Soha Housing Limited

Consolidated Financial Statements

Year ended 31 March 2023

Co-operative and Community Benefit
Society number: 28410R

Regulator of Social Housing number: L4130

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Executives and advisors for the year ended 31 March 2023

Board members
Lucy Weston (Chair)
Dave Lakin (Chair of Audit & Risk)
David Mody (Finance portfolio)
Emma Luddington – joined 7/9/22
Harjit Sandhu (Chair of Audit & Risk) – retired 7/9/22
Hayley Smith
Jennifer Ekelund (Chair of Personnel Committee)
Katherine Wareing
Naomi Barrand
Nicola Mellings (Chair of Personnel Committee) – retired 7/9/22
Peter Nkum Jnr
Peter Sloman – joined 7/9/22
Tim Bolton
Victoria Dingle (Vice Chair)

Executive management
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(Chief Executive)

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Introduction by Chair

I am delighted to introduce this report on our 2022/23 performance.

The year presented new challenges both for our residents and Soha. Increases in the cost of living, rising inflation and higher interest rates combined to make 2022/23 a challenging year for families, communities, the businesses Soha works with and Soha itself. Pressures on our costs, most significantly because of increasing interest rates, mean we have seen a reduction in the surplus we have available for reinvestment in building new homes. A tightening labour market has made delivering our core service offer more challenging. We have experienced a dip in resident satisfaction with our services that we are working hard to address.

Long anticipated regulatory changes have now received Royal Assent. These expand the remit of the Regulator of Social Housing to include a focus on new consumer standards. In preparation for this change all social landlords, Soha included, have implemented a new system of tenant satisfaction measures that we must report on and adhere to.

As a mutually owned, community housing association we actively support giving our residents a stronger voice. We continue to improve how we focus on their experience of our services so we can positively and quickly respond to what they tell us. For example, we are particularly aware of the financial impact the current economic climate has on our residents and have prioritised support for them by working closely with staff, partners and contractors to deliver the best possible services. We have introduced a new "Localities" structure to bring us closer to our residents by enabling close relationships to be built between teams and residents in their communities.

Maintaining and investing in improving our properties is foundational to our work for both our current and future residents. We outsource repairs and maintenance to external contractors working closely with them to provide a high quality service; we have started a rolling stock condition survey of all homes (each home surveyed every 5 years); we are investing in bringing all our homes up to EPC C rating by 2027 to reduce carbon emissions as well as lower running costs for our residents; we are investing in technology to improve data collection to help decision making and service redesign across the business. Alongside this we continue to build new homes for social rent and shared ownership. 2022/23 saw us deliver our largest number of new homes ever in one year with 305 new homes completed. This included our largest ever single retirement living development in Wallingford providing 75 new homes.

Our accounts show that we remain a financially robust organisation with upper quartile operating surpluses, and sufficient headroom to enable us to continue to invest, grow and improve our environmental sustainability. An In-Depth Assessment (IDA) by the Regulator of Social Housing in January 2023 awarded Soha the top G1V1 ratings against all areas inspected: Governance, Financial Viability and Value for Money.

Despite this strength, alongside the rest of the sector we face hard choices as our immediate future continues to be dominated by the escalating cost of living for residents and staff as well as rising costs for Soha and its suppliers. High inflation coupled with increasing interest rates continue to focus our attention on the balance between the flexible support required by an increasing number of tenants and shared owners and the need to continue to invest for the long term.

We are now in the third year of delivery of our Corporate Plan (2022-25) which sets out how we will play our part in achieving our vision of strong, vibrant and sustainable communities where everyone can find a home. We are making good progress to achieve our commitments to residents, for which they can hold us to account for our delivery both as residents and shareholders. It is a core part of our ethos that residents sit not only at the heart of our operational delivery, but also at the heart of our governance structure.

After five years I approach the end of my time as Chair and am extremely proud of the way Soha staff have continued to work hard to support residents in different, thoughtful and often innovative ways.

I'm pleased that this annual statement of our accounts shows this work and effort has delivered well overall. We remain committed to listening to our residents; delivering the best services we can and investing in building the new, affordable homes that there remains acute need for in our communities. Remaining financially strong is the foundation we need to do this, and these accounts show we remain a financially robust organisation. We remain vigilant to further economic changes to enable us to both meet challenges and take advantage of new opportunities.

LJ Weston

Lucy Weston
Chair of Board
Soha Housing

A - Principal activities

Soha is a mutually owned, community-based provider of a range of housing to meet local needs across South Oxfordshire and surrounding areas. Our main activities are the letting, management, maintenance and development of homes for people in housing need (i.e. the provision of social housing). We work in partnership with others to provide support where needed to enable people to maintain their tenancies and exit homelessness. The proportion of our stock offered for Shared Ownership (part rent/part ownership) is increasing and we also manage related assets such as garages, leasehold properties, open spaces and estate roads and engage in related community development work.

As a mutual community-based association we place great importance on the engagement of our stakeholders in our decision making, and on our role in supporting the building of strong communities.

As we move in to 2023/24, we expect our role and contribution to become even more important to our residents, our future residents and our communities. We will continue to balance our focus on meeting the immediate needs of residents and communities as we continue to live in a challenging economic environment, with investing to meet the longer term challenges our communities face in terms of access to affordable and secure accommodation.

B - Effects of material estimates and judgements upon performance

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where judgements and estimates have been made are shown in note 3 of the accounts. Further information on the most significant estimates is as follows:

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 that might change the utility of certain software and ICT equipment; changes to decent homes standards which might require more frequent replacement of key components and changes to the ability to let properties that might reduce the economic lives of properties.

Defined benefit obligations:
Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions might significantly impact the defined benefit obligation amount and the annual defined benefit expenses (as analysed in note 30, pension liability).

C - Qualifying third party indemnity provisions

The company has directors and officer liability insurance in place for Soha Housing Limited.

D - Value for money

D1. Our strategy

We have a comprehensive and strategic approach to achieving and delivering value for money (VfM), to meet our corporate objectives, which is led by the Board.

Our vision, as set out in our Corporate Plan is "to be a leading community housing association where residents and staff shape a sustainable future". We have clear strategic objectives in place to deliver our vision. These are summarised in Section A, Objectives and strategies to achieve those objectives, in the Strategic Report.

VfM is a crucial part of delivering our business objectives. Soha's Value for Money Strategy clearly sets out our approach. Our approach is driven by the Board and can be considered at 4 levels: strategic, organisational, budget and individual transaction level.

D2. Our approach

As part of Soha's Partnership and Mergers Strategy, the Board considers annually whether continuing with Soha's current structure is appropriate. This includes consideration of whether to proactively pursue partnerships and/or mergers. The appropriateness of the current structure was considered at the May 2023 Board meeting. The Board resolved that given the strength of the Business Plan, Soha's current structure is appropriate to achieving its vision, aims and objectives.

Soha's Asset Management Strategy (AMS) clearly sets out how we intend to manage and improve our property portfolio now and in the future. The primary function of Soha's business is to provide good quality affordable housing to people in housing need. The AMS is therefore an essential tool to assist the business to continue to operate efficiently and meet the needs of our customers. It recognises the tension between needing to use our assets to get the most effective financial return and to fulfil our social purpose.

The disposal of properties and redevelopment of landholdings for a more appropriate use is an important part of asset management. Holding everything forever is not managing assets. Soha takes a robust approach to decision making on the use of resources to deliver its objectives, including an understanding of the trade-offs and opportunity costs of its decisions. Property disposals are considered where there is the opportunity to generate high capital receipts; avoid high maintenance exposure or required improvement costs; concern over demand; desired change in required age profile of stock and stock rationalisation.

The Development Strategy confirms Soha's commitment to development and growth and the approach it will adopt to develop housing. The majority of newly developed properties will be general needs housing available for social or affordable rent and shared ownership purchase. The development programme looks primarily to provide housing for people who cannot find a market solution to their housing needs and may be homeless, inadequately housed or need to find alternative housing for reasons of employment, family, disability or health.

Soha will generally look to develop within one hour's car travel from Didcot. Potential for development outside of this parameter will give due consideration to possible impact on the quality of service that can be given to our residents.

Open market sale properties may be developed to cross subsidise or facilitate the development of affordable housing. This would be subject to careful evaluation at the time of the appraisal of the economic conditions.

Soha has a comprehensive understanding of costs and outcomes. The Board approved Soha's performance indicators for 2022/23, which included the seven metrics specifically required to be published annually under the 'Value for Money Standard 2018' issued by the Regulator.

D3. Measuring value for money

The Sector Scorecard is an initiative that gives an agreed set of metrics for housing associations to use to compare performance as a way of demonstrating VfM to tenants and other stakeholders. The five reported areas are:

a) Business health
b) Development capacity and supply
c) Outcomes delivered
d) Effective asset management
e) Operating efficiencies

There are 15 agreed measures reported within the 5 areas which include the seven metrics specifically required to be published annually in the statutory accounts under the 'Value for Money Standard 2018' issued by the Regulator. The Board has agreed the threshold for the seven metrics set by the Regulator and the other key performance indicators.

All the measures in the Sector Scorecard are set out below for the year ended 31 March 2023. Soha peer group consists of up to 40 South West and South East based housing associations who own between 2,500 to 10,000 properties. The latest available information for the peer group is at 31 March 2022.

TABLE A - Business health

Business Health (%)	Peer group 2022			Soha Actual		Target
	Upper	Median	Lower	2021/22	2022/23	2022/23
Operating Margin (overall)	27.1%	22.1%	19.1%	38.9%	32.3%	>40%
Operating Margin (social housing lettings)	28.0%	25.1%	21.2%	41.0%	30.9%	>30%
EBITDA MRI (interest cover)	218.0%	172.2%	146.4%	182.8%	157.1%	>175%

Overall operating margin was 32.3% (38.9% in 2021/22). Operating margin social housing was maintained above the target at 30.9% (41.0% in 2021/22) and within the peer group upper quartile. Operating costs were higher in 2022/23 with repairs and maintenance cost inflation and planned investment in our homes.

In conclusion, the operating margin social housing is the real indicator of business health as it covers the core area of our operating activity, social housing lettings. It is maintained at sector upper quartile levels.

EBITDA MRI interest cover is 157.1% (182.8% in 2021/22). It was below our target and decreased from prior year with increased spend which resulted in lower operating surplus.

TABLE B - Development (capacity & supply)

Development Capacity & Supply	Peer group 2022			Soha Actual		Target
	Upper	Median	Lower	2021/22	2022/23	2022/23
New supply delivered (absolute)	169	107	85	174	305	200
New supply delivered (%)	2.4%	2.2%	1.7%	2.5%	4.1%	3.0%
Gearing (%)	55.7%	48.5%	41.9%	42.0%	45.4%	<50%

The number of homes delivered by Soha has once again been significantly higher than the peer group average. For 2022/23, 305 new properties were handed over. This consisted of 37 social rent, 163 affordable rent and 105 shared ownership properties.

The gearing ratio is calculated as net debt divided by the carrying value of housing assets in the accounts, which for Soha is at deemed cost for the historic transfer properties and at cost for the new builds. It should be noted that on transition to FRS102, associations could choose to carry housing assets at cost (including deemed or historic cost) or valuation.

Nevertheless, Soha's gearing ratio level demonstrates that Soha can continue to develop in line with its objectives in the Corporate Plan with sufficient balance sheet capacity.

TABLE C - Outcomes delivered

Outcomes Delivered	Peer group 2022			Soha Actual		Target
	Upper	Median	Lower	2021/22	2022/23	2022/23
Customer Satisfaction (%)	81.0%	74.0%	68.0%	88.0%	78.0%	90.0%
Reinvestment %	10.0%	8.1%	5.4%	7.5%	7.5%	8.0%
Investment in communities (£k)	£377	£155	£105	£428	£410	£309

Customer satisfaction reduced from 88% in 2021/22 to 78% in 2022/23. Sector comparative analysis from Acuity benchmarking in Q1 2023/24 has highlighted that fall in satisfaction is sector wide, mainly as a result of dissatisfaction with repairs. We are working closely with our contractor and customers to improve satisfaction levels.

Reinvestment percentage is the amount spent on new development activity plus capitalised major repairs compared to the carrying value of total properties held at the year end. For new supply, the better measure is under development capacity and supply above. Expenditure on capitalised major repairs is carried out in line with the component lifecycles in the Asset Management Strategy.

Investment in communities is the actual spend in the year on community-based initiatives, including Soha's employment project and resident and community involvement, and is at upper quartile levels compared with peer group.

TABLE D - Effective asset management

Effective Asset Management	Peer group 2022			Soha Actual		Target
	Upper	Median	Lower	2021/22	2022/23	2022/23
Return on Capital Employed (%)	3.7%	3.1%	2.7%	3.6%	2.9%	3.0%
Occupancy (%)	99.4%	99.1%	99.0%	98.9%	99.1%	99.6%
Ratio of planned to responsive repairs	65%	49%	29%	59%	73%	63%

Return on capital employed (ROCE) is the operating surplus, including gain/(loss) on fixed assets to total assets at the year end. Although, ROCE provides an overall indication of the return Soha is making on assets, Soha's Asset Management Strategy focuses on maximising the potential from housing properties, which accounts for 95% of our asset base.

Occupancy rates provide an indication of how well the lettings process is managed. The performance for the year end was at the median quartile and 0.5% below target. The Lettings and Technical teams are now working in geographical localities to improve collaboration and relet times.

Actual spend on major components within the planned maintenance budget is based on lifecycles so differs from year to year. Over the longer term, Soha plans to maintain the ratio of planned repairs to response around 60% in order to ensure that investment in homes is carried out to maintain long term sustainability and provide VfM. The ratio remains at close to top quartile levels.

TABLE E - Operating efficiency

Operating efficiencies	Peer group 2022			Soha Actual		Target
	Upper	Median	Lower	2021/22	2022/23	2022/23
Headline social unit housing cost (£)	£4,241	£4,415	£4,634	£3,379	£4,122	<£4,063
Rent collected as % of rent due	100.5%	99.8%	99.0%	98.6%	99.6%	101.0%
Overheads as % of turnover	11.9%	12.8%	13.5%	10.8%	11.8%	10.1%

Soha's headline social housing cost per unit of £4,122 is marginally over target, and has increased from last year as highlighted under the operating margins. It is comfortably maintained within the upper quartile compared to the peer group.

Rent collection has improved slightly after the challenging economic conditions, as felt across the sector. We continue to work with our tenants with arrears and help ease the financial strains to the cost of living crisis caused in many cases.

Overheads as % of turnover for Soha compare well against the peer group. Taken together with the social housing unit cost, Soha's performance compared to the peer group demonstrates that it is operating efficiently.

E - Compliance with the Governance and Financial Viability Standard

Soha is compliant with the RSH Governance and Financial Viability Standard for the year and up to the date the accounts are signed. The regulatory grading for governance and viability is G1 and V1 which was issued in March 2023.

The overall required outcomes of the Standard are:

- to ensure that there are effective governance arrangements that deliver the aims, objectives and intended outcomes for tenants and potential tenants in an effective, transparent and accountable manner.

- to manage resources effectively to ensure their viability is maintained, ensuring that social housing assets are not put at risk. The Standard requires registered providers to assess their compliance with the Standard at least annually and Boards are now required to report their compliance with the Standard within their annual accounts.

The definition of assurance means that this is not just an internal and external audit issue. Boards need to determine where they are obtaining their assurance to demonstrate to the RSH:

- a clear understanding of asset values, related security, potential losses and potential chains of recourse. Note that Boards need to know exactly what information will be required in the event of distress and social housing asset exposure in order to value the assets without delay:

- evidence of application of the principles; and

- the assurance they receive on quality of records.

Soha has adopted, and is compliant with, the National Housing Federation's Code of Governance 2020 (the Code). Soha carried out an independent review of its governance arrangements every three years, the last one was completed in June 2022. This confirmed Soha's compliance with the regulatory standards and the NHF Code. The Board also completes an annual confirmation of compliance. In July 2023, the Board confirmed that Soha is compliant with the Standard.

F - Going concern

The Board reviewed and approved the Soha Business Plan 2023/24 at the May 2023 meeting. Based on Soha's performance to date and prudent projections forecast in the Business Plan, the Board is content that the accounts should be prepared on a going concern basis.

In our Business Plan we have modelled a number of scenarios which consider varying degree of worsening economic variables, rent collection and development activity (including property sales). The worst-case scenario clearly has a financial impact, but we are able to demonstrate that by taking appropriate mitigating actions, we maintain continued viability even in a pessimistic view of future conditions.

The Board will continue to review plans with the Directors to make the necessary changes to continue to work with our customers and stakeholders to deliver exceptional services in a friendly, solution-focused way.

Given the strength of the balance sheet and availability and liquidity of undrawn loan facilities, totalling £89.5m, the Board believe that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on Soha's ability to continue as a going concern. The Board, therefore, consider it appropriate for the Accounts of the Group and Association to be prepared on a going concern basis.

G - Assessment of the effectiveness of internal control

The Association has developed Financial Regulations and a Code of Conduct that requires the Board to ensure internal controls are in place and they confirm this through the following statement:

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be 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.

The Board recognises that it is responsible for the Association's system of internal control and its effectiveness. In meeting these responsibilities, the Board has adopted a risk-based approach to internal controls embedded within normal management and governance processes. This includes the regular evaluation of the nature and extent of risks to which the Association is exposed.

The Audit and Risk Committee, on behalf of the Board, has carried out an annual review of the process adopted by the Board in reviewing the effectiveness of the system of internal control. Some of the key elements of the control framework include:

a) 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 risk management review in each area of the Association's activities. The Senior Leadership Team and the Audit and Risk Committee regularly consider reports on significant risks facing the Association and the Chief Executive is responsible for reporting to the Board any significant changes affecting key risks. The key risks facing the Association at the moment have been discussed by the Board recently and are set out in part (d) of the Strategic report.

b) Board and Audit & Risk Committee overview
The Audit and Risk Committee and the Board review risk management on an on-going basis and review regular reports and assurance from Senior Leadership Team internal control. A process of self-assessment and regular management reporting on control issues provides hierarchical assurance to successive levels of management and to the Board. This includes a rigorous procedure for ensuring that corrective action is taken for any significant control issues, particularly those that might have a material impact on the financial statements.

c) Control environment and control procedures
The Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues. The Board disseminates its requirements to all employees through the

Association's policies with regard to the quality, integrity and ethics of its employees. It is supported by a framework of policies and procedures with which employees must comply. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection. Where failings or weaknesses in controls are identified, action is taken to remedy them and progress reported to the Audit and Risk Committee and/or the Board. There have been no significant failings or weaknesses identified during the year.

d) Internal Audit
The Audit & Risk Committee and the Board have engaged the services of RSM UK Risk Assurance Services LLP to carry out a programme of internal audit. Internal audit provides the Association, through the Audit & Risk Committee, with an independent and objective opinion on governance, risk management and internal control and their effectiveness in achieving the Association's objectives.

e) Tenant Audit and Scrutiny Groups
The Association has developed with tenants a robust Co-regulation model which includes a Tenant Audit and Scrutiny Group who test the Association's standards and challenge the Association's decisions and planning at a strategic level. This model is recognised as good practice nationally. Recommendations from Audit & Scrutiny Group are presented to Board and an Action Plan agreed to ensure co-regulation makes a lasting, positive difference to Soha's operations.

f) External Inspection and Accreditation
The Association is committed to good quality management systems. The Association is working towards excellence in all its activities. During the year we obtained ISO 14001, which is an environmental standard. We have also retained our 'outstanding' accreditation rating from ENROSH for our older people's services. In addition, we achieved Cyber Essentials demonstrating our commitment to cyber security.

g) The Regulator of Social Housing's Standards
Soha is compliant with the RSH standards and reviews this annually with its Members' Forum and Board.

During 2022/23, the RSH undertook an In-Depth Assessment (IDA) at Soha. Soha maintained its G1 and V1 rating with the RSH. Soha demonstrated full compliance with all the areas tested by the RSH. The feedback from the RSH was positive around the quality of information submitted, business planning, stress testing, risk and mitigation planning.

The Association produces a separate document which will be distributed to tenants, as part of their Annual Report, in September 2023. The Board believe this was transparent and clear.

h) Performance Indicators and information/financial reporting systems
Financial reporting procedures for the Association include detailed budgets for the year ahead and forecasts for subsequent years. These are reviewed 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.

i) Annual Review
The Audit and Risk Committee has received the Annual Report on Soha's System of Internal Control for the Year Ended 31 March 2023 prepared by the Senior Leadership Team. The Board in turn has received the Annual Report of the Audit and Risk Committee and the annual review of the effectiveness of the system of internal control from the Committee and has taken account of any changes needed to maintain the effectiveness of the risk management and control process.

As a result of the above, the Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Association and that the Audit and Risk Committee has reviewed the Fraud Register for the year. This process has been in place for the year ended 31 March 2023 and the subsequent period to 20 July 2023.

H - Post balance sheet events

There are no post balance sheet events.

I - Board members' responsibilities

The Board members are responsible for preparing the report of the Board and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law and social housing legislation require the Board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing these financial statements, the Board members 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: Accounting by registered social housing providers 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 members are 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 Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. They are also responsible for safeguarding the assets of the group and association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2018.

Financial statements are published on the group and association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group and association's website is the responsibility of the Board members. The Board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

J – Auditor

All of the current Board members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the association's auditor for the purposes of their audit and to establish that the auditor is aware of that information. The directors are not aware of any relevant audit information of which the auditor is unaware.

BDO LLP has expressed their willingness to continue. A resolution for the re-appointment of BDO LLP as auditors of the Association is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

LJWeston

LUCY WESTON
Chair
7 September 2023

A - Objectives and strategies to achieve those objectives

2022/23 saw us work towards delivery of our Corporate Plan which runs through to 31 March 2025. In an operating environment with continued high levels of uncertainty the vision, mission and values in the Corporate Plan are particularly important as they guide us in our daily decision making.

Our vision is for strong, vibrant, and sustainable communities where everyone can find a home.

To make our vision a reality, we continue to work with residents, staff, communities and partners to provide, and help people access and retain, quality homes and services; we will support each other and together create opportunities for a better future. We report progress on delivery of the Corporate Plan to Board and our Members' Forum throughout the life of the plan.

Our organisational values shape all that we do. We are and will be:

- Committed to residents – We put residents' wellbeing first and go the extra mile.
- Invested in local communities – We are passionate about building stronger communities, in partnership with others.
- Open and honest – We are clear about what we can and can't do, and share information so we can be held to account.
- Mutual – We belong to our residents, staff and communities and make decisions together.
- We are here for the long term.

B - Performance during the financial year

B1. Financial performance

The table below shows the key financial indicators over the last five years are:

	2018/19	2019/20	2020/21	2021/22	2022/23
Properties managed *	6,610	6,669	6,930	7,054	7,338
Properties managed growth (%)	3%	1%	4%	2%	4%
Turnover (£000s)	48,722	54,855	50,852	58,364	56,272
Change in turnover (%)	7%	12.6%	(7%)	14.8%	(3.6%)
Operating surplus (£000's)	20,988	20,970	21,434	24,681	19,281
Operating Margin (excluding surplus on disposal of fixed assets)	38.4%	35.3%	39.6%	37.2%	31.1%
Surplus before taxation (£000s)	10,861	10,813	10,320	14,394	8,663

* Social housing properties only

Consolidated statement of comprehensive income

	2023 £'000	2022 £'000	Movement £'000
Turnover	56,272	58,364	(2,092)
Cost of sales	(5,936)	(10,840)	4,904
Operating costs	(32,830)	(25,835)	(6,995)
Surplus on disposal of fixed assets	1,775	2,993	(1,218)
Operating surplus	**19,281**	**24,682**	**(5,401)**
Movements in fair value	(18)	16	(34)
Interest receivable and similar	8	26	(18)
Interest payable*	(10,608)	(10,330)	(278)
Surplus before taxation for the financial year	**8,663**	**14,394**	**(5,731)**

* excludes capitalised interest

Soha made a surplus for the year of £8.7m (2022: £14.4m), which is £5.7m lower than the previous year.

Overall turnover was £56.3m (2022: £58.4m) which is £2m lower than the prior year. Although overall rental income increased by £3.1m, in 2022 we also had £5m of market sales from SIB Property limited. Market sales activity also accounts for the higher cost of sales in 2022.

Total operating costs were £32.8m (2022: £25.8m) which is an increase of £7.0m. Operating surplus was £19.3m (2022: 24.7m), £5.4m lower than the previous year. Overall surplus after interest was £8.7m (2022: £14.4m). £5.7m lower than the previous year.

Reduction in the surplus was driven by the increase in social housing lettings cost of £32.4 (2022: £25.8m), which have increased by £6.6m. £5m of the increase was within the approved budget for 2022/23. £2m increase above budget was in main the result of £1.1m responsive repairs accrual from prior years and inflation. Increase from prior year can be summarised as:

- £2.5m - increased operating cost driven by inflation around staff, IT, insurance, and utilities.
- £2.4m - responsive repairs costs driven by inflation which includes £1.1m accrual from prior years
- £1.6m - higher maintenance spend on planned installation of CO2 detectors and other cyclical works
- £0.5m – increase in bad debts and depreciation

Consolidated Balance Sheet

	2023 £'000	2022 £'000
Tangible fixed assets - housing properties	680,652	637,524
Tangible fixed assets – other	2,811	2,952
Investment properties	1,030	1,140
Investments : homebuy loans	1,112	1,020
Net current assets	3,743	14,613
	689,348	657,249
Creditors: amounts falling due after more than one year	(359,513)	(335,357)
Provision: net pension liability	(3,331)	(3,361)
	326,504	**318,531**
Capital and reserves		
Income and expenditure reserve	164,783	156,740
Revaluation reserve	161,721	161,791
	326,504	**318,531**

At 31 March 2023, Soha's balance sheet showed total assets less current liabilities of £689.3m (2022: £657.2m) – an increase of £32.7m compared with the position at 31 March 2022. The main points are as follows:

- The carrying value of Soha's properties at 31 March 2023 was £680.7m (2022: £637.5m). As properties are held at cost, the increase is a result of additional units.
- At 31 March 2023, Soha's net current assets amounted to £3.7m (2022: £14.6m), a decrease of £10.3m, primarily related to the cash balance decreasing from £21.6m to £6.9m.
- Creditors: amounts falling due after more than one year is mainly the drawn down loan finance at £309.3m (2022: £284.5m) and also includes deferred capital grant of £50.2m (2022: £50.3m)

The Board has concluded that Soha has adequate resources to achieve the objectives set out in its Corporate Plan and sustain the activity set out in the related 30 year Business Plan.

B2. Treasury and loan finance

Soha has a robust treasury policy in place with input from its treasury consultant to ensure best practice. Its approach to treasury is that it is a function that allows access to funds to carry on its business, not as a separate business activity that is expected to produce surpluses itself. As such, while Soha attempts to take advantage of opportunities to borrow at lower cost, it is primarily concerned with managing cash flow effectively and monitoring the risk inherent in treasury activities.

Soha has a total loan facility of £405.7m of which £316.2.m has been drawdown. Undrawn facility includes £89.5m revolving credit facilities. Details of the loan facilities are:

Dexia Public Finance Bank Plc: Current balance of £118.2m until January 2041. £25m of the facility is on a revolving basis, the remainder is being repaid on a gradual basis. As at 31 March 2023 all of the revolving facility had been drawn down.

Barclays: £57.5m, £17.5m until September 2037 and £40m on a 4 year revolving credit facility put in place February 2023 but which is unavailable for drawdown until August 2023 (completion of charging). £17.5m is repaid on a gradual basis over the length of the loan. As at 31 March 2023 none of the revolving facility had been drawn down.

SODC: £15 million until March 2034 and has to be repaid in one amount on the final repayment date. As at 31 March 2023 the loan was fully drawn down.

M&G: £40m issued in 2012 is repayable over 30 years from November 2023. £40m issued in 2014 is repayable over 30 years from April 2025.

Santander: A 5 year £55m revolving credit facility put in place in February 2022. As at 31 March 2023 £5.5m had been drawn down.

Pension Insurance Corporation: Two, £40m facilities have been agreed with drawdown dates of April 2020 and April 2021. They are repayable in 2055 and 2051. Both facilities have been fully securitised and drawn dawn as per the draw down dates.

B3. Key performance indicators

Performance is managed using key performance indicators ("KPIs"). These are reported through a comprehensive management report which is produced monthly and reported to the Board quarterly.

The table below shows actual performance for 2022/23 against target and last year for our housing management and repairs key performance indicators:

Indicator	Actual 2022/23	Target 2022/23	Actual 2021/22
Average time to complete all repairs	15.8 days	11.5 days	11.1 days
Emergency repairs completed within target %	95.6%	99.0%	97.9%
Repairs fixed first time %	90.0%	85.0%	85.7%
Repairs appointments made and kept %	97.5%	98.0%	93.1%
Gas services carried out within 12 months	99.9%	99.0%	98.4%
Current tenant arrears (gross)	5.0%	4.5%	5.9%
Average re-let times	26 days	25 days	52 days
Void loss	0.81%	0.83%	1.05%
Governance Rating	G1	G1	G1
VR Rating	V1	V1	V1
Value of property units unsold after 6 months	1,361k	n/a	119k
Satisfaction with overall service	78%	90%	88%
Satisfaction with repairs	70%	81%	73%

The KPIs that missed target were:

- **Average time to complete repairs** - missed target at 15.8 days, compared with a target of 11.5 days, but was still Housemark top quartile performance. We will achieve our target of 11.5 days as soon as the MD backlog of repairs has been cleared.
- **Emergency repairs completed on time target** - we have introduced new repair priorities that will help us hit our target moving forward.
- **Repair appointments made and kept'** KPI finished the year at 97.5% compared with our target of 98% and emergency repairs on time where we completed 95.6% of emergency repairs on time compared with a target of 99%.
- **Total current arrears** below target by 0.5% but has improved significantly from the prior year.
- **Average relet times** significantly better than last year end – just missed target by 1 day
- **Resident satisfaction:**
    - **Satisfaction with overall service** – This reduced from 88% in 2021/22 to 78% in 2022/23. The reduction is sector wide and driven mainly by repairs satisfaction (see below).
    - **Satisfaction with repairs** - we continue to meet monthly with our main contractors MD Building and K&T Heating to improve satisfaction. The key reason for dis-satisfaction is jobs take too long to complete, so should improve once the MD backlog of repairs has been cleared.

C – Future prospects

With the uncertain economic climate and cost of living crisis, we have carried out a robust set of sensitivity testing on our business plan. As an organisation with top quartile operating surpluses, a healthy cashflow and funding in place to deliver our development ambitions, we are in a strong position to deliver for our residents and continue to build new homes.

Our expectation is that the economic uncertainty will only increase demand for secure, affordable rental accommodation. We are working closely with our partners to ensure that Soha is able to play its full part in both supporting our current residents and to continue to build new homes for those in our communities who need them.

Corporate Plan 2022/25 is in place setting out our plan until March 2025. By 2025 our ambition is to build new homes for the people who need them most, improve our services for residents, take great strides forward using digital technology, and invest in the development of our staff and the tools they use.

In updating the Business Plan 2023/24, we have included £143.4m of additional spend to ensure that all of our homes achieve at least EPC C by 2030 and carbon zero by 2050. This spend is accommodated within the Business Plan which demonstrated continued viability without grant funding.

D – Principal risks and uncertainties

The Board has overall responsibility for the management of risk within Soha. To carry out this responsibility effectively, the Board has ensured that a robust control framework is in place so they have a sufficient understanding of the key risks. The Board agreed its risk appetite at the January 2023 meeting. The Senior Leadership Team have a responsibility to implement the risk strategy in line with the risk appetite and carry out a periodic review of risk management procedures and report as required to the Board.

Soha has an internal control framework the covers each area of the business. Each area of the control framework is assigned to the relevant member of the Senior Leadership Team. The Senior Leadership Team's role is to ensure that existing controls are embedded and working effectively. The framework is reviewed by the Senior Leadership Team and the Audit & Risk Committee on a quarterly basis to ensure any new control actions are implemented.

Key risk in the Soha Top LIVE Risk Register together with the controls and mitigating actions are given below:

1. **Increasing interest rates. Currently 77% of debt on fixed rates. Percentage of fixed rate debt will decrease as the variable rate RCFs are drawn down:**
    - Treasury strategy - current fixed ratio maintained well within Treasury Management Policy levels. Future debt raised on fixed rate basis.
    - Proactive approach to future financing.
    - Interest rate rises included in Business Plan stress testing.
    - Triggers and frequency for review of business plan, stress testing and development scheme appraisal assumptions to be reviewed.

2. **Performance issues with our main repair's contractors. Increased tenant dissatisfaction with the repairs and maintenance service, increased staff time in dealing with complaints and issues, and increased costs if third party contractors required to rectify:**
    - Monthly performance meetings held with MD Building and K&T Heating to discuss performance issues, assess capacity and any agree plan for reducing repair backlog.
    - Third party contractor, United Living, appointed to complete around 1,500 jobs initially to reduce MD live orders to manageable number of circa 1,000 repairs by 31 July.
    - Maintain relationships with other third party contractors to ensure continuity of service if underperformance continues.
    - New repairs prioritisation system in place.
    - Staff training on diagnostics improved.
    - Demand management measures identified and triggers for implementation set out.
    - Performance monitored continuously tracking the direction of travel on all KPIs.

3. **Cost of living crisis: Financial hardship for residents and increasing rent arrears. Leads to increase in damp and mould cases reported as residents unable to afford to heat their homes:**
   - Weekly monitoring of income, arrears, and legal actions.
   - Tenancy Support service expanded, with focus on financial hardship and target to increase ratio of successful UC and benefit claims as well as DHP claims.
   - Tenancy Sustainment Fund - established to support tenants affected by Benefit caps, bedroom tax, delays in UC, and furlough related arrears.
   - New Income Procedure focusing on support before enforcement, aligned to government changes to court processes (Breathing Space, pre court mediation, etc).
   - Court cases now progressing as legal system recommences. Monitoring of court cases and evictions to be aware of a sudden rise in either.
   - Specialist damp and condensation contractor in place.
   - Rolling five year stock condition survey underway that includes an assessment of damp and mould. Any damp/ mould hazards identified are addressed right away.
   - All reported damp repairs are post inspected.
   - Damp and condensation leaflet/ advice available to tenants.
   - Action plan agreed by Board to implement recommendations from Housing Ombudsman "Spotlight on Damp and Mould" report.

4. **Increasingly high inflation: rental income does not increase at same rate as cost. We are unable to deliver our planned level of investment in new homes and retrofitting current homes without breaching our tightest lender covenant if inflation outstrips increases in rental income by 6% for 2 years:**
   - Business plan stress testing (pessimistic scenario) models for this scenario.
   - Clear mitigations are in place to delay / reduce long term investment spend if required.
   - Projected covenant compliance is monitored through the monthly management report.

5. **IT systems attacked by malicious actors:**
   - Up to date security systems.
   - Appropriate and updated perimeter security firewalls.
   - Appropriate and updated ingress filtering (for email, and web access).
   - Up to date anti-virus and anti-malware.
   - PCs and servers have OS and applications regularly patched.
   - Limited access to Servers by experienced staff.
   - Regular 3rd party Penetration Testing.
   - Staff training and regular communication inc internal phishing campaign to identity further training needs.
   - Business Continuity Plan in place.

6. **Landlord Health & Safety compliance and changing building regulatory regime:**
   Comprehensive monthly Health and Safety RAG Report which summarises requirements and compliance in the following areas:
   - A comprehensive Health & Safety RAG Report which summarises requirements and compliance on all compliance areas to SLT on a monthly basis, six monthly to the Board and Forum.
   - Landlord H&S subject to internal audit in the compliance reviews.
   - Asset compliance policies and procedures in place for Fire safety, water hygiene, asbestos, gas safety, electrical safety, and lifts.
   - An asset compliance audit was undertaken by consultants EDP in Aug 2021.

E – Governance

Soha has adopted, and is compliant with, the National Housing Federation's Code of Governance 2020 (the Code). Soha carries out an independent review of its governance arrangement every three years, the last one was carried out in June 2022. The review confirmed Soha's compliance with the regulatory standards and the NHF Code. The Board also completes an annual confirmation of compliance. In July 2023, the Board confirmed that Soha is compliant with the Standard.

In 2017/18 Soha took the decision to open up shareholding membership to residents. In 2020/21 Soha activated the existing provision in its rules to open up shareholding membership to staff, subject to no more than 15% of shareholders being staff members. This brings our legal structure in to full alignment with our organisational vision to build "strong, vibrant and sustainable communities where everyone can find a home". Membership as at 31 March 2023 was 781.

Soha's Board comprises 12 people: 4 tenant members, 6 members of the wider community, 1 co-optee and the Chief Executive. Board membership reflects a wide cross-section of tenant, professional, commercial and public sector interests. Members are selected for the skills and experience which they can bring. Soha pays Board members in line with the rates recommended by The National Housing Federation and the total amounts paid are set out in note 11 to the accounts.

The Board has two formal Committees; Audit & Risk and Personnel & Remuneration. Soha also has a separately constituted Members' Forum, elected by all shareholding members of Soha, which reviews operating performance, comments on policies and helps develop future strategy. This takes the role of Members' Panel, as required by Soha's Rules. From time to time the Board establishes task and finish groups or ad hoc committees.

The Board is responsible for determining Soha's strategy and policies and for ensuring that its affairs are properly managed. The implementation of these has been delegated to the Chief Executive who meets regularly with the Directors and the senior leadership team. The Code of Conduct in place since 2017, follows the NHF 'Conduct Becoming' and the standards of conduct issued by the National Housing Federation. Our Code of Conduct is being reviewed following the update of NHF Code in 2022.

The Board and Executive Officers are listed on page 1 together with any changes during the financial year.

Each full Board member holds one share in the Association. The Executive Officers of Soha (including the Chief Executive) can apply for shareholding membership (one share) under the staff membership scheme. All decisions on admission to membership are made by the Personnel and Remuneration committee.

F – Approval

This Strategic Report was approved by order of the Board on 7 September 2023.

L J Weston

LUCY WESTON
Chair

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2023 and of the Group's and the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

We have audited the financial statements of Soha Housing Limited ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2023, which comprise the Consolidated and Association Statement of changes in reserves for the year ended 31 March 2023, Statement of changes in reserves for the year ended 31 March 2023, the comprehensive income, the consolidated and Association statement of financial position, the consolidated and Association statement of changes in reserves for the year ended 31 March 2023, the consolidated and Association cash flow statement 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board Members' 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 board are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information including the Report of the Board of Management and the Strategic Report 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 where we are required by the Co-operative and Community Benefit Societies Act 2014 to report to you if, in our opinion:

- the Association has not kept proper books of account; or
- the Association has not maintained a satisfactory system of control over its transactions; or
- the financial statements are not in agreement with the Association's 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 board members' responsibilities statement, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members 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.

Extent to which the audit was capable of detecting irregularities, including fraud

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:

Based on our understanding of the Association and the industry in which it operates, we identified that the principal laws and regulations that directly affect the financial statements to be the Accounting Direction from the Regulator of Social Housing for registered providers, the Co-operative and Community Benefit Societies Act 2014 and relevant tax Legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

In addition, the Association is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: The Regulatory Framework of the Regulator for Social Housing, Data Protection and Health and Safety Legislation.

Audit procedures capable of detecting irregularities including fraud performed by the engagement team included:

- performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and relevant regulators to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility;
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- reviewing items included in the fraud register;
- challenging assumptions made by management in their significant accounting estimates, in particular in relation to the recoverable amount of assets and the assumptions used in determining the defined benefit obligation;
- carrying out detailed testing, on a sample basis, of transactions and balances agreeing to appropriate documentary evidence to verify the completeness, existence and accuracy of the reported financial statements; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed 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 are to become aware of it.

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

Use of our report

This report is made solely to the members of the Association, as a body, in accordance with the Housing and Regeneration Act 2008 and 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Paula Willock

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Paula Willock (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick

Date: 08 September 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Soha Housing Limited

Consolidated and Association statements of comprehensive income for the year ended 31 March 2023

		Group		Association	
	Note	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Turnover	4	56,272	58,364	57,172	53,421
Cost of sales	4	(5,936)	(10,840)	(5,936)	(6,836)
Operating costs	4	(32,830)	(25,835)	(32,790)	(25,804)
Surplus from the sale of fixed assets	12	1,776	2,993	1,776	2,993
Operating surplus	4,8	**19,281**	**24,681**	**20,221**	**23,772**
Movement in fair value of investment properties	18	(110)	(80)	(110)	(80)
Movement in fair value of Homebuy Loans	19	92	96	92	96
Other interest receivable and similar income	13	8	26	8	200
Interest and financing costs	14	(10,608)	(10,330)	(10,608)	(10,330)
Surplus before taxation		8,663	14,394	9,603	13,658
Taxation on surplus	15	-	-	-	-
Surplus		**8,663**	**14,394**	**9,603**	**13,658**
Actuarial (loss)/gain on the defined benefit Pension scheme	30	(690)	2,517	(690)	2,517
Total comprehensive income for year		**7,973**	**16,911**	**8,913**	**16,175**

The notes on pages 28 to 66 form part of these financial statements.

All activities relate to continuing operations.

Soha Housing Limited

Consolidated and Association balance sheets at 31 March 2023

	Note	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Fixed assets					
Tangible fixed assets – housing properties	16	680,652	637,523	680,652	637,523
Tangible fixed assets – other	17	2,811	2,952	2,811	2,952
Investment properties	18	1,030	1,140	1,030	1,140
Investments : homebuy loans	19	1,112	1,020	1,112	1,020
		685,605	**642,635**	**685,605**	**642,635**
Current assets					
Stocks	21	12,241	6,165	12,241	6,165
Debtors – receivable within one year	22	4,942	5,186	4,942	5,175
Cash and cash equivalents	23	6,940	21,560	6,873	20,555
		24,123	**32,911**	**24,056**	**31,895**
Creditors: amounts falling due within one year	24	**(20,380)**	**(18,298)**	**(20,315)**	**(18,226)**
Net current assets		**3,743**	**14,613**	**3,741**	**13,669**
Total assets less current liabilities		**689,348**	**657,249**	**689,346**	**656,304**
Creditors: amounts falling due after more than one year	25	**(359,513)**	**(335,357)**	**(359,513)**	**(335,357)**
Pension liability	30	(3,331)	(3,361)	(3,331)	(3,361)
Net assets		**326,504**	**318,531**	**326,502**	**317,587**
Capital and reserves					
Income and expenditure reserve		164,783	156,740	165,084	156,099
Revaluation reserve		161,721	161,791	161,418	161,488
		326,504	**318,531**	**326,502**	**317,587**

The financial statements were approved by the Board of Directors and authorised for issue on 11 August 2023.

L J Weston

LUCY WESTON
Chair

KATE WAREING
Board Member

MARISA ELLIOTT
Secretary

The notes on pages 28 to 66 form part of these financial statements.

Soha Housing Limited

Consolidated and Association Statement of changes in reserves for the year ended 31 March 2023

	Group			Association		
	Income and expenditure reserve	Revaluation reserve	Total	Income and expenditure reserve	Revaluation Reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at April 2022	**156,740**	**161,791**	**318,531**	**156,099**	**161,488**	**317,587**
Surplus for the year	**8,663**	**-**	**8,663**	**9,603**	**-**	**9,603**
Actuarial gain on defined benefit pension scheme	(690)	-	(690)	(690)	-	(690)
Total Other comprehensive gain for the year	(690)	-	(690)	(690)	-	(690)
Reserves Transfers:						
Transfer from revaluation reserve to income and expenditure reserve	70	(70)	-	70	(70)	-
Balance at 31 March 2023	**164,783**	**161,721**	**326,504**	**165,084**	**161,418**	**326,502**

The notes on pages 28 to 66 form part of these financial statements.

Soha Housing Limited

Statement of changes in reserves for the year ended 31 March 2022

	Group			Association		
	Income and expenditure reserve	Revaluation reserve	Total	Income and expenditure reserve	Revaluation Reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at April 2021	**139,584**	**162,036**	**301,620**	**139,677**	**161,733**	**301,411**
Surplus for the year	**14,394**	**-**	**14,394**	**13,658**	**-**	**13,658**
Actuarial losses on defined benefit pension scheme	2,517	-	2,517	2,517	-	2,517
Total Other comprehensive loss for the year	2,517	-	2,517	2,517	-	2,517
Reserves Transfers:						
Transfer from revaluation reserve to income and expenditure reserve	245	(245)	-	245	(245)	-
Balance at 31 March 2022	**156,740**	**161,791**	**318,531**	**156,099**	**161,488**	**317,587**

The notes on pages 28 to 66 form part of these financial statements.

Soha Housing Limited

Consolidated and Association statement of cash flows for the year ended 31 March 2023

	Note	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Cash flows from operating activities					
Surplus for the financial year		8,663	14,394	9,603	13,658
Adjustments for:					
Depreciation of fixed assets – housing properties	8	6,648	6,283	6,648	6,283
Depreciation of fixed assets – other	17	587	575	587	575
Amortised grant	5	(644)	(647)	(644)	(647)
Net fair value losses/(gains) recognised in profit or loss		18	(16)	18	(16)
Interest payable and finance costs	14	10,608	10,330	10,608	10,330
Interest receivable	13	(8)	(26)	(8)	(200)
Taxation expense		-	-	-	-
Difference between net pension expense and cash contribution		(720)	(229)	(720)	(229)
Surplus on the sale of fixed assets – housing properties	12	(1,776)	(2,993)	(1,776)	(2,993)
Loss on the sale of fixed assets – other	12	-	-	-	-
Movement in trade and other debtors		244	(1,682)	233	(1,679)
Movement in stocks	21	(6,076)	1,985	(6,076)	(1,057)
Movement in creditors		548	(1,733)	558	(1,392)
Cash from operations		18,092	26,241	19,031	22,633
Taxation paid		-	-	-	-
Net cash generated from operating activities prior to proceeds from sale of fixed assets		18,092	26,239	19,031	22,633
Proceeds from sale of fixed assets – housing properties	12	3,311	6,100	3,311	6,100
Net cash generated from operating activities		**21,403**	**32,339**	**22,342**	**28,733**
Cash flows from investing activities					
Purchase of fixed assets – housing properties	16	(44,306)	(41,261)	(44,306)	(41,261)
Purchase of fixed assets – other	17	(445)	(747)	(445)	(747)
Homebuy loans redeemed		-	-	-	-
Investments	18	-	-	-	-
Replacement of property components	16	(4,747)	(4,513)	(4,747)	(4,513)
Net Grant receipts and repayments		-	151	-	151
Interest received	13	8	26	8	200
Repayment / (increase) of loan to subsidiary		-	-	-	2,910
Net cash from investing activities		**(49,491)**	**(46,342)**	**(49,491)**	**(43,259)**
Cash flows from financing activities					
Interest paid	14	(12,819)	(12,403)	(12,819)	(12,403)
New loans – bank	28	30,500	40,000	30,500	40,000
Debt issue costs incurred	28	-	-	-	-
Repayment of loans – bank	28	(4,216)	(4,068)	(4,216)	(4,068)
Net cash from financing activities		**13,465**	**23,529**	**13,465**	**23,529**
Net movement in cash and cash equivalents		(14,623)	9,526	(13,684)	9,000
Cash and cash equivalents at beginning of year		21,560	12,037	20,558	11,554
Cash and cash equivalents at end of year		6,940	21,560	6,873	20,555

The notes on pages 28 to 66 form part of these financial statements.

INDEX OF NOTES

1 Legal status

The 'Group' consists of Soha Housing Limited ('the association') and SIB Property Ltd.

The association is registered with the Financial Conduct Authority under the Co-operative and Community Benefits Societies Act 2014 and is registered with the Regulator of Social Housing ('the Regulator') as a social housing provider. The association is a public benefit entity.

2 Accounting policies

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice), which for Soha Housing Limited includes the Co-operative and Community Benefit Societies Act 2014 (and related group accounts regulations), the Housing and Regeneration Act 2008, FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018, "Accounting by registered social housing providers" 2018 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

The accounts are prepared on a Going Concern basis for reasons outlined in Section F of the Report of the Board of Management. The accounts are also prepared under the historical cost basis except for the modification to a fair value basis for certain financial instruments and investment properties as specified in the accounting policies below.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

Parent company disclosure exemptions

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

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements present the results of Soha Housing Limited and its subsidiary ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

2 Accounting policies (*continued*)

Income

Income is measured at the fair value of the consideration received or receivable. The group generates the following material income streams:

- Rental income receivable (after deducting lost rent from void properties that are available for letting).
- First tranche sales of Low Cost Home Ownership housing properties and sales of properties developed for outright sale.
- Service charges receivable.

Rental income is recognised from the point when properties under development reach practical completion and are formally let; income from first tranche sales and sales of properties built for sale are recognised at the point of legal completion of the sale.

Service charges

The Group adopts the variable method for calculating and charging service charges to its tenants and leaseholders. Expenditure is recorded when a service is provided and charged to the relevant service charge account. Income is recorded based on the estimated amounts chargeable.

Current and deferred taxation

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

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

Value Added Tax

The Group charges Value Added Tax (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 Group and not recoverable from HM Revenue and Customs. Recoverable VAT arises from partially exempt activities and is credited to the Statement of Comprehensive Income.

2 Accounting policies (*continued*)

Pension costs

The group participates in the multi-employer defined benefit Social Housing Pension Scheme (SHPS). Defined benefit pension obligations are accounted for on a defined benefit basis.

Under defined benefit accounting the Scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the Statement of Financial Position. The current service cost and costs from settlements and curtailments are charged to operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Re-measurements are reported in other comprehensive income.

Holiday pay accrual

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

Tangible fixed assets - Housing Properties

Housing properties constructed or acquired (including land) on the open market since the date of transition to FRS 102 are stated at cost less depreciation and impairment (where applicable).

The cost of housing land and property represents their purchase price and any directly attributable costs of acquisition which may include an appropriate amount for staff costs, capitalised interest and other costs of managing development.

Expenditure on major refurbishment to properties is capitalised where the works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. All other repair and replacement expenditure is charged to the Statement of Comprehensive Income.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Mixed developments are held within PPE and accounted for at cost less depreciation. Commercial elements of mixed developments are held as investment properties.

Housing properties in the course of construction, excluding the estimated cost of the element of shared ownership properties expected to be sold in first tranche, are included in PPE and held at cost less any impairment, and are transferred to completed properties when ready for letting.

Completed housing properties acquired from subsidiaries are valued at existing use value for social housing at the date of acquisition.

2 Accounting policies (*continued*)

Deemed cost on transition to FRS 102

On transition to FRS 102 the Group took the option of carrying out a one-off valuation exercise of selected items of housing properties and using that amount as deemed cost. To determine the deemed cost at 1 April 2014, the Group engaged independent valuation specialist Savills to value housing properties on an EUV-SH basis. Housing properties will subsequently be measured at cost less depreciation. Any difference between historic cost depreciation and depreciation calculated on deemed cost is transferred between the revaluation reserve and income and expenditure reserve.

Depreciation of housing property

Housing land and property is split between land, structure and other major components that are expected to require replacement over time.

Land is not depreciated on account of its indefinite useful economic life.

Assets in the course of construction are not depreciated until they are completed and ready for use to ensure that they are depreciated only in periods in which economic benefits are expected to be consumed.

The cost of all other housing property (net of accumulated depreciation to date and impairment, where applicable) and components is depreciated over the useful economic lives of the assets on the following basis:

Housing properties are split between the structure and the major components which require periodic replacement. The costs of replacement or restoration of these components are capitalised and depreciated over the determined average useful economic life as follows:

Description	Economic useful life (years)
Main structure	100
Pitched Roof	70
Kitchen	20
Bathroom	30
External doors	25
External windows	25
Gas heating	20
Electric heating	25
Individual or communal boilers	15
Communal lifts	30
Solar panels	30

Leasehold properties are depreciated over the length of the lease except where the expected useful economic life of properties is shorter than the lease; when the lease and building elements are depreciated separately over their expected useful economic lives.

Low cost home ownership and staircasing

Under low cost home ownership arrangements, the Group disposes of a long lease on low cost home ownership housing units for a share ranging between 25% and 75% of value. The Buyer has the right to purchase further proportions and up to 100% based on the market valuation of the property at the time each purchase transaction is completed.

2 Accounting policies (*continued*)

Low cost home ownership properties are split proportionately between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover. The remaining element, "staircasing element", is classed as PPE and included in completed housing property at cost and any provision for impairment. Sales of subsequent tranches are treated as a part disposal of PPE. Such staircasing sales may result in capital grant being deferred or abated and any abatement is credited in the sale account in arriving at the surplus or deficit.

For low cost home ownership accommodation that the Group is responsible for, it is the Group's policy to maintain them in a continuous state of sound repair. Maintenance of other shared ownership properties is the responsibility of the shared owner. Any impairment in the value of such properties is charged to the Statement of Comprehensive Income.

We have carried out sensitivity analysis on shared ownership sales values and can conclude that residual values exceed the carrying amount. Therefore no impairment is required. Residual values will be re-assessed at each reporting date and should the annual assessment identify the residual value to be greater than the carry amount, no charge to depreciation will be incurred.

Allocation of costs for mixed tenure and shared ownership developments

On mixed tenure schemes costs are allocated based on the tenure split per scheme. Allocation of costs for mixed tenure and shared ownership developments are on the basis of the scheme appraisals which are priced by square meterage. First tranche sales vary from 40% up to 70%, but are typically 50%.

Tangible fixed assets – Other

Other tangible fixed assets, other than investment properties, are stated at historic cost less accumulated depreciation and any accumulated impairment losses. Historic cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation of other tangible fixed assets

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Description	Economic useful life (years)
Freehold office improvements	10
Office furniture and equipment	Range varies between 3 to 5
Computer equipment	3
Scheme equipment	5
Vehicles	3

2 Accounting policies (*continued*)

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

Government grants

Grants received in relation to assets that are presented at deemed cost at the date of transition have been accounted for using the performance model as required by Housing SORP 2018. In applying this model, such grant has been presented as if it were originally recognised as income within the Statement of Comprehensive Income in the year it was receivable and is therefore included within brought forward reserves.

Grant received since the transition date in relation to newly acquired or existing housing properties is accounted for using the accrual model set out in FRS 102 and the Housing SORP 2018. Grant is carried as deferred income in the balance sheet and released to the income and expenditure account on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with Housing SORP 2018 the useful economic life of the housing property structure has been selected (see table of useful economic lives above).

Where social housing grant (SHG) funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within creditors is released and recognised as income within the income and expenditure account.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once performance related conditions have been met.

Grants due from government organisations or received in advance are included as current assets or liabilities.

Recycled Capital Grant Fund

On the occurrence of certain relevant events, primarily the sale of dwellings, the HCA can direct the Association to recycle capital grants or to make repayments of the recoverable amount. The Group adopts a policy of recycling, for which a separate fund is maintained. If unused within a three year period, it will be repayable to the HCA with interest. Any unused recycled capital grant held within the recycled capital grant fund, which it is anticipated will not be used within one year is disclosed in the balance sheet under "creditors due after more than one year". The remainder is disclosed under "creditors due within one year".

2 Accounting policies (*continued*)

Investment properties

Investment properties are those not held for social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in income or expenditure.

Impairment of fixed assets

The housing property portfolio for the Group is assessed for indicators of impairment at each balance sheet date. Where indicators are identified, a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts. An option appraisal is carried out to determine the option which produces the highest net realisable value. Valuations on rental return or potential sale proceeds are obtained and used to inform the options. The Group looks at the net realisable value, under the options available, when considering the recoverable amount for the purposes of impairment assessment. The recoverable amount is taken to be the higher of the fair value less costs to sell or value in use of an asset or cash generating unit. The assessment of value in use may involve considerations of the service potential of the assets or cash generating units concerned, or the present value of future cash flows to be derived from them appropriately adjusted to account for any restrictions on their use.

Stock

Stock represents work in progress and completed properties, including properties developed for outright sale and shared ownership properties. For shared ownership properties the value held as stock is the estimated cost to be sold as a first tranche.

Stock is stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales proceeds after allowing for all further costs to completion and selling costs.

Debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Recoverable amount of rental and other trade receivables

The Group estimates the recoverable value of rental and other receivables and impairs the debtor by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt, historical collection rates and the class of debt.

2 Accounting policies (*continued*)

Loans, investments and short term deposits

All loans, investments and short term deposits held by the Group are classified as basic financial instruments as they meet the criteria set out in FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historic cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost. However, the Group has calculated that the difference between the historic cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historic cost. Loans and investments that are payable or receivable within one year are not discounted.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet consist of cash at bank, in hand, deposits and short term investments with an original maturity of three months or less.

Leased assets: Lessee

All leases are operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

Contingent liabilities

A contingent liability is recognised for a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources; or for a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or when a sufficiently reliable estimate of the amount cannot be made.

A contingent liability exists on grant repayment which is dependent on and only crystallised on the disposal of related property.

Reserves

Income received, and expenditure incurred, for restricted purposes is separately accounted for within restricted funds. Realised and unrealised gains and losses on assets held by these funds are also allocated to the fund.

The revaluation reserve was created from surpluses on asset revaluation on transition to FRS102.

3 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the key judgements have been made in respect of the following:

- Whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. The Board has considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment as being based on EUV-SH or depreciated replacement cost. The Board has also considered impairment based on their assumptions to define cash or asset generating units.

- The anticipated costs to complete on a development scheme based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, they then determine the recoverability of the cost of properties developed for outright sale and/or land held for sale. This judgement is also based on the member's best estimate of sales value based on economic conditions within the area of development.

- The appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to shared ownership between current and fixed assets.

- The categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset.

- What constitutes a cash generating unit when indicators of impairment require there to be an impairment review.

Other key sources of estimation uncertainty

- *Tangible fixed assets (see notes 16 and 17)*

  Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as current condition and demand are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

  For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

3 Judgements in applying accounting policies and key sources of estimation uncertainty *(continued)*

- *Investments (see notes 18 and 19)*

  The most critical estimates, assumptions and judgements relate to the determination of carrying value of investments at fair value through profit and loss. In determining this amount, the Group follows the concept that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in an arm's length transaction.

- *Rental and other trade receivables (debtors) (see note 22)*

  The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

- *Defined benefit obligations (see note 30)*

  Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the defined benefit obligation amount and the annual defined benefit expenses (as analysed in note 30).

- *Residual values and period to full staircasing for grant amortisation on SO*

  Social housing grants held on shared ownership properties are now amortised using an estimated life of 30 years, based on experience of market average estimated times from first tranche sale to full staircasing sale. As more data becomes available in future year's management will closely monitor this basis, and review annually.

- *Stock*

  Net realisable value is based on the estimated selling price less selling costs. Estimated selling prices were provided by external valuers and by reference to actual selling prices for completed developments. For schemes under construction, the estimated costs to completion are based on approved budgets and forecasts.

4 Particulars of turnover, cost of sales, operating costs and operating surplus - Group

	Turnover	Cost of sales	Operating costs	Operating surplus/ (deficit)
	2023	2023	2023	2023
	£'000	£'000	£'000	£'000
Social housing lettings (Note 5)	**46,862**	**-**	**(32,400)**	**14,462**
Other Social Housing Activities				
First tranche low cost home ownership sales	8,730	(5,933)	-	2,798
Development administration	-	-	(124)	(124)
Leasehold services	232	-	(37)	196
Other	49	(4)	(269)	(224)
	55,874	**(5,937)**	**(32,830)**	**17,107**
Activities other than Social Housing Activities				
Market sales	-	-	-	-
Lettings (Note 6)	336	-	-	336
Job retention scheme*	-	-	-	-
Other	62	-	-	62
	398	**-**	**-**	**398**
	56,272	**(5,936)**	**(32,830)**	**17,506**

	Turnover	Cost of sales	Operating costs	Operating surplus/ (deficit)
	2022	2022	2022	2022
	£'000	£'000	£'000	£'000
Social housing lettings (Note 5)	**43,705**	**-**	**(25,768)**	**17,937**
Other Social Housing Activities				
First tranche low cost home ownership sales	8,632	(6,601)	-	2,031
Development administration	-	-	(46)	(46)
Leasehold services	227	-	(20)	208
Other	44	(235)	-	(191)
	52,609	**(6,836)**	**(25,834)**	**19,939**
Activities other than Social Housing Activities				
Market sales	5,290	(4,004)	-	1,286
Lettings (Note 6)	341	-	-	341
Job retention scheme	4	-	-	4
Other	121	-	-	121
	5,756	**(4,004)**	**-**	**1,751**
	58,364	**(10,840)**	**(25,835)**	**21,690**

4 Particulars of turnover, cost of sales, operating costs and operating surplus – Association

	Turnover	Cost of sales	Operating costs	Operating surplus/ (deficit)
	2023	2023	2023	2023
	£'000	£'000	£'000	£'000
Social housing lettings (Note 5)	**46,862**	**-**	**(32,400)**	**14,462**
Other Social Housing Activities				
First tranche low cost home ownership sales	8,730	(5,933)	-	2,798
Development administration	-	-	(124)	(124)
Leasehold services	232	-	(37)	196
Other	49	(4)	(229)	(184)
	55,874	**(5,936)**	**(32,790)**	**17,148**
Activities other than Social Housing Activities				
Market sales	-	-	-	-
Lettings (Note 6)	336	-	-	336
Job retention scheme*	-	-	-	-
Other	962	-	-	962
	1,298	**-**	**-**	**1,298**
	57,172	**(5,936)**	**(32,790)**	**18,446**

	Turnover	Cost of sales	Operating costs	Operating surplus/ (deficit)
	2022	2022	2022	2022
	£'000	£'000	£'000	£'000
Social housing lettings (Note 5)	**43,705**	**-**	**(25,768)**	**17,937**
Other Social Housing Activities				
First tranche low cost home ownership sales	8,632	(6,601)	-	2,031
Development administration	-	-	(46)	(46)
Leasehold services	227	-	(20)	208
Other	44	(235)	-	(191)
	52,609	**(6,836)**	**(25,834)**	**19,939**
Activities other than Social Housing Activities				
Market sales	-	-	-	-
Lettings (Note 6)	341	-	-	341
Job retention scheme	4	-	-	4
Other	467	-	30	498
	812	**-**	**30**	**842**
	53,421	**(6,836)**	**(25,804)**	**20,781**

5 Income and expenditure from social housing lettings – Group and Association

GROUP & ASSOCIATION	General needs	Supported housing	Low cost home ownership	Key worker	**Total 2023**	Total 2022
	£'000	£'000	£'000	£'000	**£'000**	£'000
Income						
Rents net of identifiable service charges	40,958	609	3,164	255	**44,986**	41,882
Service charge income	865	8	356	3	**1,232**	1,176
Amortised government grants	587	9	45	4	**644**	647
Turnover from social housing lettings	**42,409**	**626**	**3,565**	**262**	**46,862**	43,705
Expenditure						
Management	(3,354)	(50)	(259)	(21)	**(3,684)**	(2,899)
Service charge costs	(1,538)	(23)	(119)	(10)	**(1,690)**	(1,355)
Routine maintenance	(11,118)	(165)	(859)	(69)	**(12,211)**	(9,093)
Planned maintenance	(7,157)	(106)	(553)	(45)	**(7,861)**	(5,995)
Bad debts	(279)	(4)	(22)	(2)	**(306)**	(143)
Depreciation of housing properties	(6,053)	(90)	(468)	(38)	**(6,648)**	(6,284)
Operating expenditure on social housing lettings	**(29,499)**	**(439)**	**(2,279)**	**(184)**	**(32,400)**	(25,768)
Operating surplus on social housing lettings	**12,910**	**187**	**1,286**	**78**	**14,462**	17,937
Void losses	(361)	(5)	-	(3)	(369)	(445)

6 Particulars of turnover from non-social housing lettings – Group and Association

	2023 £'000	2022 £'000
Market rent	**5**	5
Garages	**331**	336
	336	341

7 Units of housing stock – Group and Association

	Unit Total 2022	Additions*	Disposals	Tenure Changes	Other	Unit Total 2023
General needs housing - social	5,087	-	(3)	1	(2)	5,083
General needs housing - affordable	1,044	163	-	1	-	1,208
Low cost home ownership	793	105	(12)	(6)	-	880
Supported housing - social	46	37	-	-	-	83
Supported housing - affordable	57	-	-	-	-	57
Intermediate rent	27	-	-	-	-	27
Total social housing units	**7,054**	**305**	**(15)**	**(4)**	**(2)**	**7,338**
Market rented	2	-	-	-	-	2
Shared equity	14	-	-	-	-	14
Total owned	**7,070**	**305**	**(15)**	**(4)**	**(2)**	**7,354**
Accommodation managed for others - Leasehold	334	1	-	5	-	340
Total managed accommodation	**7,404**	**306**	**(15)**	**1**	**(2)**	**7,694**
Units managed by other associations	24	-	-	1	-	25
Total owned & managed accommodation	**7,428**	**306**	**(15)**	**2**	**(2)**	**7,719**
Units under construction	**463**	**231**	**(304)**	**-**	-	**390**

* Additions include 1 leasehold buyback

8 Operating surplus

	Group		Association	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
This is arrived at after charging:				
Depreciation of housing properties:	6,384	6,030	6,384	6,030
Accelerated depreciation on component disposals	264	254	264	254
Depreciation of other tangible fixed assets	569	282	569	282
Operating lease charges – other	26	-	26	-
External Auditors' remuneration (excluding VAT):				
- fees payable to the group's auditor for the audit of the group's annual accounts	59	50	55	50
- under accrual in respect of prior year audit fees	-	-	-	-
- fees for tax computations	13	11	9	11
Internal Auditors' remuneration	42	41	42	41
Defined contribution pension cost	535	225	535	225
Defined benefit pension cost	43	448	43	448

9 Employees – Group and Association

	2023 £'000	2022 £'000
Staff costs (including Executive Management Team) consist of:		
Wages and salaries	5,884	5,340
Social security costs	621	472
Pension costs	578	682
	7,083	**6,495**

	2023 £'000	2022 £'000
Pension costs recognised in other comprehensive income		
Actuarial gain/(loss) on SHPS pension	690	(2,517)
Net pension costs/(credit) recognized in other comprehensive income	**690**	**(2,517)**

The average number of employees (including Executive Management Team) expressed as full-time equivalents (calculated based on a standard working week of 37 hours) during the year was as follows:

	2023 No.	2022 No.
Office	37	36
Housing Management	92	80
Development, planned maintenance and responsive repairs	23	23
	152	**139**

10 Directors' and senior executive remuneration – Group and Association

The directors are defined as the members of the Board of Management, the Chief Executive and the Executive Management Team disclosed on page 1.

	2023 £'000	2022 £'000
Executive directors' emoluments	541	578
Amounts paid to non-executive directors	76	72
Contribution to pension scheme	59	94
Severance pay	-	-
	676	**744**

The total amount payable to the Chief Executive (who was the highest paid director) in respect of emoluments was £154,017 including PRP of £500 (2022: £147,612, including benefit in kind and PRP of £500). Pension contributions of £15,402 were also made to a defined benefit scheme on their behalf

As a member of the SHPS defined benefit pension scheme, the pension entitlement of the Chief Executive is identical to those of other members.

The remuneration paid to staff (including Executive Management Team) earning over £60,000 upwards including employer pension contributions, was:

	2023 No.	2022 No.
£60,000 - £69,999	2	2
£70,000 - £79,999	3	4
£80,000 - £89,000	2	1
£90,000 - £99,999	1	-
£100,000 - £109,999	-	1
£110,000 - £119,999	2	1
£120,000 - £129,999	-	-
£130,000 - £139,999	-	1
£140,000 - £149,999	1	-
£150,000 - £159,999	-	1
£160,000 - £169,999	1	-

11 Board members – Group and Association

Board member	Remuneration £	Member of: Audit & Risk Committee	Member of: Personnel Committee
Barrand Naomi	5,056	X	
Bolton Timothy	5,056	X	
Dingle Victoria	7,540	X	
Ekelund Jennifer	8,212		X
Lakin Dave	7,031	X	
Luddington Emma	2,873		
Mellings Nicola	2,274		
Mody David	8,212	X	
Nkum Peter	5,056		X
Sandhu Harjit	3,577		
Sloman Peter	2,662		
Smith Hayley	5,056		X
Weston Lucy	12,781		X

Total expenses reimbursed to Board members £707 (2022: £977).

12 Surplus on disposal of fixed assets – Group and Association

Group	**Shared ownership staircasing**	**Other housing properties**	**Total**	**Total**
	2023	**2023**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Housing Properties:				
Disposal proceeds	2,344	968	**3,311**	**6,100**
Cost of disposals	(1,265)	(224)	(1,489)	(3,037)
Selling costs	(12)	(12)	(23)	(37)
Write back of amortised grant	(19)	(4)	(23)	(34)
Surplus on disposal	**1,048**	**728**	**1,776**	**2,993**

Association	**Shared ownership staircasing**	**Other housing properties**	**Total**	**Total**
	2023	**2023**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Housing Properties:				
Disposal proceeds	2,344	968	**3,311**	**6,100**
Cost of disposals	(1,265)	(224)	(1,489)	(3,037)
Selling costs	(12)	(12)	(23)	(37)
Write back of amortised grant	(19)	(4)	(23)	(34)
Surplus on disposal	**1,048**	**728**	**1,776**	**2,993**

13 Interest receivable and income from investments - Group and Association

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Interest receivable from group undertakings	-	-	-	173
Interest receivable and similar income	8	26	8	26
	8	26	8	200

14 Interest payable and similar charges – Group and Association

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	12,819	12,273	12,819	12,273
Recycled capital grant fund	6	-	6	-
Interest capitalised on construction of housing properties (note 16)	(2,299)	(2,073)	(2,299)	(2,073)
Net interest on net defined benefit liability	82	130	82	130
	10,608	10,330	10,608	10,330

15 Taxation on surplus on ordinary activities

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
UK corporation tax				
Current tax on surplus for the year	-	-	-	-
Adjustment in respect of previous periods	-	-	-	-
Total current tax	-	-	-	-
Deferred tax				
Origination and reversal of timing differences	-	-	-	-
Changes to tax rates	-	-	-	-
	-	-	-	-
Taxation on surplus on ordinary activities	-	-	-	-

The tax assessed for the year differs to the standard rate of corporation tax in the UK applied to surplus before tax. The differences are explained below:

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Surplus on ordinary activities before tax	8,663	14,394	9,603	13,658
Surplus on ordinary activities at the standard rate of corporation tax in the UK of 19% (2022 - 19%)	1,652	2,735	1,825	2,595
Effects of:				
Charitable not subject to tax	(1,652)	(2,735)	(1,825)	(2,595)
Tax on non-charitable activity	-	-	-	-
Adjustment to tax charge in respect of previous periods	-	-	-	-
Total tax charge for period	-	-	-	-

The aggregate current and deferred tax relating to items recognised in other comprehensive income is nil (2022: charge of £nil).

Factors that may affect future tax charges

The group has some tax losses arising which will be carried forward to future years.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value or on the sale of properties where potentially taxable gains have been rolled over into replacement assets. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. At present, it is not envisaged that any tax will become payable in the foreseeable future.

16 Tangible fixed assets - Housing properties – Group and Association

Group and Association	General needs completed	General needs under construction	Shared ownership completed	Shared ownership under construction	Keyworker/INT accommodation completed	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost:						
At 1 April 2022	**592,567**	**28,701**	**66,345**	**3,928**	**2,530**	**694,071**
Additions: - construction costs	-	34,644	-	11,875	-	46,519
- replaced components	4,747	-	-	-	-	4,747
Transfer to completed properties	39,908	(39,908)	11,533	(11,533)	-	-
Disposals: - stair-casing sales properties	-	-	(1,311)	-	-	(1,311)
- RTB property sales	(116)	-	-	-	-	(116)
- replaced components	(1,263)	-	-	-	-	(1,263)
- other	(149)					(149)
At 31 March 2023	**635,694**	**23,437**	**76,567**	**4,270**	**2,530**	**742,498**
Depreciation:						
At 1 April 2022	(54,365)	-	(1,738)	-	(445)	(56,547)
Charge for the year	(6,360)	-	-	-	(24)	(6,384)
Eliminated on disposals:						
- property sales	41	-	46	-	-	87
- replaced components	999	-	-	-	-	999
At 31 March 2023	(59,685)	-	(1,692)	-	(469)	(61,846)
Net book value at 31 March 2023	**576,010**	**23,437**	**74,875**	**4,270**	**2,061**	**680,652**
Net book value at 31 March 2022	538,202	28,701	64,607	3,928	2,085	637,523

16 Tangible fixed assets - Housing properties – Group and Association (continued)

	2023 £'000	2022 £'000
The net book value of housing properties may be further analysed as:		
Freehold	**661,943**	618,751
Long leasehold	**18,558**	18,612
Short leasehold	**151**	160
	680,652	637,523

	2023 £'000	2022 £'000
Interest capitalised in the year (note 14)	**2,299**	2,073
Rate used for capitalization	**4.127%**	4.275%

If housing property had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2023 £'000	2022 £'000
Historic cost	**493,764**	443,771
Accumulated depreciation	**(61,846)**	(56,547)
	431,918	387,224

Works to properties	2023 £'000	2022 £'000
Improvements to existing properties capitalised	**4,747**	4,513
Major repairs expenditure to income and expenditure account	**3,596**	2,362
	8,343	6,875

Total Social Housing Grant received or receivable to date is as follows:	2023 £'000	2022 £'000
Capital grant – Housing Properties	**50,848**	50,992
Recycled Capital Grant Fund	**15**	486
Revenue Grant – reserves	**8,298**	7,651
Revenue grant – I&E	**644**	647
	59,805	59,776

16 Tangible fixed assets - Housing properties – Group and Association (continued)

Housing properties accounted for under the valuation based EUV-SH as at 31 March 2023

	2023	**2022**
	£'000	**£'000**
Valuation at beginning of year	699,000	670,727
Additions	51,441	32,645
Disposals	(2,105)	(4,373)
Valuation at end of year	**748,337**	**699,000**

Impairment

The group considers an individual property to represent a cash generating unit (CGU) when assessing for impairment in accordance with the requirements of FRS102 and SORP 2018. No provisions for impairment were required.

Deemed cost

On transition to FRS102, Soha Housing Limited took the option of carrying out a one off valuation on a number of its housing properties and using that amount as deemed cost. To determine the deemed cost at 1 April 2014, the Group engaged Savills to value housing properties on an Existing Use Value for Social Housing (EUV-SH) basis at 31 March 2016. The 31 March 2015 valuation was reduced by 3.7% to arrive at the 1 April 2014 deemed cost. Housing properties are subsequently measured at cost.

This valuation was undertaken by Savills Housing and Healthcare Division, a 100-strong team established for over 20 years and widely recognised as one of the leading teams of specialist valuers and property advisors in the social housing sector. They act for over 300 Registered Providers, all existing lenders, lawyers and rating agencies in the sector (without exception), and have driven a high proportion of Statutory Accounts valuations (for commensurate "G15" and national organisations), Bond Issuances (and their revaluations) and a cross section of land/consultancy projects.

The valuation was carried out as a desktop exercise on an EUV-SH basis using discounted cash flows. The property portfolio was grouped by a number of key parameters to determine the valuation including:

- Location
- Spread
- Usage categories
- Age
- Construction
- Property Type
- Tenure Type
- Rental streams less key deductions for expected maintenance and management costs

The resultant cash flow was calculated over perpetuity with the net income in the final year capitalised into perpetuity with an assumption of 1.0% real rent increase per annum with a discount rate of 4.75% real.

Securitised housing assets

As security for the loans (note 28), there is a fixed charge 4,465 units (2022: 4,875) with a net book value of £343m (2022: £377m).

17 Other tangible fixed assets – Group and Association

Group and Association	**Office buildings £'000**	**Vehicles £'000**	**Fixtures, fittings, tools and equipment £'000**	**Total £'000**
Cost or valuation				
At 1 April 2022	1,815	98	5,647	7,560
Additions	-	-	445	445
Disposals	-	-	-	-
At 31 March 2023	**1,815**	**98**	**6,092**	**8,005**
Depreciation				
At 1 April 2022	(314)	(91)	(4,204)	(4,609)
Charge for year	(22)	(7)	(558)	(587)
Disposals	-	-	-	-
At 31 March 2023	(336)	(98)	(4,762)	(5,196)
Net book value				
At 31 March 2023	**1,480**	**-**	**1,331**	**2,811**
At 31 March 2022	1,501	7	1,443	2,952

18 Investment properties – Group and Association

	Market rent £'000	**Land £'000**	**Total £'000**
At 1 April 2022	465	675	1,140
Revaluations	15	(125)	(110)
At 31 March 2023	**480**	**550**	**1,030**

18 Investment properties – Group and Association *(continued)*

The group’s investment properties are valued annually on 31 March at fair value, determined by an independent, professionally qualified valuer. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual.

There was £110k deficit on revaluation of investment property this year as advised by the valuer’s. Therefore £110k was debited to the Statement of Comprehensive Income for the year.

19 Investments - Homebuy loans – Group and Association

	2023	2022
	£'000	£'000
At 1 April	1,020	924
Revalued	92	96
Loans redeemed	-	-
At 31 March	1,112	1,020

Investments in Homebuy loans represent an equity stake in third party properties purchased under the following schemes:

Easymove mortgages
Starter home initiative
Shared equity loans

Security for the loans is based on the assets the loans relate to and repayment terms vary depending on the type of the loan.

20 Fixed asset investments

Details of Subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which the Association has an interest in are as follows:

Name	Country of incorporation or registration	Proportion of voting rights / ordinary share capital held	Nature of business	Nature of entity
Subsidiary undertakings				
SIB Property Ltd (formerly Soha in Business)	England	100%	Principal activity relates to the development and construction of housing	Incorporated company
Soha Neighbourhood Services Ltd	England	100%	Dormant	Co-operative and Community Benefit Society

21 Properties for sale

GROUP & ASSOCIATION	First tranche shared ownership properties	Total	First tranche shared ownership properties	Total
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Work in progress	4,217	4,217	3,876	3,876
Completed properties	8,023	8,023	2,289	2,289
	12,241	**12,241**	6,165	6,165

The stock figure above includes capitalised interest of £284k (2022: £177k).

22 Debtors

	Group		Association	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Due within one year				
Rent and service charge arrears	2,805	3,634	2,805	3,634
Less: Provision for doubtful debts	(234)	(204)	(234)	(204)
	2,571	**3,430**	**2,571**	**3,430**
Other debtors	561	643	561	643
Prepayments and accrued income	1,768	1,097	1,768	1,097
Recoverable VAT	43	16	43	5
	4,942	**5,186**	**4,942**	**5,175**

23 Cash and cash equivalents

	Group		Association	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Cash at bank and in hand	6,823	21,472	6,756	20,467
Cash at bank – sinking fund	117	88	117	88
	6,940	**21,560**	**6,873**	**20,555**

The cash balance of £116,176 relates to monies held on behalf of property sinking funds, which are not available for general distribution.

24 Creditors: amounts falling due within one year

	Group		Association	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Loans and borrowings (note 28)	5,174	3,659	5,174	3,659
Trade creditors	3,600	3,017	3,542	2,960
Rent and service charges received in advance	1,032	1,654	1,032	1,654
Taxation and social security	193	162	193	162
Development and maintenance accruals	6,015	5,568	6,015	5,568
Deferred capital grant (Note 26)	644	647	644	647
Other accruals and deferred income	3,605	3,501	3,597	3,487
Other creditors	117	90	117	90
	20,380	**18,298**	**20,315**	**18,227**

25 Creditors: amounts falling due after more than one year

	Group		Association	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Loans and borrowings (Note 28)	309,294	284,525	309,294	284,525
Deferred capital grant (Note 26)	50,204	50,345	50,204	50,345
Recycled capital grant fund (Note 27)	15	486	15	486
	359,513	**335,357**	**359,513**	**335,357**

26 Deferred capital grant

	Group		Association	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
At 1 April	50,992	51,679	50,992	51,679
Grants received during the year	-	151	-	151
Grants recycled to the RCGF	(92)	(192)	(92)	(192)
Grants recycled from the recycled capital grant fund	592	-	592	-
Released to income during the year	(644)	(647)	(644)	(647)
At 31 March	50,848	50,992	50,848	50,992

27 Recycled capital grant fund – Group and Association

	2023	**2022**
	£'000	**£'000**
At 1 April	486	263
Inputs to fund:		
- grants recycled from deferred capital grants	**92**	192
- grants recycled from statement of comprehensive income	**23**	31
- interest accrued	**6**	-
Recycling of grant:		
- new build	**(592)**	-
At 31 March	**15**	486
Amounts 3 years or older where repayment may be required	**-**	**-**

Withdrawals from the recycled capital grant fund were used for the purchase and development of new housing schemes for letting and for approved works to existing properties.

28 Loans and borrowings – Group and Association

Maturity of debt:

	Bank loans	Capital Markets	Other loans	Financing costs	Total
	2023	**2023**	**2023**	**2023**	**2023**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
In one year or less, or on demand	1,000	**1,333**	**3,014**	(173)	**5,174**
In more than one year but not more than two years	1,000	1,333	3,190	(173)	5,350
In more than two years but not more than five years	3,000	**13,500**	10,791	(386)	**26,905**
Five years + Instalments at an average rate of 4.2%	12,500	149,333	**116,174**	(969)	277,038
	17,500	165,500	133,169	(1,701)	**314,468**

	Bank loans	Capital Markets	Other loans	Financing costs	Total
	2022	**2022**	**2022**	**2022**	**2022**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
In one year or less, or on demand	1,000	-	2,849	(190)	3,659
In more than one year but not more than two years	1,000	1,333	3,014	(190)	5,157
In more than two years but not more than five years	3,000	6,667	10,175	(110)	19,732
Five years + Instalments at an average rate of 4.2%	13,500	152,000	94,981	(844)	259,637
	18,500	160,000	111,019	(1,335)	288,184

28 Loans and borrowings – Group and Association *(continued)*

Loans are secured by specific charges on the housing properties of the group. The loans bear interest at fixed rates or variable rates calculated at a margin above the Sterling Overnight Index Average rate (SONIA).

Amounts due on all loans are secured by a fixed charge over a total of 4,465 units (2022: 4,875).

At 31 March 2023 the group had undrawn loan facilities of £89.5m.

29 Financial instruments

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

	Group		Association	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Financial assets				
Financial assets measured at fair value				
- Investments: homebuy loans	1,112	1,020	1,112	1,020
Total financial assets at fair value	**1,112**	1,020	**1,112**	1,020

30 Pension liability

	SHPS	SHPS
	2023	**2022**
	£'000	**£'000**
At 31 March 2023	**3.331**	3,361

Social Housing Pension Scheme

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

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

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m (2017 £1,522m). 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 Group 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.

As part of the SHPS triennial valuation the cost of the defined benefit scheme was increased to members. As a result the majority of staff moved to the defined contribution scheme. As part of the review the Group also closed its defined benefit scheme to new entrants. Currently there are less than ten current members of the defined benefit scheme which will close at 31March 2023.

Present Values Of Defined Benefit Obligation, Fair Value Of Assets And Defined Benefit Asset (Liability)

	31 March 2023	1 April 2022
	£'000	£'000
Fair value of plan assets	14,558	23,414
Present value of defined benefit obligation	(17,889)	(26,775)
Deficit in plan	(3,331)	(3,361)

30 Pension liability *(continued)*

Reconciliation of Opening and Closing Balances of the Defined Benefit Obligation

	Year ended 31 March 2023	Year ended 31 March 2022
	£'000	£'000
Defined benefit obligation at start of period	26,775	27,857
Current service cost	79	669
Expenses	15	15
Interest expense	740	614
Contributions by plan participants	-	35
Actuarial (gains)/losses due to scheme experience	(928)	708
Actuarial gains due to changes in demographic assumptions	(38)	(398)
Actuarial gains due to changes in financial assumptions	(8,225)	(2,393)
Benefits (gain)	(529)	(332)
Defined benefit obligation at end of period	17,889	26,775

Reconciliation of Opening and Closing Balances of the Fair Value Of Plan Assets

	Year ended 31 March 2023	Year ended 31 March 2022
	£'000	£'000
Fair value of plan assets at start of period	23,414	21,750
Interest income	658	484
Experience on plan assets (excluding amounts included in interest income) – (loss)/gain	(9,881)	434
Contributions by the employer	896	1,043
Contributions by plan participants	-	35
Benefits (expenses)	(529)	(332)
Fair value of plan assets at end of period	14,558	23,414

30 Pension liability *(continued)*

The actual return on the plan assets (including any changes in share of assets) over the period from April 2022 to 31 March 2023 was £918,000.

Defined Benefit Costs Recognised In Statement Of Comprehensive Income (SOCI)

	Year ended 31 March 2023 £'000
Current service cost	79
Expenses	15
Net interest expense	82
Defined benefit costs recognised in statement of comprehensive income (SOCI)	176

Defined Benefit Costs Recognised In Other Comprehensive Income

	Year ended 31 March 2023 £'000
Experience on plan assets (excluding amounts included in net interest cost) – gain/(loss)	(9,881)
Experience gains and losses arising on the plan liabilities – gain/(loss)	928
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain/(loss)	38
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain/(loss)	8,225
Total amount recognised in other comprehensive income – gain/(loss)	(690)

30 Pension liability *(continued)*

Assets

	31 March 2023	31 March 2022
	£'000	£'000
Global Equity	272	4,493
Absolute Return	158	939
Distressed Opportunities	441	838
Credit Relative Value	549	778
Alternative Risk Premia	27	772
Emerging Markets Debt	78	681
Risk Sharing	1,072	771
Insurance-Linked Securities	367	546
Property	627	632
Infrastructure	1,663	1,668
Private Debt	648	600
Opportunistic Illiquid Credit	623	787
High Yield	51	202
Opportunistic Credit	1	83
Cash	105	80
Corporate Bond Fund	-	1,562
Long Lease Property	439	603
Secured Income	668	872
Liability Driven Investment	6,704	6,534
Currency Hedging	28	(92)
Net Current Assets	37	65
Total assets	**14,558**	**23,414**

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

Key Assumptions

	31 March 2023	31 March 2022
	% per annum	% per annum
Discount Rate	4.85%	2.79%
Inflation (RPI)	3.18%	3.51%
Inflation (CPI)	2.78%	3.16%
Salary Growth	3.78%	4.16%

30 Pension liability *(continued)*

Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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

	Life expectancy at age 65
	Years
Male retiring in 2023	21.0
Female retiring in 2023	23.4
Male retiring in 2043	22.4
Female retiring in 2043	24.9

31 Share capital

	2023	**2022**
	£	**£**
At 1 April	**761**	**766**
Shares issued in the year	94	37
Shares cancelled in the year	(74)	(42)
At 31 March	**781**	**761**

The share capital of the association consists of shares with a nominal value of £1 each, which carry no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. When a shareholder ceases to be a member, that share is cancelled and the amount paid thereon becomes the property of the association. Therefore, all shareholdings relate to non-equity interests.

32 Contingent liabilities

The Group receives grant from Homes England, which is used to fund the acquisition and development of housing properties and their components. The Group has a future obligation to repay such grant once the properties are disposed of. At 31 March 2023, the value of grant received in respect of these properties that had not been disposed of was £50.8m.

33 Operating leases - Group and Association

The group and the association had minimum lease payments payable under non-cancellable operating leases as set out below:

Amounts payable as Lessee	**Land & Buildings**		**Other**	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Not later than 1 year	**-**	-	**26**	3
Later than 1 year and not later than 5 years	**-**	-	**21**	-
Later than 5 years	**-**	-	**-**	-
Total	**-**	**-**	**47**	**3**

The group and the association had minimum lease payments receivable under non-cancellable operating leases as set out below:

Amounts receivable as Lessor	**Land & Buildings**	
	2023	**2022**
	£'000	**£'000**
Not later than 1 year	38	38
Later than 1 year and not later than 5 years	150	151
Later than 5 years	3,254	3,309
Total	**3,442**	**3,498**

The amounts receivable represent the ground rent receivable on leasehold properties over the terms of the lease.

34 Capital commitments

	Group		**Association**	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Commitments contracted but not provided for:				
Maintenance	13,349	11,330	13,349	11,330
Construction	64,002	66,127	64,002	66,127
Commitments approved by the Board but not contracted for:				
Construction	25,149	50,615	25,149	50,615
	102,500	**128,071**	**102,500**	**128,071**

Capital commitments for the group and the association will be funded from existing reserves, property sales and drawing down on existing facilities.

35 Related party disclosures

The ultimate controlling party of the group is Soha Housing Limited. There is no ultimate controlling party of Soha Housing Limited – Registered social housing provider.

The Board includes four (2022: four) tenant members who hold a tenancy agreement on normal terms and cannot use their position to their advantage. The rent charged for the year was £26k (2022: £25k) and the tenants had a net balance of £nil at the 31 March 2023 (31 March 2022: £(1,015).

As a result of a change in the membership of Soha, there are 771 (2022: 757) other members who are not Board members but who hold either a tenancy agreement on normal terms or are shared owners who hold leases and cannot use their position to their advantage. The rent charged for the year for these members was £4,230k (2022: £3,856k) and the tenants had a net credit balance of £33k (2022: £46k) at the 31 March 2023.

Total compensation paid to key management personnel for services provided to the group was £676k (2022: £744k), including £59k of employers' pension contribution.

Transactions with non-regulated entities

The association provides management services, other services and loans to its subsidiary. The association does not receive any charges from its subsidiary. The quantum and basis of those charges is set out below.

	Management charges		Interest charges	
Payable to Association by	**2023**	**2022**	**2023**	**2022**
subsidiary:	**£'000**	**£'000**	**£'000**	**£'000**
SIB Property Ltd	7	30	-	173
	7	**30**	**-**	**173**

Intra-group management fees

Intra-group management fees are receivable by the association from its subsidiary to cover the running costs the association incurs on its behalf. The management fee is calculated based on an agreement between the association and its subsidiary dated March 2012, which is reviewed and updated on an annual basis.

35 Related party disclosures (continued)

Transactions with non-regulated entities

Other intra-group charges

Other intra-group charges payable to the association from subsidiary relate to staff recharges and gift aid payments.

36 Post balance sheet events

There are no post balance sheet events.

37 Net debt reconciliation

	01 April 2022 £'000	Cashflows £'000	Acquisition & disposal of subsidiaries £'000	New finance leases £'000	Other non-cash changes £'000	31 March 2023 £'000
Cash and cash equivalents	21,560	(14,620)	-	-	-	6,940
Bank loans	(18,500)	1,000	-	-	-	(17,500)
Other loans	(269,684)	(27,285)	-	-	-	(296,969)
Net debt	(266,624)	**(40,905)**	**-**	**-**	**-**	**(307,529)**