1,127,981
Carrying amount			
As at 31 March 2023	8,600,415	-	8,600,415
As at 31 March 2022	8,678,247	-	8,678,247

All of the Government grant listed above is Social Housing Grant - a grant given to Registered Social Landlords by the Government to help fund new buildings for social housing.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

17. PENSION OBLIGATIONS

Social Housing Pension Scheme

The Association participates in 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 trustee is able to identify the share of scheme assets and liabilities belonging to individual participating employers and as such the Association accounts for the scheme as a defined benefit plan.

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

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2020. This actuarial valuation was issued in October 2021 and showed assets of £5,148m, liabilities of £6,708m and a deficit of £1,560m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

Deficit contributions

From 1 April 2019 to 31 March 2028:	£175.0m per annum payable monthly and increasing by 5.5% each year on 1st April)

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2017; this valuation was issued in October 2018 and showed assets of £4,553m, liabilities of £6,075m and a deficit of £1,522m.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Present values of defined benefit obligation, fair value of assets and defined benefit asset (liability)	**2023**	**2022**
	£'000	**£'000**
Fair value of plan assets	1,813	2,699
Present value of defined benefit obligation	(2,218)	(3,131)
Defined benefit asset (liability)	(405)	(432)
Reconciliation of opening and closing balances of the defined benefit obligation		
Defined benefit obligation at start of period	(3,131)	(3,194)
Current service cost	(28)	(44)
Expenses	(5)	(6)
Interest expense	(87)	(69)
Contributions by plan participants	(19)	(19)
Actuarial losses/(gains) due to scheme experience	127	(149)
Actuarial losses/(gains) due to changes in demographic assumptions	5	51
Actuarial losses/(gains) due to changes in financial assumptions	830	227
Benefits paid and expenses	90	72
Defined benefit obligation at end of period	(2,218)	(3,131)
Reconciliation of opening and closing balances of the fair value of plan assets		
Fair value of plan assets at start of period	2,699	2,578
Interest income	76	56
Experience on plan assets (excluding amounts included in interest income) – gain/(loss)	(1,031)	(20)
Contributions by the employer	140	138
Contributions by plan participants	19	19
Benefits paid and expenses	(90)	(72)
Fair value of plan assets at end of period	1,813	2,699

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2023 was £(955,000) (2022: £36,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Defined benefit costs recognised in surplus for the year	2023 £'000	2022 £'000
Current service cost	28	44
Expenses	5	6
Net interest expenses	11	13
Defined benefit costs recognised in statement of comprehensive income (SoCI)	44	63

Defined benefit costs recognised in other comprehensive income	2023 £'000	2022 £'000
Experience on plan assets (excluding amounts included in net interest cost) – gain (loss)	(1,031)	(20)
Experience gains and losses arising on the plan liabilities - gain (loss)	127	(149)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain (loss)	5	51
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain (loss)	830	227
Total amount recognised in other comprehensive income – gain (loss)	(69)	109

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Assets	2023 £'000	2022 £'000
Global Equity	34	518
Absolute Return	20	108
Distressed Opportunities	55	97
Credit Relative Value	68	90
Alternative Risk Premia	3	89
Emerging Markets Debt	10	79
Risk Sharing	133	89
Insurance-Linked Securities	46	63
Property	78	73
Infrastructure	207	192
Private Debt	81	69
High Yield	6	23
Opportunistic Credit	-	10
Corporate Bond Fund	-	180
Long Lease Property	55	69
Secured Income	83	101
Opportunistic Illiquid Credit	78	91
Liability Driven Investment	835	753
Currency Hedging	3	(11)
Net Current Assets	18	16
Total assets	1,813	2,699

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Key assumptions	2023 % per annum	2022 % per annum
Discount Rate	4.88%	2.79%
Inflation (RPI)	3.20%	3.62%
Inflation (CPI)	2.74%	3.21%
Salary Growth	3.74%	4.21%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies at age 65:

	2023	2022
Male aged 65	21.0	21.1
Female aged 65	23.4	23.7
Male aged 45	22.2	22.4
Female aged 45	24.9	25.2

17. PENSION OBLIGATIONS (CONTINUED)

The Growth Plan

The Association participates in the scheme, a multi-employer defined benefit scheme which provides benefits to some 950 non-associated employers. It is not possible for the Association to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

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

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2022 to 31 January 2025:	£3.312m per annum payable monthly.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Reconciliation of opening and closing provision	2023 £	2022 £
Provision at start of period	581	3,228
Unwinding of the discount factor (interest expense)	11	19
Deficit contribution paid	(212)	(817)
Remeasurements - impact of any change in assumptions	(10)	(1,849)
Provision at end of period	370	581

Impact on surplus for the year	2023 £	2022 £
Interest expense	11	19
Remeasurements – impact of any change in assumptions	(10)	(1,849)

Other Pension Provisions	2023 £'000	2022 £'000
The amounts recognised in the balance sheet are as follows:		
Provision at start of year	292	292
Additional gains/(losses)	-	-
Provision at end of year	292	292

18. CALLED UP SHARE CAPITAL

	2023 £	2022 £
Allotted, issued and fully paid shares of £1 each		
At start of the year	85	83
Issued during the year	1	5
Cancelled during year	(3)	(3)
At end of the year	83	85

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

19. UNITS AND SERVICES IN MANAGEMENT AND DEVELOPMENT

	2023	2022
Units under management at end of year:		
Housing Accommodation	17	17
Supported Housing	266	266
	283	283
Services under management at the end of year Facilities Management for C4C contract	150	150

C4C units and services: Fellows Court extra care sheltered scheme is included in supported housing. Heavers, Addington Heights and Langley Oaks resource centres are included in facilities management.

Accommodation managed by Agents

	2023	2022
Association owns property managed by other bodies Number of units of accommodation	7	7

20. CAPITAL COMMITMENTS

	2023 £	2022 £
Capital expenditure that has been approved and contracted for and has not been provided for in the financial statements	-	-
Capital expenditure that has been approved but not contracted for and has not been provided for in the financial statements	191,000	-

21. OPERATING LEASES

	2023 £	2022 £
The future minimum payments under non-cancellable operating leases are as follows:		
within one year	20,833	36,990
within one to five years	-	30,825
	20,833	67,815

22. CONTINGENT LIABILITIES

The Association is not presently aware of any contingent liabilities other than the debt contingent on withdrawal from the Social Housing Pension Scheme (SHPS) which the scheme actuary has estimated as being £1,245,192 as at 30th September 2022. The Association has no plans to leave the scheme.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

23. FINANCIAL INSTRUMENTS

	2023 £	2022 £
Financial assets measured at fair value through profit or loss:		
Investments in listed securities	-	-
Cash and cash equivalents	5,479,998	5,904,444
	5,479,998	5,904,444
Financial liabilities measured at amortised cost:		
Loans repayable within one year	817,489	713,300
Loans repayable after more than one year	18,192,537	18,936,815
	19,010,026	19,650,115

Interest income/(expense)

	2023 £	2022 £
Interest income for financial assets at amortised cost	59,444	14,627
Interest expense for financial liabilities at amortised cost	(1,000,310)	(806,747)

Fair value gains and (losses)

	2023 £	2022 £
On financial assets measured at fair value through surplus for the year	-	-

Interest rate and liquidity risk of financial liabilities

Interest rate risk

The Association borrows at both fixed and floating rates of interest. It does not borrow in foreign currencies.

Liquidity risk

The Association's objective is to maintain a balance between continuity of funding and flexibility through the use of borrowings with a range of maturities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

24. RELATED PARTY TRANSACTIONS

Eldon Housing Association is a 25% shareholder of Caring 4 Croydon Holdings Limited and our Head of Operations is a Director.

At 31st March 2023 the investment held in Caring 4 Croydon Holdings Ltd was £173,276 (2022: £173,276) comprised of £2,500 equity shares and £170,776 loan notes bearing interest at 7.26%. Interest of £13,432 (2022: £13,999) was accrued and £20,412 (2022: £3,428) received during the year, with £27,263 (2022: £34,243) due to Eldon at the balance sheet date.

Under the PFI contract the Association invoiced £3,611,616 to Caring 4 Croydon Limited, a wholly-owned subsidiary of Caring 4 Croydon Holdings Limited, during the year 1st April 2022 to 31st March 2023 (2022: £3,091,758) and at the balance sheet date was due £125,852 (2022: £21,754) from that company.

Key management are the persons having authority and responsibility for planning, controlling, and directing the activities of the Association. In the opinion of the Board, the key management are the senior management team.

	2023 £	2022 £
Remuneration paid to key management personnel were:		
Salaries	84,586	204,845
Employer's social security costs	10,173	23,419
Employer's pension contributions	18,760	16,468
Interim contractors	286,093	-
	399,612	244,732

25. OVERALL CONTROL

The Association is controlled by a Board of Management who oversee the day-to-day operations of the Association and are elected by the Shareholders at the Annual General Meeting.

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An exempt charity, registered with the Financial Conduct Authority under the Co-operative and Community Benefits Society Act 2014 No: 23431R.

Registered with the Care Quality Commission.

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