Registered Provider of Social Housing No: LH0870
Registered Co-operative and Community Benefit Society No: 16849R

Gravesend Churches Housing Association Limited

Annual Report and Financial Statements

for the year ended 31 March 2023

Board information

The Board	Stephen Harriott (Chair)	Resigned February 2023
	Ronak Kantaria	Resigned January 2023
	Marie Li Mow Ching (Chair)	Appointed July 2023
	Monika Ziola	
	Eileen Jordan	
	Nicola Bowen	
	Jim McLaughlin	
	Michelle Mullen	Resigned April 2023
	Manpreet Bhupal	
	Brian Horton	
	Omobukunla McGlynn	
	Abay Aromire	Appointed September 2022
	Chris Starke	Appointed December 2022
	Paul Sylva	Appointed February 2023
	Roselyn Unegbu	Appointed July 2023
Chief Executive	Omobukunla McGlynn	
Registered Provider of Social Housing No.	LH0870	
Registered Co-operative and Community Benefit Society No.	16849R	
Registered Office	14 London Road Northfleet Kent DA11 9JQ	
Auditors	CLA Evelyn Partners Limited 45 Gresham Street London EC2V 7BG	
Bankers	Barclays Bank	
Solicitors	Sharratts (London) LLP 1 The Old Yard, Rectory Lane Brasted Westerham Kent TN16 1JP	Trowers & Hamlins LLP 3 Bunhill Row London EC1Y 8YZ
	Birketts LLP 141 – 145 Princess Street Ipswich Suffolk IP1 1QJ	

Contents

Board Report
for the Year Ended 31 March 2023

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

Principal activity

The principal activity of the Association is the provision and management of social rented homes to those in housing need within the communities where the Association operates.

Corporate governance

Gravesend Churches Housing Association Limited (GCHA) has adopted the National Housing Federation Code of Governance 2020 and are fully compliant with all areas of the code.

The Board

The Board who served during the year and up to the date of signature are as stated below:

		Year appointed
Stephen Harriott	Chair (Resigned Feb 2023)	2017
Ronak Kantaria	resigned Jan 2023	2014
Marie Li Mow Ching	Chair (Appointed Jul 2023)	2023
Monika Ziola		2017
Eileen Jordan		2018
Nicola Bowen		2018
Jim McLaughlin		2018
Michelle Mullen	Resigned Apr 2023	2020
Manpreet Bhupal		2020
Brian Horton		2021
Abay Aromire	Appointed Sept 2022	2022
Chris Starke	Appointed Dec 2022	2022
Paul Sylva	Appointed Feb 2023	2023
Roselyn Unegbu	Appointed Jul 2023	2023
Omobukunla McGlynn		2021

Our strategic objectives

Our vision is long term and aspirational and our strategic priorities are to:

- deliver good quality homes and excellent services in safe neighbourhoods;
- maintain high levels of resident and staff satisfaction and engagement;
- develop new energy efficient affordable homes; and
- remain financially viable and strong.

Governance and Financial Viability Standards

The Board has considered how the Association meets the Governance and Financial Viability Standards set by the Social Housing Regulator which includes the following required outcomes:

Governance

Registered providers shall ensure effective governance arrangements that deliver their aims, objectives and intended outcomes for tenants and potential tenants in an effective, transparent and accountable manner. Governance arrangements shall ensure registered providers:

(a) adhere to all relevant law
(b) comply with their governing documents and all regulatory requirements
(c) are accountable to tenants, the regulator and relevant stakeholders
(d) safeguard taxpayers' interests and the reputation of the sector
(e) have an effective risk management and internal controls assurance framework
(f) protect social housing assets

Financial viability

Registered providers shall manage their resources effectively to ensure their viability is maintained while ensuring that social housing assets are not put at undue risk.

The Board has concluded that GCHA is compliant with the Governance and Financial Viability Standards.

Value for money statement

GCHA is adjusting to life post pandemic lockdown as we face new challenges such as the cost of living crisis and ever changing world events.

Overall, GCHA has adapted well, ensuring that we continue to invest in our technology, staff and services. GCHA has a hybrid model of working, using the technological improvements introduced during lockdown to give staff more flexibility.

GCHA implemented its new cloud-based housing management system (CRM) in 2021-22 to allow for better data management. It continues to expand the use of its web-based phone system and electronic document management software to ensure it maximises its investment in IT.

Board Report
for the Year Ended 31 March 2023

Our Activities

GCHA continues to look to remain an independent Association that delivers a high-quality service for its tenants, alongside investment in new and existing properties.

GCHA operations had a few difficulties with staffing and contractors, as a result our average relet days increased to 50 days (2022: 10 days). We continue to invest significant time in supporting our residents through any financial difficulties. It has become even harder for customers to balance their finances, particularly those on low incomes due to the cost of living crisis, as a result of our arrears have increased during the year to 5.5% (2022: 5%). GCHA continue to work with its residents and support partnerships to help residents pay rent to enable them to sustain their homes.

All statutory compliance and general reactive maintenance works resumed in line with government guidance. We have continued to work with our contractors to ensure all relevant protective equipment was utilised by all those attending properties. During 2022/23, we continued to invest in our existing properties and carried out a number of boiler replacements, installed new kitchens and replaced a number of bathrooms too.

GCHA continues to look at longer term investment to deliver further improvements in value for money. As commented, we have implemented a new CRM system and are in the process of rolling out a resident portal to enable residents to self-serve and update their details, reducing staff time that would be otherwise required.

In presenting the value for money metrics for 2022-2023 we continue to use benchmark comparisons with both our local benchmark club, comprising 42 London based associations of under 1,000 units, alongside the Regulator of Social Housing's Global accounts median values for associations with under 2,500 units. Both sources are the most recently available, being from the 2021-22 annual accounts. Results and commentary are highlighted below

1 REINVESTMENT %

	£					
Properties acquired	-		Housing properties			
Development of new properties	1,112,210		At cost	41,281,280		
Works to existing	177,534		At valuation	8,751,538		
Capitalised interest	(77,489)					
						A/B
	1,212,255	A		50,032,818	B	2.4%

SPBM median	2.80%	2022-Global accounts <2,500 units	4.7%	GCHA 2021-22	6.4%

No new properties were acquired in 2023, however we continue to invest in existing properties.

Board Report
for the Year Ended 31 March 2023

2 NEW SUPPLY DELIVERED %

A		B	
New supply delivered (Social housing units)	9	New supply delivered (Non-social housing units)	0
Total social housing units managed at period end	578	Total non-social housing unit managed at period end	37
	1.6%		0.0%
SPBM median	0.0%	SPBM median	0.0%
Global accounts <2,500 median	0.9%	Global accounts <2,500 median	0.0%
GCHA 2021-2022	0.0%	GCHA 2021-2022	0.0%

We have continued to progress in this area. As mentioned in metric 1, nine properties were added this year, with further schemes remaining in the pipeline. We also remain well positioned to react to any opportunities that may arise that would allow us to deliver better value for money.

3 GEARING %

A			B			
Short term loans	597,168		Housing properties at cost	41,281,280		
Long term loans	15,153,464		Housing properties at valuation	8,751,538		
						C/D
	15,750,632	C		50,032,818	D	31.5%

SPBM median	16.53%	2022-Global accounts <2,500 median	32.3%	GCHA 2021-2022	34.5%

During the year, a drawdown of £3.5m was made from Barclays revolving credit facility to repay an existing loan. Due to early repayment, we had a break gain of £575k, which was used to repay part of our existing loan, hence the reduction in our gearing to 31.5% (2022: 34.5%). This is below the global accounts figure of 32.3% and is considerably above the SPBM median of 16.53%. The SPBM figure is anticipated to represent the lack of new developments within our benchmark group. As new developments come on board, we will expect to see this metric increase, although these will be managed within our required loan covenants, which ensure the level of gearing is maintained within sensible parameters.

Board Report
for the Year Ended 31 March 2023

4 EARNINGS BEFORE INTEREST, TAX, DEPRECIATION, AMORTISATION, MAJOR REPAIRS INCLUDED (EBITDA MRI) INTEREST COVER %

	£			£		
Operating surplus/(deficit)	691,704					
- Amortised government grant	(166,955)		Capitalised interest in housing properties	77,489		
+ Interest receivable and other income	581,619					
- Capitalised major repairs expenditure	(177,534)		+ Interest payable and financing costs	513,198		
+ Total depreciation charge	634,708					
- Increase in value of investment property	0					E/F
	1,563,542	E		590,687	F	265%

SPBM median	248%	2022-Global accounts <2,500 median	194%	GCHA 2021-2022	84%

GCHA continues to perform well in general operations, generating healthy surpluses although these fall short of those produced by organisations in the global accounts for <2500 units. 2022-23 has seen GCHA increase the EBITDA MRI figure from 84% to 265%. This is after continued investment in our existing stock, exceptional gain on early redemption of bank loan and increased investment in building safety. Whilst we expect interest to increase with new borrowings, we continue to target efficiencies, generating surpluses to fund both the development of new properties and ongoing investment in our existing stock. The high comparator from the SPBM group is likely due to the low levels of interest being paid, consistent with the low gearing levels within these providers.

5 HEADLINE SOCIAL HOUSING COST PER UNIT

	£					
Management costs	553,909		Total social housing units managed at period end	578		
+ Service costs	664,124					
+ Routine maintenance costs	785,865					
+ Planned maintenance costs	249,247					
+ Major repairs expenditure	177,534					
+ Other(social housing letting) costs	437,982					
+ Other social housing activities: other	-					G/H
	2,868,661	G		578	H	£4,963

SPBM median	£4,774	2022-Global accounts <2,500 median	£4,960	GCHA 2021-2022	£5,628

This metric highlights the amount spent on the social housing units of an organisation, and by excluding depreciation, largely only includes controllable costs. 2023 has seen a decrease in cost per unit to £4,963 (2022: £5,628), which sits 3.96% and 0.06% above the SPBM and global accounts for <2,500-unit respectively. Global accounts for the <2,500-unit associations' figure for upper limit is £5,180. The reduced spend on reactive maintenance in 2022-23 in comparison to 2021-22, was largely due to the change in the contractors and savings due to the works carried out by the Estate Service team. There has also been increased investment in fire safety, as we look to drive the highest standards of safety.

6 OPERATING MARGIN %

A	£	B	£
Operating margin (social housing lettings only)		Operating margin (overall)	
Operating surplus from social housing lettings	383,21	Operating surplus (overall)	691,704
Turnover from social housing lettings	3,656,182	Turnover (overall)	4,114,989
	10.5%		16.8%
SPBM median	17.0%	SPBM median	16.5%
Global accounts <2,500 median	16.1%	Global accounts <2,500 median	13.4%
GCHA 2021-2022	8.6%	GCHA 2021-2022	30.3%

GCHA has seen its overall operating margin decrease against its last year performance due to investment property valuation remaining the same. However, our overall operating margin does sit in the upper quartile of all associations in the global accounts. Our social housing margin has now fallen below those of our benchmark group and global accounts comparisons due to increased investment in estate improvements and building safety work. Our overall efficiency remains healthy.

7 RETURN ON CAPITAL EMPLOYED (ROCE) %

	£			£		
Operating surplus/(deficit) (overall)	691,704		Total assets less current liabilities	41,345,216		I/J
	691,704	I		41,793,216	J	1.7%

SPBM median	2.4%	Global accounts <2,500 median	2.6%	GCHA 2021-2022	4.7%

Our return on capital employed has dropped to 1.7% (2022: 4.7%), partly, due to the inclusion of investment property valuation gain in last year, and bank loans balances classified as current liabilities in last year resulting from breach of covenant.

Throughout the year, the organisation reports to the Board on a number of KPIs, which are generated alongside the monthly accounts. Core operational targets are set and monitored, including a financial budget for the year, arrears levels and void day turnarounds. In addition, we continue to report on health & safety areas covering the following key areas; gas safety, fire safety, electrical inspections, asbestos management, legionella management and lift safety.

We continue to utilise the Southeast Consortium to ensure we reap the pricing benefits that this presents, providing us with access to contractors at rates agreed across the consortium, enabling us to benefit from economies of scale we could not achieve on our own.

GCHA processed 41 voids in 2022/23 (2022: 43 voids), of which 9 related to the new development scheme in Meopham. The average relet time for the year was 50 days (2022: 11 days) against GCHA's relet target of 14 days. 6 properties were let within our 14-day relet target. However, 28 voids were let outside of our target times due to the transitioning of the repairs contract ending and another starting. The rent void loss for the year was £38.1k.

We had previously reported that we were looking to have development schemes in place to deliver at least 23 units. A development of 9 units was completed in September 2022 and in the pipeline is an additional site that is expected to deliver 14 units. On completion, this will deliver the number of units in our target.

In 2023-24 GCHA will be targeting to achieve its management accounts budget of £52k (2022: £214k) and Void days are targeted to be within the target of 14 days (2022: 14 days).

Board Report
for the year ended 31 March 2023

Statement of Board's responsibilities

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

The law requires the Board to prepare financial statements for each financial year. Under that law the Board 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 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 directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice for Registered Social Housing Providers (SORP 2018) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping 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.

This report was approved by the Board on 20th September 2023. and signed on its behalf by

Marie Li Mow Ching
Marie Li Mow Ching (Sep 21, 2023 10:12 GMT+1)

Marie Li Mow Ching
Chair

Date 21st September 2023.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAVESEND CHURCHES HOUSING ASSOCIATION LIMITED

Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2023 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing 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 Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The Board are responsible for the other information contained within the Annual Report and Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

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

Responsibilities of the Board
As explained more fully in the Statement of Board's Responsibilities set out on page 10, the members of 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 controls 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 Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

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

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 a general understanding of the Association's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We obtained an understanding of the entity's policies and procedures in relation to compliance with relevant laws and regulations. We also drew on our existing understanding of the Association's industry and regulation.

We understand that the Association complies with the framework through:

- Updating operating procedures, manuals and internal controls as legal and regulatory requirements change;
- A programme of internal audit reviews performed by an independent firm of internal auditors;
- Independent health and safety reviews across identified compliance areas;
- A risk assessment framework and register that includes regular review and scrutiny by the Audit and Risk Committee;
- An annual assessment of compliance with housing association regulations; and
- The Board's close oversight through regular board meetings and compliance reporting.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the Association's ability to conduct operations and where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the association:

- FRS 102, the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022, in respect of the preparation and presentation of the financial statements;
- Health and safety regulations, including building and fire safety; and
- Housing association regulations.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations above:

- Making enquiries with management as to the risks of non-compliance and any instances thereof; and
- Reading minutes of meetings of those charged with governance and reviewing correspondence between regulators and the association.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the Association's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were:

- Management override of control; and
- Revenue recognition, specifically the manipulation of revenue through fraudulent journal entries.

These areas were communicated to the other members of the engagement team not present at the discussion.

The procedures carried out to gain evidence in the above areas included:

- Testing of a sample of manual journal entries, selected through applying specific risk assessments based on the association's processes and controls surrounding manual journal entries;
- Reviewing and challenging estimates made by management; and
- Substantive work on revenue transactions.

The senior statutory auditor was satisfied that the engagement team collectively had the appropriate competence and capabilities to identify or recognise irregularities. In particular, the senior statutory auditor and manager have a number of years' experience in dealing with Associations and other organisations with similar risk profiles.

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

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

CLA Evelyn Partners Limited
CLA Evelyn Partners Limited (Sep 21, 2023 16:15 GMT+1)

CLA Evelyn Partners Limited
Chartered Accountants
Statutory Auditor
45 Gresham Street
London
EC2V 7BG
Date: 21/09/2023

Statement of Comprehensive Income
for the year ended 31 March 2023

	Notes	2023 £	2022 £
Turnover		4,114,989	3,943,368
Operating expenditure		(3,423,285)	(3,374,200)
Operating surplus before change in value of investment property		691,704	569,168
Increase in value of investment property	**12**	0	626,000
Operating surplus	**4**	691,704	1,195,168
Interest receivable and similar income	**5**	581,619	213
Interest payable and financing costs	**6**	(513,198)	(404,223)
Surplus for the year		760,125	791,158
Other comprehensive income:			
Actuarial (deficit)/surplus on defined benefit pension plan for the year	**17**	(97,000)	395,000
Total comprehensive income for the year		663,125	1,186,158

There were no acquisitions and no discontinued operations for the year.

The notes on pages 18 to 36 form an integral part of these financial statements.

Statement of Changes in Equity
for the year ended 31 March 2023

	Revenue reserve £	Share capital £	Total £
2022			
As at 1 April 2021	12,804,550	10	12,804,560
Surplus for the year	791,157	-	791,157
Actuarial surplus on defined benefit pension plan for the year	395,000	-	395,000
As at 31 March 2022	13,990,707	10	13,990,717
2023			
As at 1 April 2022	13,990,707	10	13,990,717
Surplus for the year	760,125	-	760,125
Actuarial deficit on defined benefit pension plan for the year	(97,000)	-	(97,000)
As at 31 March 2023	14,653,832	10	14,653,842

The notes on pages 18 to 36 form an integral part of these financial statements.

Statement of Financial Position
as at 31 March 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Property, plant and equipment					
Housing properties	**10**		32,597,001		31,885,285
Other property, plant and equipment	**11**		553,515		607,099
			33,150,516		32,492,384
Investments					
Investment properties	**12**		9,126,538		9,126,538
			42,277,054		41,618,922
Current assets					
Debtors	**13**	201,500		158,232	
Cash and cash equivalents		894,111		1,516,219	
		1,095,611		1,674,451	
Creditors: amounts falling due within one year	**14**	(2,027,449)		(17,870,592)	
Net current (liabilities)			(931,838)		(16,196,140)
Total assets less current liabilities			41,345,216		25,422,782
Creditors: amounts falling due after more than one year	**15**		(26,330,374)		(11,079,065)
Provisions	**17**		(361,000)		(353,000)
Net assets			14,653,842		13,990,717
Capital and reserves					
Called up share capital	**18**		10		10
Revenue reserve			14,653,832		13,990,707
			14,653,842		13,990,717

The financial statements were approved by the Board and authorised for issue on 21st September 2023.

On behalf of the Board

Marie Li Mow Ching	Chris Starke	Bukky McGlynn
Marie Li Mow Ching (Sep 21, 2023 10:12 GMT+1)	Chris Starke (Sep 21, 2023 12:28 GMT+1)	Bukky McGlynn (Sep 21, 2023 12:29 GMT+1)
Marie Li Mow Ching Chair	Chris Starke Board Member	Omobukunla McGlynn Chief Executive and Company Secretary

The notes on pages 18 to 36 form an integral part of these financial statements.

Statement of Cash Flows
for the year ended 31 March 2023

	Notes	2023 £	2022 £
Net cash generated from operating activities	**20**	1,090,434	791,752
Cash flow from investing activities			
Interest received		581,619	212
Additions to housing properties		(1,212,256)	(3,157,263)
Additions to other property, plant and equipment		(3,096)	(65,279)
Net cash used in investing activities		(633,733)	(3,222,330)
Cash flow from financing activities			
Repayments of borrowings		(4,716,125)	(3,550,975)
Loans drawn down		3,500,000	6,723,500
Interest paid		(582,684)	(725,238)
Grant received		720,000	448,000
Net cash (used in)/generated from financing activities		(1,078,809)	2,895,287
Net (decrease)/ increase in cash and cash equivalents		**(622,108)**	**464,709**
Cash and cash equivalents at beginning of the year		1,516,219	1,051,510
Cash and cash equivalents at end of year		**894,111**	**1,516,219**

The notes on pages 18 to 36 form an integral part of these financial statements.

Notes to the Financial Statements
for the Year Ended 31 March 2023

1. Legislative provisions

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a Private Registered Provider of Social Housing.
The principal activity of the Association is the provision and management of social rented homes.
The registered office is 14 London Road, Northfleet, Kent DA11 9JQ.

2. Accounting policies

2.1. Basis of accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain assets in accordance with the Association's accounting policies and in accordance with applicable Accounting Standards in the United Kingdom, including Financial Reporting Standard 102 (FRS102), the Statement of Recommended Practice 'Accounting by Registered Social Housing Providers (Update 2018)' and the 'Accounting Direction for private registered providers of social housing in England 2022.

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

The financial statements are presented in Sterling (£) except where specifically stated otherwise.

2.2. Going concern

The Association has net current liability of £932k. The Association regularly reviews the cash flow in its thirty year business plan, which shows it is able to service its debt facilities whilst complying with lenders covenants.

Long term business modelling has continued to be carried out during the year. We have modelled a base case scenario and applied various risk scenarios. These multi-faceted scenarios include assumptions such as increased inflation and lending costs, alongside reductions in rent inflation. Having applied lower and higher risk scenarios these did not highlight any threats to loan covenants or cashflow. We had previously modelled potential cash impacts of the pandemic on the organisation, the level of these impacts did not threaten the ongoing viability of the organisation, and performance to date does not provide any indications that these risks may materialise. With existing cash reserves having also covered any potential impacts and a £5m revolving credit facility in place, the organisation is well protected, even before looking at the possibility of rescheduling capital and improvement works.

The Board has reasonable expectations that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of the accounts.

The Board therefore continues to adopt the going concern basis in preparing the financial statements.

2.3. Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions regarding the recorded values of assets and liabilities at the Statement of Financial Position date and the amounts reported for revenues and expenditure during the year.

Judgements

- **Categorisation of housing properties as investment properties or property, plant and equipment**

Classes of properties within the category of housing properties that are held to earn commercial rentals or for capital appreciation or both are accounted for as investment properties. Properties rented to provide social housing and properties used for the production or supply of goods and services or for administrative purposes are classified as property, plant and equipment.

- **Impairment of housing properties**

Impairment reviews are carried out where there has been a trigger event, including any known threats to the financial viability of the asset. Whether or not there is a trigger ("indicator of trigger") is a matter of judgement. The 2023/24 rent cap is judged to be an indicator as at 31 March 2023. No impairment adjustment is considered necessary, however.

- **Estimation uncertainty**

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

- **Multi-employer pension obligation**

Various estimates are used in the calculation of the defined pension liability, such as discount rate, inflation, salary growth and mortality rates. The Pensions Trust provided base assumptions which the Association can flex to reflect more accurately the particular circumstances of the organisation. In determining the appropriate discount rate, consideration is made of the interest rates of corporate bonds with at least an AA rating. Inflation is set by considering market expectations, salary growth is set by aligning with the Association's business plan and mortality rates have been adjusted to allow for any expectation of higher or lower life expectancy of scheme members due to geographic, socio-economic or demographic factors. The value of the provision is highly sensitive to relatively small changes in assumptions. A provision of £361,000 is recorded in the Statement of Financial Position as at 31 March 2023 (2022: £353,000).

- **Property, plant and equipment**

In line with SORP 2018, component accounting policies are applied to the capitalisation and depreciation of assets. The individual components of each property are depreciated over their expected useful life. On new build developments, the value of components is assigned using land purchase costs and the contractor's detailed costing schedule. For off the shelf purchases, appropriate percentages are applied to each component using data from similar new build development schemes. The actual lives are assessed on an annual basis and may vary depending on a number of factors such as property life cycle and their component replacement programmes. As at 31 March 2023 the carrying value of property, plant and equipment was £33,150,516 (2022: £32,492,384).

2.4. Turnover

Turnover is measured at the fair value of the consideration received or receivable and principally represents rental and service charge income receivable in the year net of rent and service charge losses from voids together with amortised social housing grant and management fees from property management contracts with local charities.

Notes to the Financial Statements
for the Year Ended 31 March 2023

2.4. Turnover continued

Turnover is recognised as follows:

- **Rental and service charge income**

Income from rent and service charges is recognised in the period to which it relates net of any voids. Where there are new developments, income and any voids recognition starts from the practical completion date. Where sites are being redeveloped, income and any voids are recognised up until the contract start date.

- **Capital grants**

Capital grants received are initially deferred and then credited to turnover in the Statement of Comprehensive Income on a straight line basis over the expected life of the asset which they have funded.

- **Other grants and donations**

Grants and donations that relate to revenue are recognised in the Statement of Comprehensive Income in accordance with the period to which the grant relates. Where the grant requires future performance conditions to be met, the grant is not recognised until these have been satisfied. Any grant received before these conditions are met is held as a liability in the Statement of Financial Position.

- **Management fees**

Income from management fees is recognised in the period to which it relates.

2.5. Interest payable

Interest on loans specifically financing development is capitalised on a weighted average cost basis for the period from start of works up to the date of practical completion or acquisition of legal title, whichever is later. The interest is either on borrowings specifically financing a scheme or on net borrowings to the extent that they are deemed to be financing a scheme. This treatment applies irrespective of the original purpose for which the loan was required.

2.6. Property, Plant and Equipment

Housing properties and depreciation

Housing properties are properties held for the provision of social housing and are recorded at cost less depreciation less any applicable impairment. The cost of the property is recorded as the initial cost of acquiring the land and buildings together with those costs that are directly attributable to acquisition and development, including any interest cost up to the date of completion.

Housing properties in the course of construction are stated at cost plus capitalised interest and are not depreciated until they are reclassified as housing properties on practical completion of construction.

Freehold and leasehold housing properties are depreciated by component on a straight line basis over the estimated lives of component categories, in accordance with the principles of component accounting in SORP 2018. Where a component is replaced before the end of its useful life, any remaining depreciation charges are accelerated into the year of disposal. Useful estimated lives for identified components are as follows:

Freehold land	- not depreciated
Structure	- remaining estimated life of the property not exceeding 100 years from date of construction
Short leasehold structure	- over life of lease or estimated useful life if less
Roofs	- 40 to 80 years
Windows	- 40 years
Electrical systems	- 40 years
Bathrooms	- 30 years
Doors	- 20 years
Lifts	- 20 years
Kitchens	- 20 years
Heating systems	- 15 years

Notes to the Financial Statements
for the Year Ended 31 March 2023

2.7. Works to existing housing properties

Expenditure on existing housing properties is capitalised when this represents a component replacement or when a new component is created. All other expenditure in respect of general repairs to the housing stock is charged to the Statement of Comprehensive Income as it is incurred. The cost of replacing a part of an item of property plant and equipment is also capitalised if the replacement is expected to provide incremental future benefits to the Association. The carrying amounts of the replaced parts is derecognised.

2.8. Impairment of housing properties

Housing properties are assessed at each Statement of Financial Position date to determine if there are any indicators of impairment. If there are such indicators of impairment, then an exercise is undertaken to compare the properties' carrying value to their recoverable amount. Any excess over the recoverable amount is recognised as an impairment loss and charged as expenditure in the Statement of Comprehensive Income; the carrying value is reduced appropriately. For impairment purposes, properties are appraised on either an individual basis, or where they are part of a collective development such as a block of flats, on a scheme by scheme basis.

2.9. Investment property

Investment property is measured at cost on initial recognition, including purchase cost and any directly attributable expenditure, then at fair value at each Statement of Financial Position date. Fair value is calculated using a combination of local house price inflation indicators, local market sales data and valuations generated by external valuers.

2.10. Other property, plant and equipment

Other property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost of each asset over its expected useful life on a straight line basis, and the asset lifetimes are as follows:

Freehold office land	- not depreciated
Freehold office structure	- 100 years
Freehold office roof	- 80 years
Freehold office windows	- 40 years
Freehold office electrical systems	- 40 years
Freehold office bathrooms	- 30 years
Freehold office doors	- 20 years
Freehold office kitchens	- 20 years
Freehold office heating systems	- 15 years
Plant and equipment	- 5 to 10 years
IT hardware	- 4 years
IT software	- 4 years

2.11. Government grants

Government grants include grants receivable from Homes England, local authorities, and other government organisations. Government grants received for housing properties are treated as deferred income and recognised in turnover over the estimated useful life of the housing property structure, under the accrual model.

Grants relating to revenue are recognised in the Statement of Comprehensive Income over the same period as the expenditure to which they relate, once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received. Grants due from government organisations or received in advance are included as current liabilities.

Notes to the Financial Statements
for the Year Ended 31 March 2023

2.12. Leases

Leases are classified as finance leases where the terms of the leases transfer substantially all the risks and the rewards incidental to ownership of the leased asset. All other leases are classified as operating leases.

Assets held under finance leases are measured initially at the fair value of the leased asset and the corresponding lease liability. Assets held under finance leases are included in property, plant and equipment and depreciated in the same way as owned assets.

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

The aggregate benefits of any lease incentive are recognised as a reduction in expenses recognised over the term of the lease.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Any incentives offered in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

2.13. Pensions

The Association participates in the Social Housing Pension Scheme (SHPS). SHPS is a multi-employer defined benefit (career average revalued earnings) contributory pension scheme administered independently.

In the Statement of Financial Position, the assets of the scheme are measured at fair value and the liabilities are measured on an actuarial basis, discounted at a rate equivalent to yields on "high quality" corporate bonds of appropriate duration and currency, or a suitable proxy. The resulting net asset or liability is then presented separately on the face of the Statement of Financial Position as a provision. Current service costs and net financial returns are included in the Statement of Comprehensive Income in the period to which they relate. Any actuarial gains or losses for the year are taken to the Statement of Comprehensive Income as other comprehensive income.

2.14. Provision for liabilities

The Association recognises a provision where a past event has given rise to a present obligation and where a reliable estimate can be made of the value of the provision.

The recorded amount of the liability is the best estimate of the sum required to settle the present obligation at the date of the Statement of Financial Position.

2.15. Cash and cash equivalents

This includes all forms of cash and includes cash in hand, deposits repayable on demand, overdraft repayable on demand and short term held with various banks, which can be withdrawn without disrupting the business and are readily convertible to a known amount of cash at the year end at or close to the carrying values. These cash balances are used in our cash flow statements and future cash projections.

Notes to the Financial Statements
for the Year Ended 31 March 2023

2.16. Financial instruments

Financial assets and liabilities comprise investments, trade and other debtors, cash and cash equivalents, trade and other payables, accruals and loan balances.

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), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing 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. A financing transaction may take place in connection with the sale of goods or services, for example, if payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

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

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

Other financial instruments and investments in equity instruments are recognised at fair value with any gains or losses being reported in surplus or deficit.

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.

Trade (including rental) and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Association will not be able to collect all amounts due.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. Where the debt is not at a market rate, initial measurement will be the present value of cash flows, discounted at a market rate for a similar debt instrument, net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

2.17. Property managed by agents

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

2.18. VAT

The Association is not registered for VAT and VAT billed to the organisation is accounted for as a cost to the organisation within the respective expenditure heading.

3. Social Housing Income and Expenditure

	2023	2022
	£	£
Rents receivable net of identifiable service charges	3,252,775	3,114,637
Service charge income	236,452	231,108
Revenue, capital grants, contract, and other income	166,955	162,754
Total income from social housing activities	3,656,182	3,508,499
Social housing activities expenditure	(3,272,964)	(3,201,244)
Operating surplus from social housing activities	383,218	307,254
Rent losses from voids	38,121	7,160

4. Operating surplus

	2023	2022
	£	£
The operating surplus is stated after charging:		
Depreciation and other amounts written off		
Property, plant and equipment	634,708	619,760
Auditors' remuneration:		
For audit services- current year (net of VAT)	44,018	33,000
For audit services- additional cost for prior year	27,320	-
For non-audit services	-	-
Operating lease rentals		
Office equipment	3,752	2,180
Vehicle lease	6,383	6,081
Premises	1,200	1,829

Notes to the Financial Statements
for the Year Ended 31 March 2023

5. Interest receivable and similar income

	2023 £	2022 £
Bank Interest	6,130	212
Exceptional gain on early redemption of bank loan	575,489	-
	581,619	212

6. Interest payable and financing costs

	2023 £	2022 £
Included in this category is the following:		
Interest on loans repayable	605,983	673,956
Remeasurement of loan balance	(23,296)	(225,286)
Other costs of finance	-	51,273
Defined benefit pension – net interest expense	8,000	17,000
	590,687	516,943
Interest payable capitalised on housing properties under Construction	(77,489)	(112,720)
	513,198	404,223
Capitalisation rate used to determine the finance costs capitalised during the period	3.98%	3.93%

Notes to the Financial Statements
for the Year Ended 31 March 2023

7. Employee information

Number of employees	**2023 No.**	**2022 No.**
The average number of persons employed during the year expressed in full time equivalent (including the Chief Executive) was:		
Staff	14	16

Employment costs	**2023 £**	**2022 £**
Wages and salaries	574,019	593,470
Social security costs	60,713	50,361
Other pension costs	64,539	48,167
	699,271	691,998

Higher paid staff (including key management personnel)

	2023	**2022**
Staff members paid between £60,000 and £70,000	2	0
Staff members paid between £80,000 and £90,000	1	0
	3	0

8. Senior management team emoluments

The remuneration paid to the senior management team of the Association was:	**2023 £**	**2022 £**
Emoluments	237,204	310,727
Pension contributions	27,380	30,560
	264,584	341,287

The emoluments paid to the highest paid member of the senior management team:	**2023 £**	**2022 £**
*Chief Executive	88,800	100,495

The Chief Executive is an ordinary member of the defined benefit scheme and there are no enhanced or special terms. There are no additional pension arrangements. The aggregate contribution made by GCHA was £10,560 (2022: £12,004) in addition to the personal contributions of the Chief Executive.

A total of £27,584 (2022: £25,799) remuneration was paid to Board members during the year.

Expenses totalling £2,101 (2022: £5,776) were reimbursed to board members during the year.

9. Taxation

No taxation is payable by the Association since it has charitable status and its charitable activities are exempt from tax.

10. Housing properties

	Housing properties held for letting	Housing properties under construction	Total
	£	£	£
Cost			
At 1 April 2022	35,718,045	4,356,102	40,074,147
Additions:			
Capital additions	177,534	1,112,210	1,289,744
Transfers	4,206,478	(4,206,478)	-
Disposal of replaced components	(82,612)	-	(82,612)
At 31 March 2023	40,019,445	1,261,834	41,281,279
Depreciation			
At 1 April 2022	8,188,862	-	8,188,862
Charge for year (including accelerated depreciation on replaced components)	578,029	-	578,029
On disposal of replaced components	(82,612)	-	(82,612)
At 31 March 2023	8,684,279	-	8,684,279
Net book value			
At 31 March 2023	31,335,166	1,261,834	32,597,000
At 31 March 2022	27,529,183	4,356,102	31,885,285

Tenure status	**2023**	**2022**
Freehold	32,231,749	31,509,669
Short leasehold	299,832	308,165
Long leasehold	65,420	67,451
Total	32,597,001	31,885,285

Works to existing properties
The cost of building components replacements within the year amounted to £177,534 (2022: £590,329).
The value of planned improvement works to existing properties, expensed to the Statement of Comprehensive Income, amounted to £2,551 (2022: £241,078).

Notes to the Financial Statements
for the Year Ended 31 March 2023

11. Other property, plant and equipment

	Freehold office	Plant and equipment	IT Hardware / Software	Total
	£	£	£	£
Cost				
At 1 April 2022	489,119	101,098	306,316	896,533
Additions	-	3,096	-	3,096
At 31 March 2023	489,119	104,194	306,316	899,629
Depreciation				
At 1 April 2022	48,909	70,173	170,352	289,434
Charge for the year	10,145	9,420	37,115	56,680
At 31 March 2023	59,054	79,593	207,467	346,114
Net book value				
At 31 March 2023	430,065	24,601	98,849	553,515
At 31 March 2022	440,210	30,925	135,964	607,099

12. Investment properties

	Housing properties	Office building	Total
	£	£	£
Value			
At 1 April 2022	8,751,538	375,000	9,126,538
Fair value movement	-	-	-
At 31 March 2023	8,751,538	375,000	9,126,538
Historic cost	6,937,607	268,309	7,205,916

An assessment of our investment properties was carried out using values from the rightmoveplus.com website, on review, the properties had not moved significantly, so they have been kept at 31 March 2022 values.

13. Debtors

	2023 £	2022 £
Rental debtors	127,820	52,581
Other debtors	61,240	78,189
Prepayments and accrued income	12,440	27,462
	201,500	158,232

Rental debtors are stated after providing a bad debt provision of £85,123 (2022: £83,854).

14. Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditor	120,937	3,001
Rent in advance	127,504	113,230
Other taxes and social security costs	18,536	18,858
Other creditors	104,839	67,201
Accruals and deferred income	440,510	538,792
Housing loans (note 15)	597,168	16,966,756
Government grants – deferred capital grant	169,955	162,754
Grant received in advance	448,000	-
	2,027,449	17,870,592

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

	2023 £	2022 £
Housing loans	15,153,464	-
Government grants – deferred capital grant	11,176,910	11,079,065
	26,330,374	11,079,065

Loans

	2023	2022
Repayable in one year or less (note 14)	597,168	16,966,756
Repayable between one and two years	4,291,212	-
Repayable between two and five years	1,833,772	-
Repayable in five years or more	9,028,479	-
	15,750,631	16,966,756

The nominal value of loans as at 31 March 2023 was £15,711,219 (2022: £16,969,259).
Actual interest rates on borrowings vary between 3.35% and 10.63%.

Housing loans
Housing loans from private and public sources are secured by specific charges on the Association's properties and are repayable at varying rates of interest in instalments partly due in five years or more. Prior year, all loans were classified as short term, due to the breach in loan covenants.

Notes to the Financial Statements
for the Year Ended 31 March 2023

16. Social Housing Grant

Social Housing Grant	**£**
At 1 April 2022	15,650,369
Movements	720,000
At 31 March 2023	16,370,369
Amortised Social Housing Grant	
At 1 April 2022	(4,408,550)
Amortisation charge for the year	(166,955)
As 31 March 2023	(4,575,505)
Net Book Value	
At 31 March 2023	11,794,864
At 31 March 2022	11,241,819

The above balance of social housing grant includes grant received in advance amounted to £448,000 (2022: £448,000).

17. Pension arrangements

The Association operates a defined benefit scheme and a defined contribution scheme. Contributions to the defined contribution pension scheme are charged to the statement of comprehensive income as they become payable in accordance with the rules of the scheme and amounted to Nil (2022: £6,706). Differences between contributions payable for the year and those actually paid are shown as either accruals or prepayments in the balance sheet.

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

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

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

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.

Notes to the Financial Statements
for the Year Ended 31 March 2023

Statement of Financial Position	**2023**	**2022**
	£	**£**
Fair value of Plan assets	1,861,000	3,006,000
Present value of funded retirement benefit obligations	(2,222,000)	(3,359,000)
Deficit in Plan	(361,000)	(353,000)

Reconciliation of movements on the fair value of plan assets	**2023**	**2022**
	£	**£**
Fair value of the Plan assets at the start of the period	3,006,000	2,784,000
Interest income	84,000	62,000
Experience gain/(loss) on Plan assets	(1,265,000)	117,000
Contributions by the employer	102,000	96,000
Contributions by members	-	7,000
Benefits paid and expenses	(66,000)	(60,000)
Fair value of Plan assets at the end of the period	1,861,000	3,006,000

Reconciliation of movements on the defined benefit obligation	**2023**	**2022**
	£	**£**
Defined benefit obligation at the start of the period	(3,359,000)	(3,595,748)
Current service cost	-	(10,000)
Expenses	(5,000)	(5,000)
Interest cost	(92,000)	(79,000)
Contribution by members	-	(7,000)
Actuarial gains due to scheme experience	54,000	(106,252)
Actuarial gains due to changes in demographic assumptions	5,000	52,000
Actuarial gains due to changes in financial assumptions	1,109,000	332,000
Benefits paid and expenses	66,000	60,000
Defined benefit obligation at the end of the period	(2,222,000)	(3,359,000)

Amounts recognised in the Statement of Comprehensive Income

	2023	**2022**
	£	**£**
Current service cost	-	10,000
Expenses paid	5,000	5,000
Net interest on defined benefit liability	8,000	17,000
Total expenses	13,000	32,000

Amounts recognised in Other Comprehensive Income

	2023 £	2022 £
Experience gain arising on the Plan assets	(1,265,000)	117,000
Experience gain arising on the Plan liabilities (loss)/gain	54,000	(106,600)
Effects of changes in the demographic assumptions underlying the present value of the Plan liabilities –gain/(loss)	5,000	52,000
Effects of changes in assumptions underlying the present value of the Plan liabilities – gain/(loss)	1,109,000	332,600
Actuarial gain/(loss) recognised	(97,000)	395,000

Principal actuarial assumptions at the financial position date:	2023	2022
Discount rate	4.84%	2.78%
Inflation (RPI)	3.17%	3.47%
Inflation (CPI)	2.79%	3.14%
Salary growth	3.79%	4.14%
Allowance of commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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

	Life expectancy at age 65 (years)		Life expectancy at age 65 (years)
Male retiring in 2023	21.0	in 2022	21.1
Female retiring in 2023	23.4	in 2022	23.7
Male retiring in 2043	22.2	in 2042	22.4
Female retiring in 2043	24.9	in 2042	25.2

Notes to the Financial Statements
for the Year Ended 31 March 2023

Categories of plan assets are as follows:	2023 £'000s	2022 £'000s
Absolute Return	20	121
Alternative Risk Premia	3	99
Corporate Bond Fund	-	201
Credit Relative Value	70	100
Distressed Opportunities	56	108
Emerging Markets Debt	10	87
Cash	13	10
Global Equity	35	577
High Yield	7	26
Infrastructure	213	214
Insurance-Linked Securities	47	70
Liability Driven Investment	857	839
Liquid Credit	-	-
Long Lease Property	56	77
Net Current Assets	5	8
Opportunistic Credit	-	11
Opportunistic Illiquid Credit	80	101
Private Debt	83	77
Property	80	81
Risk Sharing	137	99
Currency Hedging	4	(12)
Secured Income	85	112
Total Assets	1,861	3,006

Notes to the Financial Statements
for the Year Ended 31 March 2023

18. Share capital – non equity

The shares have a denomination of £1 and limited rights. They carry no entitlement to dividend, they are not repayable and do not participate in a winding up. They carry an entitlement to vote at the Association's annual general meeting and special general meetings.

Called up share capital

	Number	£
Issued and fully paid – ordinary shares of £1 each		
At 1 April 2022	10	10
Issued during the year	-	-
Cancelled during the year	-	-
At 31 March 2023	10	10

19. Capital commitments

Details of capital commitments at the accounting date are as follows:

	2023 £	2022 £
Authorised and contracted for	-	728,840
Authorised but not contracted for	3,694,976	3,784,337
	3,694,976	4,513,177

20. Notes to the Statement of Cash Flows

	2023 £	2022 £
Operating surplus	691,704	1,195,168
Depreciation	634,708	619,760
Amortised government grants	(166,955)	(162,754)
Pension adjustment	(97,000)	(80,748)
Increase in debtors	(43,268)	(30,790)
Decrease in creditors	71,245	(122,883)
(Increase) in value of investment property	-	(626,000)
Net cash generated from operating activities	1,090,434	791,752

Notes to the Financial Statements for the Year Ended 31 March 2023

21. Net debt reconciliation

	At 1 April 2022 £	Cash flows £	Other non-cash changes £	At 31 March 2023 £
Cash and cash equivalents				
Cash	1,506,219	(622,108)	-	884,111
Cash equivalents	10,000	-	-	10,000
	1,516,219	(622,108)	-	894,111
Borrowings				
Debt due within one year	(16,966,756)	4,716,125	11,653,464	(597,167)
Debt due after one year	-	(3,500,000)	(11,653,464)	(15,153,464)
	(16,966,756)	1,216,125	0	(15,750,631)
	(15,450,537)	594,017	0	(14,856,520)

22. Accommodation managed by agents

The Association owns property managed by other bodies, as follows:

	2023	**2022**
Clarion Housing Association Ltd	17	17
KASBAH	15	15

23. Housing Units owned and managed

Housing Units owned

	Social Housing				**Market Housing**	**Supported**	**Total**
	Fair	Social	Affordable	Discounted			
At 1 April 2022	**23**	**407**	**104**	**3**	**37**	**32**	**606**
Additions	-	9	-	-	-	-	**9**
Changes in tenancy	(1)	1	-	-	-	-	-
At 31 March 2023	**22**	**417**	**104**	**3**	**37**	**32**	**615**

Additions represents 9 housing units from new development in Meopham.

Notes to the Financial Statements
for the Year Ended 31 March 2023

Housing units managed

At 1 April 2022	13
At 31 March 2023	13

24. Operating lease commitments

Operating leases have been taken out for our office vehicles, workshop, and photocopier.

2023
£

	Office equipment	Vehicles	Buildings	Total
Within one year	-	2,733	2,400	5,133
One to two years	-	911	2,400	3,311
Two to five years	-	-	800	800
Total	-	3,644	5,600	9,244

2022
£

	Office equipment	Vehicles	Buildings	Total
Within one year	91	4,395	2,400	6,886
One to two years	-	2,733	2,400	5,133
Two to five years	-	911	3,200	4,111
Total	91	8,039	8,000	16,130

25. Lessor payment commitments

This relates to the letting out of our commercial building as an office.

	2023 £	**2022** £
Not later than one year	31,250	31,250
Later than one year and not later than five years	80,729	111,979
Later than five years	-	-
Total	111,979	143,229

The office lease had an option to break on 31 October 2020. The lease ends on 31 October 2026.

26. Related party transactions

At the date of these financial statements there are no related party transactions that require disclosure, except for the key management personnel remuneration as disclosed in note 7.