Barnsbury Housing Association Limited

Annual Report and Financial Statements

Year ended 31 March 2023

Cooperative and Community Benefit Society Reg No. 18135R

Regulator of Social Housing Reg No. L2518

Contents

Company Information

Chairman	Robert (Sean) McLaughlin
Secretary	Susan French
Board Members	Aaron Elliot Annabel Gray (Appointed 22 September 2022) Barbara Sidnell Charles Culling (Resigned 21 September 2022) Chris Bell Chyrel Brown Fenan Emmanuel (Appointed 22 September 2022) Jonathan Bunt Janice Walsh Micah Gold (Appointed 22 September 2022)
Chief Executive	Susan French
Registered address	4-6 Colebrooke Place London N1 8HZ
Auditor	Price Bailey LLP Chartered Accountants and Statutory Auditor 8th Floor Dashwood House 69 Old Broad Street London EC2M 1QS
Principal Solicitors	Lewis Silkin LLP 5 Chancery Lane London EC4A 1BL
Bankers	Royal Bank of Scotland Plc 60-62 Threadneedle Street London EC2R 8LA
Co-operative and Community Benefit Society Reg No.	18135R
Regulator of Social Housing Reg No.	L2518

Chair's Report

This was the year we hoped life would return to normal. Instead, we saw the price of food, gas and electricity increase, along with interest rates. We are seeing the impact this is having on some of our residents. We had already at the end of the previous year created a new post for a specialist with expertise in finance and welfare and this year we have further boosted our Tenant Support Fund.

Our work on sustainability has made us a powerful voice in the housing association sector. We are now a member of several national groups alongside much larger housing associations and are leading the call to get planning and conservation guidelines changed so heritage homes, like our own in Islington, can be adapted to meet net zero targets. We are also delighted to have been awarded £500,000 in government funding through the Social Housing Decarbonisation Fund (SHDF) which will enable us to upgrade the energy efficiency of 63 homes on the Morland Mews estate. As well as supporting our journey towards net zero, the improvements will help reduce heating bills for our residents. This will be a big focus of our work over the next two years as we are match-funding the grant.

Lasting legacy

The pandemic has also left a more positive legacy around how we work. The new hybrid way of working (less office, more mobile) is helping us cut our overheads, with a move into a shared office space saving us over £30,000 each year. We are retaining a strong and visible presence on our estates with our well-regarded Estates Services Team. The office move prompted an upgrade of our telephone and IT systems, which are now more robust, streamlined and, importantly, providing an improved service to residents.

We also now better appreciate the importance to good health of wellbeing. By the end of the year we had completed 40 plus home wellbeing visits. These continue, prioritising tenants we know to be vulnerable but also those of you we suspect may need help but are reluctant to ask for it.

These are turbulent times for our sector. Our new proactive approach to damp and mould tackles at speed a problem that has rightly led to uncomfortable public scrutiny for some landlords. We are confident our own housing standards are solid, with the bar for quality and comfort determined by our own BHA home standard and a highly strategic approach to property care and improvements.

We are proud to be landlord to one of Islington's most vibrant communities. Uniquely among small organisations we employ a manager to support and encourage community activities and to encourage you to shape and influence our work. It is our job to make you confident you will be heard and we want this to filter through all aspects of our work.

Sean McLaughlin

Sean McLaughlin (Sep 21, 2023, 2:29pm)

Chair

Date: 21 Sep 2023

Report of the Board

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

Principal Activities

The principal activities of Barnsbury Housing Association ("BHA") are the management and development of social housing.

Set up in 1967 to help keep Islington affordable to people on low to modest incomes, BHA now owns 300 homes in and around Barnsbury. Many of our tenants have been with us since the start and they value our high-quality homes and estates, our responsive service, and the strong sense of community.

We are a small organisation, serving a small community of residents in a defined area. Despite this, we feel we have an important contribution to make:

- to our residents - who value our community focus and personal service
- to Islington - through our commitment to retaining genuinely affordable homes in an area where people on low to moderate incomes are otherwise priced out, and by building new homes where many other landlords choose not to not invest
- to the housing sector - by using our skills and resources to help find solutions to wider issues, such as making older properties more energy efficient and by striving to be a beacon of good practice

Our Vision is to create sustainable homes and thriving communities.

Our Purpose - we want to help create successful communities: places where people feel they belong, places where they can thrive. At the heart of this is our role in providing a safe, warm, affordable, and secure home. We will do this by being a trusted landlord, known for providing great services and well-cared for and sustainable homes; by empowering residents to support their own communities to thrive; by being connected and open to ideas; and by putting residents at our heart.

Our Values - Our culture is about the shared values, beliefs and behaviours that determine how we do things, then the ways and systems of working that help to get those things done. Our values aim to put customers at our heart and provide the foundation for the culture of our organisation and how we work.

- We are respectful and caring
- We are collaborative
- We are 'can do'
- We keep our promises
- We are creative and resourceful

Our Strategic Ambitions: to Connect, to Build, to Anticipate - provide a framework for how we will deliver our vision and bring about long-lasting change for our tenants and communities. Within each of our ambitions, we have medium term goals which set the priorities for our work each year.

Performance and Value for Money

In December 2022 the Board approved BHA's 2023-2026 Corporate Plan which sets out our ambitions for the next three years. The plan is framed by what is a very challenging set of circumstances: for our finances (with a looming recession, high inflation, and a rent cap), and for our residents, who face an unprecedented cost of living crisis and unprecedented energy bills.

Report of the Board

The targets we set in 2022-23 have been realigned to our new Corporate Plan and our performance is set out below. This incorporates our approach to Value for Money ("VfM") which is to have policies, procedures and performance targets which provide an accountable, day to day framework for the economic, effective, and efficient delivery of our services. We are not aiming to achieve the lowest costs for our operations, but rather to deliver quality services and homes that meet our residents' needs and deliver satisfaction, while protecting affordability to our residents and viability for BHA.

Our governance structure supports how we achieve VfM across BHA. The Board approves the Performance and Value for Money Report as set out in these Financial Statements. Every Board report considers the VfM implications of its topic and the Audit, Finance & Risk Committee acts on behalf of the Board to ensure that BHA obtains appropriate assurance through the internal and external audit functions.

<u>We Connect</u>

Listen to our residents

Like all housing associations we are getting ready to implement the Regulator's new Tenant Satisfaction Measures and will be surveying our residents in 2023-24. Our last survey carried out in 2019 showed upper quartile performance across our key measures and we look forward to seeing how this compares to our residents' current views. We are also in the process of implementing our new Resident Engagement plan and we are working closely with our Resident's Panel to ensure it is effective.

We received just 14 complaints this year which is much improved compared to last year. The main theme was around communication and speed of repairs, so we are committed to keeping residents better updated. We missed the deadline for responses on two cases and have introduced tighter monitoring of deadlines as a result. We also saw an increase in the number of compliments received (2.2 compliments for every complaint) demonstrating an improvement in positive feedback for our services.

Create safe and supported communities

We saw a similar number of anti-social behaviour cases to last year, and we are seeing a continuing trend of lower-level neighbour disputes where tolerance levels seem to be lower than pre-pandemic. We are also seeing cases where quite complex mental health issues are involved - these are time-consuming and often hard to resolve.

We are now well into our programme of home care visits, where we visit residents at home and talk about how we can best help them access the services they need and in the way they want. Our older residents have been our priority and we have had seen some very positive outcomes from these meetings, including helping tenants apply for additional benefits, free travel, and improved care packages. While these visits, at around 1.5 hours per resident, are time intensive, we feel that they are a sound investment of our time, in terms of getting to know our residents better, understanding their needs and how we can better target our services to meet them and for building stronger connections and trust with them. We plan to devote more resource to these visits, as part of our programme of Knowing our Residents

Forge strong community connections

After some hiatus in the last few years due to covid, we recommenced our community activities which is reflected in our higher investment in communities this year. As a small, neighbourhood-based community housing association, we consciously choose to invest in this area, as evidenced by the fact that we employ a full-time Engagement & Communications Manager. We have started to develop our plans for a new Village Hall on Morland Mews as a focus for better engagement and community activities, as part of our garage conversion project.

Report of the Board

Many of the activities we fund and co-organise were joint efforts by ourselves and our resident groups and we intend to develop this autonomy for our residents' groups in future. There were good turnouts for the Queen's Jubilee Lunch in June and September's fun day, and we have organised several cut-price family days out as well as Arsenal football coaching during the school holidays.

We Connect	Measure	22-23 Target	Performance	23-24 Target
Listen to our residents	Resident satisfaction with overall service**	>85%	88%	>88%
	Reduction in complaints received*	<21	14	<14
	Complaints responded within agreed timeframe	100%	90%	100%
	Increase in compliments received	>15	28	>28
Create safe and supported communities	Resident satisfaction their home is safe*	-	-	>88%
	Resident satisfaction with ASB case handling**	75%	81%	>75%
	Reduction in ASB cases*	<22	25	<25
	Number of Homecare visits*	-	31	50
Forge strong community connections	Resident satisfaction BHA makes a positive contribution to their neighbourhood* **	-	86%	>88%
	Investment in communities	£23K	£37k	£28k

*New KPIs for 2023-24 ** satisfaction figures based on 2019 STAR survey

<u>We Build</u>

Build trust through quality services

Our performance on repairs in the year has been excellent with 99% completed in the agreed timescales. During the year we have undertaken a major review of our repairs functions and have issued clearer guidance to residents setting out BHA's responsibilities versus resident's repairs responsibilities. We have consciously switched the focus of our investment in our stock from day-to-day repairs to planned works, providing better long-term value for money.

We introduced estate walkabouts with residents in 2021 and this remains a useful, practical was of engaging with residents on issues that directly affect them. We have had some very useful feedback and have implemented several estate improvements as a direct result. We hope that our investment in this will be reflected in improved neighbourhood satisfaction results in our upcoming satisfaction survey.

At the end of the year there was just 1 void property which was temporarily unavailable for letting while works were undertaken. Our overall relet days were higher than target due to two voids where significant works or adaptions were needed to get the properties ready to let. However, over recent years we have seen a much-improved void turnaround time, due to a new streamlined voids process.

Create places to be proud of

After a few years of covid slowing down our major investment programme, this year we have completed several major projects including new render, windows, guttering and roofing at our Grade II listed houses along Barnsbury Street, major upgrade and replacement works to windows at Highbury Terrace which is also Grade II listed, and the replacement of timber decking at Liverpool Road with non-combustible aluminium decking. We have also progressed our project to convert garages at Morland Mews to 6 new homes. We await confirmation of grant and hope to start the project around January 2024.

There are 9 Decent Homes failures at the end of the year, being 1 HHSRS failure (structural) and 8 HHSRS failures (damp). Structural remediation is commenced at the end of May 2023, and damp remediation in July 2023.

Report of the Board

There are also 2 disrepair cases at the end of the year. Repairs have been completed at one of the properties and there was a legal dispute with court hearing in April 2023 in which BHA were successful, recouping over £5,000 in costs. The other case is pending the resident giving us a date for access to investigate and if necessary, carry out any repairs. As soon as we receive permission, we will act to remedy any outstanding repairs.

There are 9 active damp and mould cases at the end of the year. All 9 are penetration/rising damp related, 7 of which are basement apartments in Barnsbury Street. The grade II listed status of Barnsbury Street has hindered progress, but we have completed preliminary surveys and plan to carry out damp proofing works by July 2023. The 2 other cases are 2 basement apartments at 170 Liverpool Road (a S106 acquisition in 2012) with damp issues caused by a defective waterproof membrane. We have completed preliminary investigations and are currently waiting for permission to proceed from the insurance company.

We are pleased to have achieved 100% compliance in gas servicing and fire risk assessments. We have brought a strong focus to these aspects of building safety in recent years and the appointment of a part-time Compliance Manager has been a good investment. Although our properties with 10-year electrical certificates are valid, due to changes in regulations which came into effect on 1st July 2020 the standard time for electrical services to be tested is now every 5 years. We are working to bring all our properties within the 5-year rule and expect to achieve this is 2023. There are 35 outstanding Fire Risk Assessment (FRA) actions at year end. 19 are non-access to check fire doors that we intend to complete during our annual fire door inspections in 2023. 3 are upgrading of fire doors at Highbury Terrace where planning permission was recently received for this. The remaining 13 are fire compartmentation that we will procure during 2023.

Build a resilient, customer-focused team

We are a small team and we have embraced hybrid and flexible working whilst maintaining a front-line presence for our customer facing team. A creative and flexible approach to recruitment has enabled us to bring in a range of skilled, talented and well-qualified team members who enable us to deliver our strategy and punch above our weight. This year we have established whole-team workshops every 6-8 weeks where we come together in person to problem-solve collectively and undertake group training. During the year we said goodbye to three members of staff which given our lean size has led to a high staff turnover figure. Our days lost to sickness remains low, and we are planning to repeat our staff satisfaction survey during 2023-24.

We Build	Measure	22-23 Target	Performance	23-24 Target
Build trust through quality services	Repairs completed within agreed timeframe	90%	99%	90%
	Number of repairs beyond timescales*	-	**52**	<52
	Average reactive repair days*	-	**8.4**	6.4
	% of rent lost to voids*	-	**1.3%**	0.8%
	Average relet days due to minor / major repairs	14 days / 28 days	**36 days**	21 days
	Estates walkabouts – changes implemented as a result	6	9	6
Create places to be proud of	% decent homes standard*	-	**97%**	100%
	New kitchens / bathrooms / boilers	33	35	25
	New homes delivered – development schemes	1 on site	1 pre-contract	1 on site
	% gas safety certificates valid	100%	100%	100%
	% electrical certificates under 5 years	100%	**67.9%**	100%
	% fire safety checks complete	100%	100%	100%
	FRA actions outstanding (priority 1 & 2) *	-	**9**	0
	Damp & mould cases open*	-	**9**	<10
	Disrepair cases open*	-	**2**	0

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Build a resilient, customer-focused team	Staff Satisfaction*	-	**80%****	88%
	Average sickness days	2%	**0.8%**	2%
	Staff turnover %*	-	**24%**	15%

*New KPIs for 2023-24 **staff satisfaction last undertaken in 2020

We Anticipate

Shape our future service

In a post-covid world we have changed the way we work. During the year we moved offices to a shared office space making significant savings to our overheads, and we continue to operate a flexible hybrid working model. During the year we also upgraded our IT systems and IT security as we move towards being fully cloud-based to better support our hybrid working model. Investment in these areas this year is intended to bring down our overheads as a percentage of turnover in subsequent years, and we have made some substantial savings during the year by moving offices.

We have spent almost double our prior year spend on investment in our existing properties, and this is reflected in our financial performance. Our social housing cost per unit includes repairs and is higher than target due to the amount of works undertaken, and a general increase in repairs costs across the year as a result of high inflation and increased cost of living.

During the year we received and implemented 6 ideas from customers, as well as receiving input from our Residents Panel into many of our policies and services. Ideas implemented include better communication around cyclical repairs, drop-in sessions at Morland Mews and Highbury View to help residents with cost of living and other concerns, and installing more recycling bins at our major estates.

Make us more sustainable

Back in 2019 our Board took a conscious decision to invest resources in developing our approach to net zero and energy efficiency. The background to this was that we knew that over one third of our residents struggled to afford to heat their homes and that 53% of our homes were EPC D or lower.

As early adopters of the Sustainability Reporting Standard for Social Housing, we published our ESG report in July 2022 along with our new Sustainability Strategy. During the year we have assessed all our hardest to heat homes and we are at the planning stage of a pioneering new model for retrofitting our older Grade-2 listed Barnsbury Street homes. We continue to work on a fully costed plan to achieve net zero now expected by the end of next year. In welcome news our funding bid under the Social Housing Decarbonisation Fund has been approved. This will allow works to bring around 63 of our coldest modern homes up to EPC-C at Morland Mews. We are working as part of the North River Alliance consortium – an approach which is delivering good value for money and shared learning.

Safeguard our future

During the year we refinanced our loan with Virgin (formerly Clydesdale Bank), extending the drawdown facility to allow us to undertake our planned development and retrofit works. We have however been impacted by increases in interest rates during the year, which is reflected in our lower operating margin and EBITDA-MRI interest cover.

Operating margin, social housing cost per unit (SH-CPU) and EBITDA-MRI interest cover are also impacted by the high level of investment in our homes this year where we have completed several major projects. This is in line

Report of the Board

with our focus on increasing major repairs to reduce responsive works and is reflected in our higher SH-CPU target for 2023/24.

Our income collection has been challenging this year, partly as result of staffing changes but also due to real pressures on household incomes. With a new Rent Incomes Officer now in place we are targeting improving our arrears collections.

We Anticipate	Measure	22-23 Target	Performance	23-24 Target
Shape our future service	Headline social housing cost per unit	£5,654	**£8,044**	£7,500
	Overheads as a % of turnover*	-	**19%**	17%
	Number of customer ideas implemented	5	**6**	5
Make us more sustainable	Homes with EPC-C or above*	-	**138**	150
	Retrofit EPC-C delivered*	-	**0**	25
	Produce a fully costed plan to get our homes to net carbon zero.	By Q4 2022/23	**Not yet complete**	By Q4 2023/24
Safeguard our future	Rent collected as % of rent owed*	-	**101.4%**	100%
	Arrears as % of annual rent roll (social housing current tenants only)	4.5%	**5.3%**	5.0%
	Operating margin (overall)	14%	**9.7%**	13.4%
	EBITDA MRI interest cover %	2.7%	**-0.2%**	0.95%

*New KPIs for 2023-24

Benchmarking our Performance

We compare our performance for the current and previous years and against our immediate peer group, the BM320. The peer group comprises of 9 comparable small London based associations. Benchmarking data available currently is from 2021/22 so we are not necessarily comparing like with like however this gives a good indication of where BHA sit amongst our peers.

The benchmarking shows that our investment in our existing homes is much higher than our peers. This is not unexpected and unlikely to change in future, since our stock is mostly listed, in a high value central London location, and our strategy is to invest in our homes and take the lead on sustainability and retrofit. This has also been an exceptional year in terms of major repairs as we have caught up on projects that were put on hold during covid, as well as dealing with cost inflation together with labour and supplies shortages.

Our high levels of investment have impacted our financial metrics, especially when combined with the high cost inflationary environment we are in, and increased interest rates during the year. Our return on capital employed, EBITDA-MRI interest cover, operating margins and social housing cost per unit are all lower than our peers because of these factors. Improving our financial stability will be a focus across the coming years whilst we continue to be at the forefront of sustainability works for our homes.

As noted above it has been a challenging year for rent collections and this is reflected in our arrears performance compared to our peers. We have seen improvements in the last quarter of 2022/23 since our new Rent Collection Officer has been in post so we expect to see improvements in arrears over the coming year.

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	BHA 2020-21	BHA 2021-22	BHA 2022-23	Peers Lower Q	Peers Median	Peers Upper Q	BHA Long-Term Targets
Investment					(closest quartile shown)		
New supply delivered (social housing)	0%	0%	**0%**	0%	0%	0%	Peer upper quartile
New supply delivered (non-social housing)	0%	0%	**0%**	0%	0%	0%	Peer upper quartile
Reinvestment %	1.7%	4.2%	**7.4%**	0.4%	1.0%	3.4%	Peer median
Return on capital employed %	1.4%	2.1%	**1.4%**	2.1%	2.3%	2.7%	Peer median
Investment in Communities	£5,101	£23,126	**£36,844**	£11,563	£25,718	£28,425	Peer median
Customer Service							
Satisfaction with overall service	88%	88%	**88%**	84%	86%	88%	Peer upper quartile
Average relet days (social housing)	19.5	38.6	**36.3**	51	37	29	Peer median
Current tenant arrears % (social housing)	4.7%	6.7%	**5.3%**	5.9%	4.5%	3.9%	Peer median
Average responsive repairs per property	2.5	1.9	**3.4**	2.8	2.3	2.3	Peer upper quartile
% of homes with valid gas safety certificate	98.3%	99.3%	**100%**	100%	100%	100%	Peer upper quartile
Financial							
Headline social housing cost per unit	£5,020	£5,244	**£8,044**	£5,654	£5,114	£4,443	Peer median
Operating margin (overall)	24.1%	10.6%	**9.7%**	14.0%	15.5%	19.2%	Peer median
Operating margin (social housing)	23.1%	9.4%	**10.3%**	11.8%	15.1%	19.2%	Peer median
EBITDA-MRI as % of interest	526%	234%	**-0.2%**	273%	512%	630%	Peer median
Gearing %	20.5%	18.9%	**21.0%**	-13.5%	10.9%	17.9%	Peer upper quartile
Management costs per unit (sector scorecard)	£908	£1,252	**£1,406**	£2,431	£1,629	£798	Peer median
Maintenance cost per unit (sector scorecard)	£2,071	£1,540	**£1,339**	£1,762	£1,333	£1,032	Peer median
Major repairs cost per unit (sector scorecard)	£1,597	£612	**£3,881**	£1,552	£1,012	£532	Peer lower quartile

Report of the Board

Principal risks and uncertainties

The process for identifying, evaluating, and managing risk is embedded throughout the organisation through a strong risk management culture, where staff are empowered to raise risks as they emerge. Significant risks which require involvement of the Leadership Team are monitored via the BHA's risk register and the top ten risks are reported to the Audit, Finance & Risk Committee and Board. Each risk is evaluated for the probability of its materialising and for its potential impact, which could be financial, reputational, operational, or legal. BHA also conducts stress testing on its business plans to meet the Regulator's Governance and Financial Viability Standard, using the scenarios identified in the risk register.

The key risks presenting the greatest threat to BHA are outlined in the table below:

Key Risks	Controls in place to mitigate the risk
Zero Carbon Agenda Costs of implementation, complexity around retrofitting, skills and resource requirement. The agenda will require significant resident involvement, particularly if intrusive works are required	High-level costings have been incorporated into BHA's plan and funding requirements are established. BHA CEO is highly involved in policy discussions with the NHF and G320 groups. Retrofit plans currently being prepared and a pilot retrofit of a property in progress. A new Board member with sustainability expertise appointed. Successfully accessed Social Housing Decarbonisation Funding. Hard to treat properties involving planning restrictions identified and discussion started with relevant authorities.
Economic Instability Inflation remains high which may lead to more Bank of England interest rises, energy prices rises, supply chain issues for building materials, high levels of political uncertainty.	BHA monitors financial performance against budget and can control discretionary expenditures in the event of cost inflations. The Audit, Finance and Risk Committee and Board also monitors the quarterly accounts. Financial golden rules in place and if they appear to be heading towards a breach, a series of actions will be taken to ensure financial robustness.
Health and Safety Breach BHA is landlord and employer responsible for all aspects of health and safety ensuring our homes are safe to live in and BHA is a safe place for our staff.	Key health & safety monitors in place and is tracked on a monthly basis by the Asset Manager. These are reported quarterly to the Audit & Risk Committee and Board. Internal audit reviews design and operating of controls around health and safety annually. No significant issues were found during the latest review. Staff receive health & safety training appropriate for their role.
Rent arrears Increasing rent arrears exacerbated by cost-of-living crisis.	Income management team restructured in 2022-23, ensuring appropriate skills-mix to provide the increasingly complex income management service. Tenant wellbeing service launched in 2021-22, providing free advice on wide range of issues from health, benefits, work issues and so forth. BHA tenant support fund in place to assist with utilities and other costs.
Loss of key staff As a small organisation we rely on a small team of key staff members, unexpected staffing issues could impact operational performance	Staffing issues are discussed at each leadership team meeting. Key policies and procedures are documented and key processes can be covered by other staff members in the short-term. Good contacts with peers and recruiters are maintained and short-term agency or consultancy support can be obtained while roles are filled.

Report of the Board

Legal Status

BHA is registered under the Co-operative and Community Benefit Society Act 2014 and is a registered social landlord.

Corporate Governance

BHA ensures full compliance with the Regulator of Social Housing's Regulatory Framework as it relates to small social housing providers with fewer than 1,000 homes. The Board has adopted the National Housing Federation Code of Governance (2020 edition) and the National Housing Federation Model Rules 2015 to ensure full compliance. This includes Board self-assessment and independent assessment. The Board has adopted the National Housing Federation Code of Conduct and Board members confirm their compliance with the Code on an annual basis. An independent governance review was undertaken during 2022/23.

We review our compliance with the Code on an annual basis and confirm that we have complied with the Code and the Regulator's Governance and Financial Viability Standard in all areas.

Board

BHA's Board comprised of eight members at the start of 2022-23. Charles Culling resigned in September 2022 having served three terms and three new Board members were appointed at the September 2022 AGM, Micah Gold, Annabel Gray and Fenan Emmanuel. Micah provides expertise in community engagement, Annabel with sustainability and Fenan has been a tenant for 17 years and has served as a co-optee for the Audit, Finance & Risk Committee since 2018. All members are non-executive and, for legal purposes, are regarded as directors. Members are recruited externally by a formal interview process and are drawn from a variety of backgrounds. BHA has three tenant Board members.

The Board is responsible for the overall direction of BHA's affairs which are set out in the Board Terms of Reference. The day-to-day management of BHA is delegated to the Chief Executive and the staff team. The Board meets five or six times each year. The average attendance at Board meetings during the year was 69%.

The Board is supported by two committees. During the year a biennial review of the governance structure was undertaken with roles, responsibilities, delegations, and terms of reference all refreshed. The previous Audit & Risk Committee is now the Audit, Finance & Risk Committee, and the Governance & Remuneration Committee has been streamlined to a Remuneration Committee. The committees report back to the Board after each meeting where their recommendations are considered and approved as appropriate. We also conduct Board appraisals each year.

Internal Controls

The Board acknowledges its responsibility for ensuring we have in place a system of controls appropriate to the environment in which we operate. These controls are designed to give reasonable assurance with respect to:

- The reliability of financial information used within BHA or for publication;
- The maintenance of proper accounting records;
- The safeguarding of assets against unauthorised use or disposition;
- Bribery and money laundering legislation.

It is the Board's responsibility to establish and maintain systems of internal financial accountability. Such systems can only give reasonable and not absolute assurance against material misstatement or loss. Key elements include ensuring that:

Report of the Board

- Formal financial regulations are in place, including rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of BHA's assets;
- Forecasts and budgets are prepared which allow the Board to monitor the key business risks and financial objectives and progress towards financial plans set for the year;
- Quarterly accounts are prepared promptly, providing relevant up to date financial and other information. Significant variances from budget are investigated as appropriate;
- All significant new initiatives, major investment commitments and investment projects are subject to formal authorisation procedures through the Board;
- A thirty-year financial plan is prepared to ensure that BHA's finances remain viable in view of planned and potential development and expected future asset management costs. This plan is stress tested using various significant risk scenarios;
- The Risk Management strategy and identification of key risks is reviewed by the Audit, Finance & Risk Committee on a quarterly basis;

No weaknesses in financial control were found by the Board, which resulted in material losses, contingencies, or uncertainties, which would require disclosure in the financial statements or in the external auditors' report. The Board is kept appraised of developments in the Internal Control environment and reviews the viability and efficacy of these controls at least annually.

Internal auditors carried out a review across seven areas during 2022-23 and their opinion based on the work undertaken was that the Board can be provided with substantial assurance that there is an effective framework of governance, risk management and controls at BHA. In addition, no actual or suspected instances of fraud were identified through their work.

Statement of the responsibilities of the Board

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

Under the Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation the Board is required to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under the Co-operative and Community Benefit Societies Act 2014 the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of BHA for that period. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers 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 BHA will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of BHA and enable it to ensure that the financial statements comply with the Co-

Report of the Board

operative and Community Benefit Societies Act 2014 and other applicable legislation and standards. It is also responsible for safeguarding the assets of BHA and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Board is responsible for the maintenance and integrity of the corporate and financial information on BHA's website.

<u>Disclosure of information to auditor</u>

Each of the Board members at the time when this Report of the Board is approved has confirmed that:

- so far as that Board member is aware, there is no relevant audit information of which BHA's auditor is unaware, and
- that Board member has taken all the steps that ought to have been taken as a Board member in order to be aware of any relevant audit information and to establish that BHA's auditor is aware of that information.

<u>Statement of Viability and Going Concern</u>

The Board is confident that the future prospects for BHA are sound. In view of the uncertainties around cost-of-living crisis, BHA has assessed and has taken appropriate measures to protect the business operations and finances against the potential impacts. BHA's operating budget has been stress-tested during the year for anticipated changes in its key assumptions which might arise as a result of the cost inflations, including increases in arrears and void periods, and an increase in works costs and capital cost. This has shown that BHA currently has sufficient capacity to endure the current situation and comply with its current loan covenants.

As at 31 March 2023, the Association had a cash balance of £631,307 (2022: £913,909). We also have £3.8m undrawn funds on our loan facility with Virgin (formerly Clydesdale) Bank.

As such, the Board has a reasonable expectation that BHA has adequate resources to continue in operation for the foreseeable future, being a period of no less than one year from the date of approval of these financial statements. BHA therefore continues to adopt the going concern basis in preparing the Financial Statements.

This report of the Board was approved on 21 September 2023 and signed by order of the Board.

Susan French (Sep 21, 2023, 2:53pm)

S French
Secretary

Independent Auditors' Report to the Members of Barnsbury Housing Association Limited

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2023, and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2022.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.
Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Report of the Board, other than the financial statements and our auditor's report thereon. The Board are responsible for the other information contained within the Report of the Board. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Independent Auditors' Report to the Members of Barnsbury Housing Association Limited

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- the Association has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation; or
- the revenue account, any other accounts to which our report relates, and the balance sheet are not in agreement with the Association's books of account; or
- we have not obtained all the information and explanations necessary for the purposes our audit.

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page 13, 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 it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Association, and its sector, we identified that the principal risks of non compliance with laws and regulations related to employment laws, pension legislation, health and safety regulations, anti-bribery, corruption, fraud, money laundering, Homes England requirements and Regulator of Social Housing requirements and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2022.

The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified these included the following:

- We reviewed systems and procedures to identify potential areas of management override risk. In particular, we carried out testing of journal entries and other adjustments for appropriateness.
- We reviewed the accounting policies for evidence of management bias.

Independent Auditors' Report to the Members of Barnsbury Housing Association Limited

- We reviewed minutes of Board meetings and agreed the financial statement disclosures to underlying supporting documentation.
- We have made enquiries of management and officers of the Association regarding laws and regulations applicable to the organisation.
- We reviewed the risk management processes and procedures in place.
- We have reviewed any correspondence with the Association regulators and reviewed the procedures in place for the reporting of incidents to the Board including reporting to regulators if necessary.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the FRC's website at: https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for. This description forms part of our auditor's report.

Use of our report

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

Price Bailey LLP

For and on behalf of
PRICE BAILEY LLP
Chartered Accountants & Statutory Auditors
8th Floor Dashwood House
69 Old Broad Street
London
EC2M 1QS

Date: 22 September 2023

Statement of Comprehensive Income

For the year ended 31 March 2023

	Note	2023	2022
		£	£
Turnover	3	2,578,778	2,428,596
Operating costs	3	(2,328,891)	(2,257,151)
Surplus/(deficit) on revaluation of investment property	12	(15,000)	200,000
Operating surplus	5	**234,887**	**371,445**
Finance income	6	1,795	212
Interest and financing costs	7	(196,269)	(98,085)
Surplus and total comprehensive income for the year		**40,413**	**273,572**

The results relate wholly to continuing operations.

The accompanying notes form part of these financial statements.

Statement of Changes in Reserves

	£
Balance at 1 April 2021	9,641,999
Total comprehensive income for the year ended 31 March 2021	273,572
Balance at 31 March 2022	9,915,571
Total comprehensive income for the year ended 31 March 2022	40,413
Balance at 31 March 2023	9,955,984

The income and expenditure reserve represents the cumulative surpluses and deficits of the Association.

The accompanying notes form part of these financial statements.

Statement of Financial Position

At 31 March 2023

	Note	2023 £	2022 £
Tangible fixed assets			
Housing properties	11	16,986,956	16,636,817
Investment property	12	735,000	750,000
Other tangible fixed assets	13	76,252	84,749
		17,798,208	17,471,566
Current assets			
Debtors	14	252,053	218,596
Cash and cash equivalents		631,308	913,909
		883,361	1,132,505
Creditors: Amounts falling due within one year	15	(800,513)	(867,247)
Net current assets		82,848	265,258
Total assets less current liabilities		17,881,056	17,736,824
Creditors: Amounts falling due after more than one year	16	(7,925,054)	(7,821,236)
Total net assets		**9,956,002**	**9,915,588**
Capital and reserves			
Non-equity share capital	19	18	17
Reserves		9,955,984	9,915,571
Total capital and reserves		**9,956,002**	**9,915,588**

These financial statements were approved by the Board on 21 September 2023 and signed on its behalf by:

Sean McLaughlin (Sep 21, 2023, 2:29pm)
S McLaughlin
Chair

Susan French (Sep 21, 2023, 2:53pm)
S French
Secretary

Jonathan Bunt (Sep 21, 2023, 6:45pm)
J Bunt
Board Member

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 31 March 2023

	Note	2023	2022
		£	£
Net cash generated from operating activities	20	527,321	705,391
Cash flow from investing activities			
Purchase of tangible fixed assets		(912,949)	(428,188)
Interest received		1,795	212
Net cash flow from investing activities		(911,154)	(427,976)
Cash flow from financing activities			
Repayment of borrowings		(102,500)	-
New borrowings		400,000	-
Interest paid		(196,269)	(98,085)
Share capital received		1	-
Net cash flow from financing activities		101,232	(98,085)
Net change in cash and cash equivalents		(282,601)	179,330
Cash and cash equivalents at the beginning of the year		913,909	734,579
Cash and cash equivalents at the end of the year		**631,308**	**913,909**

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1 Legal status and principal activity

The Association is registered under the Co-operative and Community Benefit Society Act 2014 and is registered with the Homes and Communities Agency as a Registered Provider of social housing in England. The registered address is shown on page 3.

The Association's principal activity is the provision of social housing.

2 Accounting policies

Basis of accounting
The principal accounting policies are summarised below. They have all been applied consistently throughout the year and in the preceding year.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and the Statement of Recommended Practice for registered social housing providers 2018 (SORP), and comply with the Accounting Direction for private registered providers of social housing 2022. Barnsbury Housing Association Limited is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102.

These financial statements are presented in sterling (£).

Statement of Compliance
Barnsbury Housing Association Limited has prepared its financial statements in accordance with FRS 102 for both the current and preceding financial years.

Going concern
The Association's business activities, its current financial position and factors likely to affect its future development are set out within the Report of the Board. The Association has in place long-term debt facilities, which provide adequate resources to finance committed reinvestment and development programmes, along with the Association's day to day operations. In view of the uncertainties around cost-of-living crisis, the Association has assessed and has taken appropriate measures to protect the business operations and finances against the potential impacts. The Association's operating budget has been stress-tested for anticipated changes in its key assumptions which might arise as a result of the cost inflations, including increases in arrears and void periods, and an increase in works costs and capital cost. This has shown that the Association currently has sufficient capacity to endure the current situation and comply with its current loan covenants.

On this basis, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Significant management judgements
Preparation of the financial statements requires management to make significant judgements and estimates. The following are the significant judgements made in applying the accounting policies of the Association that have the most significant effect on the financial statements.

Impairment
An annual review for impairment has been carried out. We estimated the recoverable amount of our housing properties as follows:

(i) We determined the level (the cash generating unit) at which the recoverable amount is to be assessed. The CGU was determined to be an individual scheme or block of properties.
(ii) We assessed the recoverable amount of the CGU.
(iii) We calculated the carrying amount of the CGU.
(iv) We compared the carrying amount to the recoverable amount to determine if impairment has occurred.

The recoverable amount was determined by calculating a discounted cash flow. Based on this assessment, no impairment charge was deemed necessary.

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

Investment property
During 2018-19 our former office property at 303B Upper Street was let at market rent. Accordingly, it has been shown as an investment property at fair value. The initial valuation was carried out by a local estate agent based on the recent selling prices of similar properties in the same area. In valuing the property as at 31 March 2023, we have used a local estate agency who provided a valuation based on the property location, size and recent selling prices of similar properties in the area. See Note 12 for further information.

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 changes to Decent Homes Standards, which may require more frequent replacement of key components.

Turnover
Turnover comprises:

a) rental income from tenants receivable in the period;
b) amortisation of capital grants received over the useful life of the asset funded by the grant;
c) revenue grants (if received);
d) service charge income, and
e) commercial rents.

Rental income is recognised from the point where properties become available for letting. Revenue grants are receivable when the conditions for the receipt of agreed grant funding have been met.

Financial Instruments
Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised historic cost model.

Debtors
Short term debtors are measured at transaction price, less any impairment. Where deferral of payment terms has been agreed, and where material, the balance is shown at the present value, discounted at a market rate.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

Financial assets carried at amortised cost
Financial assets carried at amortised cost comprise rent arrears, trade and other receivables and cash and cash equivalents. Financial assets are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly.

A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred. If an arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial liabilities carried at amortised cost
These financial liabilities include trade and other payables and interest-bearing loans and borrowings. Non-current debt instruments which meet the necessary conditions in FRS 102, are initially recognised at fair value adjusted for any directly attributable transaction cost and subsequently measured at amortised cost using the

effective interest method, with interest-related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

Creditors
Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Employee benefits
Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

Pensions
The Association operates a defined contribution pension scheme. The pension costs for that scheme represent contributions payable by the Association in the year.

Housing Properties
Housing properties are properties held for the provision of social housing. They are principally properties available for rent and are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

Improvements are works which result in an increase in the net rental income, such as a reduction in future maintenance costs, or result in a significant extension in the useful economic life of the property in the business. Only the direct overhead costs associated with new developments or improvements are capitalised. Land donated by local authorities and others is added to cost at the market value of the land at the time of the donation.

Depreciation of Housing Properties
Freehold land and properties held for development are not depreciated. Depreciation is charged to write down the net book value of housing properties to their estimated residual value, on a straight-line basis, over their estimated useful economic lives in the business. Refurbishment or replacement of the major components is capitalised and depreciated over the estimated useful economic life of the component. The depreciable amount is arrived at on the basis of original cost less residual value.

For the acquisition of 40 units at Highbury View, we have allocated 46% of the total cost to land, which is not depreciated. This amount is based on the NHF depreciation matrix. We accounted for components other than structure at the cost and net book value at which those components were carried in the books of the transferor housing association, and the balance of the purchase price we have allocated to structure.

The Association depreciates the major components at the following annual rates.

Structure	2%
Kitchens and bathrooms	5%
Boilers	7%
Lifts	4%
Windows & doors	4%
Electrics	2.5%

Leasehold properties
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.

Impairment
Annually housing properties are assessed for impairment indicators. Where indicators are identified, and assessment for impairment is undertaken comparing the scheme's carrying amount to its recoverable amount. Where the carrying amount of a scheme is deemed to exceed its recoverable amount, the scheme is written down to its recoverable amount. Any such write down would be charged to income and expenditure.

Investment property
The investment property is shown at fair value, based on an independent valuation. This is re-assessed each year and any difference is taken to the Statement of Comprehensive Income.

Government Grants
Government grants include grants receivable from the Homes and Communities Agency, local authorities, and other government organisations. Such grants are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model. Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate, as long as all conditions for receiving the grant have been fulfilled.

Government grants are subordinated to the repayment of loans by agreement with the HCA. Grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the statement of financial position in creditors.

Other grants
These include grants from other organisations. Grants in respect of revenue expenditure are credited to income and expenditure account in the same period as the expenditure to which they relate.

Other tangible fixed assets and depreciation
Other tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Freehold offices	10%
Furniture, fixtures and fittings	10%
Computers and office equipment	25%
Plant and equipment	20%

Cyclical repairs and maintenance
The Association's cyclical repairs and maintenance costs are charged to the income and expenditure account, as incurred.

Provisions for liabilities
Provisions are recognised when there is a present obligation as a result of a past event, and it is probable the settlement of that obligation will be required, and a reliable estimate of the obligation can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period.

The Association recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next twelve months. The provision is measured at the salary cost payable for the period of absence.

3 Particulars of turnover, operating costs and operating surplus

2023	**Turnover**	**Operating costs**	**Operating surplus / (deficit)**
	£	**£**	**£**
Social housing lettings	2,551,273	(2,289,720)	261,553
Non-social housing activities	27,505	(54,171)	(26,666)
	2,578,778	(2,343,891)	234,887
2022			
Social housing lettings	2,405,611	(2,254,321)	151,290
Non-social housing activities	222,985	(2,830)	220,155
	2,628,596	(2,257,151)	371,445

Income and expenditure from social housing lettings

	General needs housing	
	2023	**2022**
	£	**£**
Rent receivable net of identifiable service charge	2,171,293	2,034,695
Service charge income	195,294	186,230
Amortisation of government and other grants	184,686	184,686
Turnover from social housing lettings	2,551,273	2,405,611
Management	420,320	358,396
Service charge costs	323,249	368,890
Routine maintenance	275,958	309,912
Cyclical maintenance	124,509	137,774
Major repairs	506,693	408,201
Housing property depreciation	538,237	544,785
Development	100,754	126,363
Operating cost on social housing lettings	2,289,720	2,254,321
Operating surplus on social housing lettings	261,553	151,290
Void losses	32,283	37,719

4 Accommodation in management and development

	2023	2022
General housing		
Social rent	299	299
Investment property	1	1
	300	300
Accommodation in development at the year-end	6	6

5 Operating surplus

	2023 £	2022 £
Operating surplus is arrived at after charging/(crediting):		
Amortisation of government and other grants	(184,686)	(184,686)
Depreciation of housing properties	489,909	482,440
Deficit on disposal of tangible fixed assets	49,887	62,345
Depreciation of other tangible fixed assets	30,934	32,045
Operating lease payments	34,710	40,000
Auditors' remuneration (excluding VAT):		
- for audit services	16,656	11,775

6 Interest receivable and similar income

	2023 £	2022 £
Interest receivable from cash deposits	1,795	212

7 Interest and finance costs

	2023 £	2022 £
Interest on loans	151,268	63,145
Costs of obtaining new loan and other charges	45,001	34,940
	196,269	98,085

8 Employees

Average monthly number of employees expressed in full-time equivalents (calculated based on a standard working week of 35 hrs):

	2023 No.	2022 No.
Administration	3	2
Development	1	1
Housing, support and care	7	8
	11	11

Employee costs:	**£**	**£**
Wages and salaries	482,714	473,200
Social security costs	49,799	40,080
Other pension costs	29,635	29,359
	562,148	542,639

Employees who received remuneration in excess of £60,000 during the year were as follow:

	2023 No.	2022 No.
£60,001 - £70,000	2	2

The Association operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Association in an independently administered fund. The pension costs charge represents contributions payable by the Association to the fund and amount to £29,635 (2022: £29,359). Contributions of £3,792 were due to the fund at the year-end (2022: £3,670).

9 Key management personnel

Key management personnel are those people having authority and responsibility for planning, directing, and controlling the Association's activities, either directly or indirectly. This includes the Board and the Chief Executive. The Chief Executive works part-time (0.8 FTE).

The Chief Executive's emoluments (highest paid employee) include:

	2023 £	2022 £
Basic salary	69,868	67,830
Pension contributions	6,321	5,294

There are no special pension arrangements for the Chief Executive, who is an ordinary member of the defined contribution pension scheme

No emoluments were paid to Board directors during the year (2022: £nil).

No expense allowances were paid during the year to members of the Board (2022: £nil). BHA provided Chartered Institute of Housing subscriptions for 4 Board members during the year (2022: 5).

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10 Taxation

The association has charitable status and benefits from various exemptions from taxation afforded by the tax legislation and is not therefore liable to corporation tax on income or gains falling within these exemptions. The association is not registered for Value Added Tax.

11 Tangible fixed assets – housing properties

	Properties held for development	Properties held for letting	Total
	£	£	£
Cost			
At 1 April 2022	133,050	24,277,920	24,410,970
Works to existing properties	-	633,538	633,538
Disposal of components	-	(95,861)	(95,861)
Additions	254,838	-	254,838
At 31 March 2023	387,888	24,815,597	25,203,485
Depreciation			
At 1 April 2022	-	7,774,153	7,774,153
Charge for the year	-	489,909	489,909
On disposals	-	(47,532)	(47,532)
At 31 March 2023	-	8,216,529	8,216,529
Net book value			
At 31 March 2023	387,888	16,599,068	16,986,956
At 31 March 2022	133,050	16,503,767	16,636,817

Housing properties held for letting include long leasehold properties with a cost of £229,377 (2022: £229,377), accumulated depreciation of £58,716 (2022: £52,174) and net book value of £170,661 (2022: £177,203).

Expenditure on works to existing properties

	2023 £	2022 £
Components capitalised	633,538	328,498
Total works on existing properties capitalised	633,538	328,498
Amounts charged to the statement of comprehensive income	405,349	294,605
	1,038,887	623,103

Social housing assistance

Total accumulated social housing grant received or receivable at 31 March:	2023 £	2022 £
Recognised in the Statement of Comprehensive Income	5,992,745	5,808,060
Held as deferred income	4,067,487	4,252,172
	10,060,232	10,060,232
Capital grant received	9,234,285	9,234,285
Revenue grant received	825,947	825,947
	10,060,232	10,060,232

Impairment

We consider individual schemes to be separate Cash Generating Units when assessing for impairment, in accordance with the requirements of FRS 102 and SORP 2018.

No impairment is considered necessary as at 31 March 2023.

12 Investment properties non-social housing properties held for letting

	2023 £	2022 £
Net book value		
At 1 April	750,000	550,000
Gain / (loss) on revaluation	(15,000)	200,000
At 31 March	735,000	750,000

The former office at 303B Upper Street is currently let at a market rent. The valuation of £735,000 at 31 March 2023 was undertaken by a local real estate firm, Savills, and is based on market conditions with an active market, the price per square foot and selling price of similar properties in the same area.

13 Tangible Fixed Assets - Other

	Freehold offices £	Furniture, fixtures & fittings £	Computers & office equipment £	Plant & Equipment £	Total £
Cost					
At 1 April 2022	63,270	31,031	179,052	67,822	341,175
Additions	-	-	19,702	4,870	24,572
Disposals	-	(5,232)	-	-	(5,232)
At 31 March 2023	63,270	25,799	198,754	72,692	360,515
Depreciation					
At 1 April 2022	62,784	20,170	150,141	23,331	256,426
Charge for the year	162	2,089	15,036	13,647	30,934
Disposals	-	(3,096)	-	-	(3,096)
At 31 March 2023	62,946	19,163	165,177	36,978	284,264
Net book value					
At 31 March 2023	324	6,636	33,577	35,715	76,252
At 31 March 2022	486	10,861	28,911	44,491	84,749

14 Debtors

	2023 £	2022 £
Arrears of rent and service charges	151,668	176,744
Less: provision for bad and doubtful debts	(85,621)	(89,075)
	66,047	87,669
Prepayments and accrued income	186,006	130,927
	252,053	218,596

The difference between the net present value of arrears balances with a payment plan is not materially different from the actual balances. Therefore, no adjustment has been made in these financial statements.

15 Creditors: amounts falling due within one year

	2023 £	2022 £
Rent and service charges received in advance	67,740	60,216
Trade creditors	262,978	336,293
Accruals and deferred income	112,911	123,784
Taxation and social security	13,160	12,338
Other creditors	3,792	3,680
Deferred grant income (note 17)	124,932	184,686
Loan capital repayment (note 18)	215,000	146,250
	800,513	867,247

The balance above includes an accrual for holiday leave pay of £8,485 (2021: £7,093), which represents holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The accrual is measured as the salary cost payable for the period of absence.

16 Creditors: amounts falling due after more than one year

	2023 £	2022 £
Deferred grant income (note 17)	3,942,554	4,067,486
Debt (note 18)	3,982,500	3,753,750
	7,925,054	7,821,236

17 Deferred grant income

	2023 £	2022 £
At 1 April	4,252,172	4,436,858
Released to income in the year	(184,686)	(184,686)
At 31 March	4,067,487	4,252,172

	2023 £	2022 £
Amounts to be released within one year	124,932	184,686
Amounts to be released in more than one year	3,942,554	4,067,486
	4,067,486	4,252,172

18 Debt analysis

	2023 £	2022 £
Due within one year	215,000	146,250
Due after more than one year	3,982,500	3,753,750
Virgin Bank plc	4,197,500	3,900,000

	2023	2022
Within one year	215,000	146,250
Between one and two years	215,000	195,000
Between two and five years	645,000	585,000
After five years	3,122,500	2,973,750
	4,197,500	3,900,000

The loan from Virgin Bank plc (formerly known as Clydesdale Bank plc) is secured by fixed and floating charges on individual properties.

This loan is a ten year £8m facility, with a drawdown facility for the first two years. Capital repayments commenced from December 2022. Interest is paid quarterly at 1.45% over three-month LIBOR, plus non-utilisation fees of 0.725% on the undrawn balance of the facility.

No adjustments have been made to the carrying value of this loan.

19 Non-equity share capital

	2023	2022
	£	£
Number of members		
At 1 April	17	17
Joined during the year	3	-
Cancelled during the year	(2)	-
At 31 March	18	17

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distributions on winding up. Each member agrees to contribute £nil in the event of winding up.

20 Cash flow from operating activities

	2023	2022
	£	£
Surplus for the year	40,413	273,572
Depreciation of tangible fixed assets	570,730	576,829
Amortisation of government grants	(184,686)	(184,686)
Increase in debtors	(33,457)	(8,501)
(Decrease)/increase in trade and other creditors	(75,153)	150,304
Interest payable	196,269	98,085
Interest receivable	(1,795)	(212)
Loss/(gain) on revaluation of investment properties	15,000	(200,000)
Cash generated from operations	527,321	705,391

21 Analysis of changes in net debt

	At 1 April 2022	Cash flows	At 31 March 2023
	£	£	£
Cash	913,909	(282,601)	631,308
Bank loans due within one year	(146,250)	(68,750)	(215,000)
Bank loans due over one year	(3,753,750)	(228,750)	(3,982,500)
Total	(2,986,091)	(580,101)	(3,566,192)

22 Financial commitments

Capital commitments are as follows.

	2023	2022
	£	£
Expenditure approved by the Board but not contracted	3,129,387	1,600,000
	3,129,387	1,600,000

The expenditure approved by the Board but not contracted for at 31 March 2023 represents the approved cost of

- the proposals to develop some of the garages at Morland Mews into six new units for £2.1m
- retrofit works across the Association's properties for £1.0m

It is anticipated that grants will be received of £1.1m for the Morland Mews project and £0.5m for the retrofit works.

Operating lease commitments.

	2023	2022
	£	£
Payments due		
Within one year	-	40,000
Between two and five years	-	160,000
After five years	-	38,034
	-	238,034

In February 2018 the Association entered a ten-year lease of office premises, with a break clause after 5 years. The annual rent was £40,000. The Association exercised the break clause in February 2023 and moved into a shared office space under a licence to occupy. There are therefore no future operating lease commitments to disclose.

23 Related parties

The Association has 3 tenant Board members (2022: 2). The rent and terms of their tenancies are on normal commercial terms. Rents received from the tenant Board members are £25,238 (2022: £15,288) of which £nil (2021: £nil) is included in amounts owing at the year end.

The Association maintains a register of interests for its Board Members and Leadership Team.

There are no related party transactions to disclose