Aspire Housing Limited

Annual Report & Financial Statements

Year Ended 31st March 2023

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Board Members, Executive Directors, Advisors and Bankers

Chair	Aman Dalvi
Executive Director	Sinéad Butters
Other Non-Executive Directors	Marina Barrett Neale Clifton Jenny Danson David Hunter Mike Lawton Alasdair Macarthur Paul Northcott Elizabeth Barnes Ian Ridgway (resigned 31 May 2023)
Secretary	Paul Medford
Chief Executive	Sinéad Butters
Executive Director of Finance	Mark Thrasher (resigned 30 April 2023) Andrew Palmer (appointed 12 December 2022)
Executive Director of People	Andrei Szatkowski
Executive Director of Organisational Development	Ian Gleave (resigned 31 December 2022)
Executive Director of Place	Dan Gray
Executive Director of Achieve Training	Dan Canavan (resigned 31 October 2022)
Registered Office	Kingsley The Brampton Newcastle-under-Lyme Staffordshire ST5 0QW

Board Members, Executive Directors, Advisors and Bankers (continued)

Auditors	BDO LLP 3 Hardman Street Manchester M3 3AT
Principal Solicitors	Anthony Collins LLP 134 Edmund Street Birmingham B3 2ES
Principal Bankers	Barclays Bank Plc PO Box 3333 15 Colmore Row Birmingham B3 2WN

Chair and Chief Executive's Introduction

The social housing sector is under scrutiny and facing significant reputational and financial challenges. The economy is not stabilising, with inflation at a 40 year high, and our costs as a business are continuing to increase. We have increased our rent by 7% for the next year – in line with other housing associations across the UK – and although we're financially strong we still have financial pressures on our business plan from material costs, rising inflation and interest rate pressures. We have reshaped and streamlined our Executive and Senior Leadership Team to reflect the changes to our group structure, which has resulted in efficiency savings.

In January 2023, we were regraded by the Regulator of Social Housing from G1/V1 to G2/V2, reflecting both the decision taken by the Board to wind up our training subsidiary Achieve Training, following a period of sustained financial pressure, and reflecting increased investment in our stock. We remain compliant with the Regulatory Standards and have developed a comprehensive action plan to work towards a regrade.

Following the closedown of trading activity of our training provider (Achieve Training), we have been working on reshaping our services for the future and we have revised the final year of our Corporate Strategy. During 2023 we will engage with colleagues, customers, and partners on our new corporate plan from 2024 - 2029.

The cost-of-living crisis is continuing to have a severe, negative impact on our communities, and we're continuing to do the best that we can to try and minimise the impact on our customers – both through the services that we offer and the work we do with our partners.
We are always striving to deliver excellent outcomes for customers; and although our performance in some areas has been strong over the last year, we know that we need to be better in several areas. Our Board is mindful of our key areas of focus, which include consistent high standards of customer service, delivering on our promises, dealing with customer complaints in a timely and appropriate manner, and providing a safe and secure home in a neighbourhood to be proud of.

We will continue to target our resources to ensure our housing offer is supportive and fit for purpose. In the next year we plan to invest £21 million into our homes, of which £11 million will be upgrades to existing homes and plans to improve our communal areas, which is part of our core housing function. We will also continue to invest in developing and acquiring new homes to support the housing crisis.

Through our inclusive approach to engaging with our customers we will enable them to continue to hold the organisation to account and improve and challenge service delivery. We will achieve this by creating a dialogue together, building trust, and establishing a sense of partnership with customers. We have built a strong engagement model and created a range of engagement opportunities to involve customers in our approach to continuous improvement, such as our OASIS (Observing Aspire Services and Improving Standards) customer group.

The new Tenant Satisfaction Measures (TSMs) have been developed by the Regulator of Social Housing to assess how well social housing landlords are doing at providing good quality homes and services. We will use the feedback that we receive from TSMs to improve our services to customers and share our performance and feedback regularly with our customers and our Board.

Our organisation has managed a particularly challenging year and we remain positive and resilient in delivering even better services to our customers.

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Aman Dalvi
Chair of the Board, Aspire Housing
15 September 2023

DocuSigned by:
Sinéad Butters
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Sinéad Butters
Chief Executive, Aspire Housing
15 September 2023

Strategic Report

Introduction

The Board presents its Strategic Report, containing the Operating and Financial Review and value for money statement, for the year ended 31 March 2023.

Overview and background

Aspire Housing is a leading housing provider, property developer and place shaper based in Newcastle-under-Lyme. Created in July 2000, Aspire Housing owns and manages more than 9,000 homes and supports around 19,000 customers across Staffordshire and Cheshire. Profits are reinvested in new homes, in revitalising communities and in a comprehensive range of innovative support services designed to transform lives.

During the early part of the year we made the decision to close our Realise charity and retire the Realise brand, moving activities into Aspire Housing. This included employment and skills.

Aspire took the difficult decision in autumn 2022 to implement a managed closedown of Achieve Training. This was based on future business plan projections of the training arm of the business showing substantial losses making the business unsustainable. Homeworks and Employment and Skills activities were transferred into Aspire Housing along with the assigned colleagues.

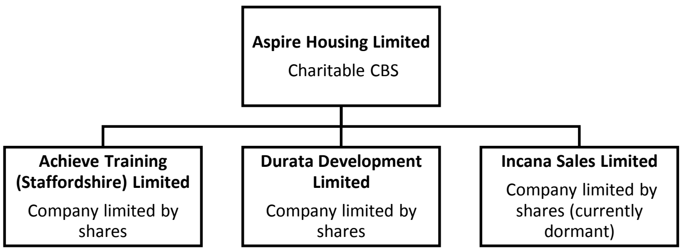
During the past year, Durata Development Limited, the Group's development company, completed four developments, started work on six and has a further pipeline for the following few years as part of the strategy to increase growth and investment opportunities.

We are still facing challenging decisions as a business with inflation at a 40-year high, increases in the cost of materials and interest rate pressures. The cost-of-living crisis is continuing to have a severe, negative impact on our communities, and we're continuing to do the best that we can to try and minimise the impact on our customers; both through the services that we offer and the work we do with our partners.

As a business, we blend commercial expertise with social purpose and revitalise communities by providing homes, employment and support. We are focused on Building Better Futures, by putting People First. We do this by living our values: being ambitious, creative and collaborative and always striving to work in a smarter, simpler, slicker way.

Legal structure and objectives

Aspire Housing Limited is registered with the Financial Conduct Authority as a Registered Society under the Co-operative and Community Benefit Societies Act 2014, and with the Regulator of Social Housing (RSH) as a social landlord.



Strategic Report (continued)

Achieve Training

Aspire took the difficult decision in autumn 2022 to implement a managed closedown of Achieve Training. The decision to close the business in a managed way was in line with our charitable objectives and people first strategy. This enabled us to be able to find alternative learning providers for 318 learners, ensure redundancy payments could be made for all colleagues affected, all creditors could be cleared and we could transfer activities that were being delivered to our customers into Aspire Housing. The Group accounts show Achieve as discontinued operations within the Statement of Comprehensive Income with a loss for the year of £2.1m (2022: £1.5m).

As a result of the closure within Aspire Housing there was a £3.2m impairment of the intercompany debtor and the investment which is included in Operating Expenditure and shown in Note 4 of the financial statements of Aspire Housing.

Realise Charity

In 2022, we made the decision to close our Realise charity and to bring the charitable activities into Aspire Housing. All funds previously raised for Realise charity have continued to be used to support charitable activities through our Community Levy fund including helping people into work and our employment and skills HUB in Newcastle-under-Lyme in partnership with Newcastle-under-Lyme Borough Council and a range of local partners.

Financial review

Statement of Comprehensive Income (SOCI)

	2022	2023
Turnover	£53.7m	£49.8m
Operating Surplus	£9.4m	£8.3m
Margin before disposals	15.0%	11.0%
Margin after disposals	17.5%	16.7%

Turnover: £49.8m

Turnover for the year is £49.8m, a decrease of 7.3% when compared to 2021/22 turnover of £53.7m. The decrease was mainly caused by the loss of turnover from the closure of Achieve Training and a decrease in the income from the sales of first tranche shared ownership. Social housing contributed £43.2m of the overall turnover (2022: £41.1m).

Operating Surplus: £8.3m

Operating performance continues to be strong and with an operating surplus of £8.3m (2022: £9.4m). This surplus will support the investment in new and existing homes.

Strategic Report (continued)

Surplus for the year after tax £0.3m

The net surplus after tax of £0.3m (2022: £3.7m deficit) includes net interest and financing costs of £8.5m (2022: £13.1m) The reduction in financing costs is due to £3m of loan breakage costs included in 2022 resulting from the repayment of existing debt as part of a refinancing plan as well as a reduction of £1.2m in interest expense from the defined benefit liability as the local government scheme was closed and repaid in the prior year.

Total comprehensive income for the year £0.1m

Total comprehensive income for the year is £0.1m (2022: £0.9m) which includes a negative actuarial adjustment of £0.2m offsetting the surplus for the year.

Statement of Financial Position

The Statement of Financial Position demonstrates the strength and capacity of the Group to continue to deliver our strategic objectives.

Fixed Assets £291m

Capital expenditure is set out in notes 16-19. During the year we have invested a gross £23.6m (2022: £33.8m) in developing and acquiring new homes and have received approximately £6.3m of grant towards the cost of our new build programme. We have also continued to invest in our existing housing stock in order to maintain homes above the Decent Homes Standard. The capital cost of this investment during the year was approximately £8.9m (2022: £5.9m). This combined investment can be seen in the movement in the net book value of housing assets to £291m from £272m in 2022.

Net Current Liabilities £1.5m

Net current liabilities are reported in the year compared to net current assets in the prior year (2022: £41.4m net current asset). This is due to cash and cash equivalents that have decreased by £47.9m. The decrease in cash is due to a refinancing exercise which was completed in January 2023 and used to clear existing debt and finance future development.

Long Term Creditors £248m

The net movement in long term creditors is a decrease of £25.2m. The majority of the decrease is due to a decrease in loans and borrowing of £28.3m. As detailed above, a £145m private placement refinancing exercise took place this year. Further detail can be found in the Report of the Board Going Concern section. Deferred capital grant has increased by £3.4m.

Pension Provision £0.7m

The balance is in respect of the Social Housing Pension Scheme which increased by £0.1m.

Strategic Report (continued)

Reserves £46m

Reserves have increased by £0.1m reflecting the net comprehensive income for the year. Movement in the reserves balances is further shown in the Statement of Changes in Reserves on page 37.

Statement of Cash Flows

This statement shows that the cash inflow generated from operating activities of £12.0m (2022: £1.3m).

During the year we invested £30.6m in new and existing housing assets (2022: £35.0m) and received grant income of £4.5m (2022: £2.2m).

Cashflow from financing activities includes cash interest and loan break costs paid in the year of £8.2m (2022: £11.5m) with the difference being a movement in recognised accrued interest. In cash terms, a net £29m was raised by way of finance and £58m of loans repaid.

Overall, with the continued investment in our housing stock and repayment of debt and interest this year, after cash generated from operating activities, there has been a net cash outflow of £47.9m.

Treasury Management

The Group has a formal Treasury Management Policy and Strategy which are reviewed annually by the Board. The Policy provides the framework within which the Group seeks to mitigate risk relating to the borrowings and cash holding it has at any one time. The Group maintains a risk-aware approach to its debt portfolio and seeks to ensure that sufficient liquidity is available to meet foreseeable needs.

Liquidity and Capital Structure

The Group finances its activities using facilities of £295m, comprised of £90m loan facilities with Lloyds Banking Group and Barclays, and capital markets of £205m. Current cash and facilities provide a high level of liquidity with £50m of available revolving credit facilities and £0.4m of cash and cash equivalents, including investments held as cash. In addition, the Group has an agreement to drawdown £40m of funding from the private placement 25th July 2023.

Loan Facilities	Facility £000's	Drawn £000's	Available £000's	Fixed £000's	Variable £000's
Bank Loans	90,000	40,000	50,000	40,000	50,000
Capital markets	205,000	165,000	40,000	205,000	-
Total facilities	295,000	205,000	90,000	245,000	50,000
Funding Mix	-	-	-	83.1%	16.9%

Strategic Report (continued)

Interest rate management

The Group manages its interest rates through 83% of fixed rate funding and 17% of variable rate revolving credit facilities. The fixed rate funding is comprised of drawn fixed rate loans from banks. All debt of the is classified as basic financial instruments.

Loan covenants

There are multiple covenants for the 4 lenders Barclays, Lloyds, L&G and the Private Placement.

Each lender has a covenant for EBITA. For Barclays and Lloyds this includes shared ownership sales, in the calculation for the private placement and L&G the sales are excluded. In addition, a minimum asset cover is required on each individual facility.

Lloyds and Barclays also require that net loans are not more than 70% of housing properties. L&G looks to ensure that the properties secured on its facility generates a net income cover of more than 1.05.

The Group ensures that it operates with a prudent level of headroom and monitors covenants on a monthly basis. This is reported to the Board on a quarterly basis. The Business Plan is very resilient to these covenants with a degree of headroom.

As at 31st March 2023 and throughout the year, the Group met its covenant targets.

Loan covenants (continued)

Year-end covenant performance	Covenant	Actual	Met
Lloyds Interest Cover including Shared Ownership Sales	1.05	1.24	Yes
Barclays Interest Cover including Shared Ownership Sales	1.05	1.24	Yes
L & G Interest Cover excluding Shared Ownership Sales	1.10	1.12	Yes
Private Placement Interest Cover	1.05	1.87	Yes
L & G Net Rental Income	1.05	1.21	Yes
Lloyds and Barclays Net Debt	≤0.70	0.58%	Yes
Lloyds Asset Cover	1.25	1.35	Yes
Barclays Asset Cover	1.26	1.54	Yes
L & G Asset Cover	1.10	1.11	Yes
Private Placement Asset Cover	1.14	1.38	Yes

Strategic Report (continued)

Capacity

The maximum amount of debt that the Group can borrow is limited by the covenants shown above, but there is still a great deal of headroom available in the covenants for the foreseeable future. The other limiting factor on future borrowing is how much spare capacity the Group has to provide security against future borrowing.

The Group's assets are subject to regular revaluations to determine the portfolio value for the purpose of securing existing and new debt. Current valuations are estimated to be £394m against an asset cover requirement on existing facilities of circa £295m, leaving a healthy amount of headroom.

The Business Plan models the utilisation of this uncharged asset base going forwards, as more units are charged to raise debt in support of further development and this new development adds to the asset base. The plan shows that the Group maintains sufficient uncharged assets to support its strategic development objectives, but also to provide further security to existing borrowing should there be any unforeseen deterioration in the asset values.

Regulatory grade

Aspire were regraded to a G2/V2 rating in January 2023 by the Regulator of Social Housing. Whilst this is still a compliant grading, we are working through our action plan developed with the Board and we are continuing to learn from the factors that led to the regrade. The Board will continue to work closely with the Regulator of Social Housing to deliver the action plan and ensure that our control and risk framework is as robust as possible to successfully deliver our corporate aims. Amongst other matters the plan included actions which:

- Commissioned an independent review of the Board's effectiveness, supported by David Tolsen Partnership (DTP);
- Reviewed the composition of the board and the skills held by Board Members;
- Refreshed and refined our approach to Risk Management; and
- Delivered a new Resilience Plan – which outlines the way Aspire would manage a severe financial shock to the business

All of the actions on the plan will have been closed bar one by the end of July 2023. The one remaining open action is to develop a new Corporate Plan for the period 2024-2029. Pending the completion of this action the Board agreed an updated version of the current Corporate Plan at their meeting in Jun 2023.

Operating review

Aspire Housing revised the final year of our Corporate Strategy for 2023/2024 with a renewed focus on core social landlord responsibilities in line with the Better Social Housing Review. Our key five themes within the strategy are:

- Governance and engagement
- Our culture
- Our resources
- Our communities
- Our housing offer

Strategic Report (continued)

Operating review (continued)

We are continuing to improve our inclusive approach to engaging with our customers by creating a dialogue together, building trust and establishing a sense of partnership with customers. By building on our strong engagement model and range of engagement opportunities, and through our OASIS (Observing Aspire Services and Improving Standards) customer group, we will enable customers to hold the organisation to account and improve and challenge service delivery.

The new Tenant Satisfaction Measures (TSMs) have been developed by the Regulator of Social Housing to assess how well social housing landlords are doing at providing good quality homes and services. We will use the feedback that we receive from TSMs to improve our services to customers and share our performance and feedback regularly with our Board.

We undertake regular colleague pulse surveys, with the most recent survey focussing on Wellbeing, and we continue to engage with our new 'Colleague Voice' group. We will build on a culture whereby colleagues feel empowered to raise concerns and to do the right thing and the Equality, Diversity and Inclusion Forum will champion inclusivity continuing to make people who work for Aspire proud.

Future developments, investment and repairs

Next year we will create 120 new homes for people in our communities and plan to build or acquire 624 new homes up to 2026/27 to help in tackling the housing crisis. We will continue to make significant investment in our stock to ensure that properties meet the Decent Homes Standard (DHS) and we respond to enhanced building safety requirements and future climate change targets. We invested £23m during 2022/23 and have a further £21m to invest in 2023/24 of which £11m will be upgrades to existing homes and to improve our communal areas.

Our focus is on improving our performance and customer outcomes including a continued focus on damp and mould and complaints. We will commence a transformation programme in the coming year to improve our responsive repairs service to ensure value for money, right-first-time service, and consistently high levels of customer satisfaction in response to the feedback from our customers.

Risks and uncertainties

Risks that may prevent Aspire Housing and its subsidiaries achieving their objectives are considered and reviewed regularly by the Executive Team, the Audit Committee and the Board. The risks are recorded and assessed in terms of their impact and probability. Major risks, as well as management actions and controls, are reported to the Audit Committee and Board quarterly.

Major Risk	Management actions
Financial challenges arise which limit capacity to deliver business plan and corporate plan	The budget and business plan have been reviewed and challenging choices made in relation to the optimum use of resources. The business plan is closely monitored with quarterly reports provided to Board and the future modelling indicates no current risk of breach. A provision has been made for damp and mould relate repairs to cover anticipated higher demand during winter months. Value engineering is undertaken on existing development schemes to ensure they remain viable.

Strategic Report (continued)

Risks and uncertainties (continued)

Data Security - loss of critical data	A host of IT related controls are in place to mitigate this risk, including an IS Security Policy, independent penetration testing and robust IT Security Firewalls. Further work continues to bolster Aspire's ability to manage this risk, with upgrades scheduled to the Office 365 package used and further training being provided to both IT specialists and colleagues across the wider business. A Cyber Incident Response plan is in place and cyber insurance cover has been purchased.
Poor data Integrity	A data strategy has been agreed with the Executive Team and the implementation of the strategy is underway. New software (Intozetta) will be implemented to highlight any inconsistencies in data held so that they can be addressed. All data hosted within Aspires cloud infrastructure is backed up, tested and retained to be available in the event of a data incident. A data simplification programme is being agreed currently to reduce the number of systems use and improve interfaces between systems.
Scale of business change	Updated colleague engagement plan in place with a series scheduled activities. Kingsley office space has been updated and relaunched. Quarterly pulse surveys undertaken. People strategy in place with regular benchmarking of salaries.
Existing stock quality	Asset Management Strategy in place. Increased levels of investment via the Business Plan. Stock Condition Surveys undertaken and Customer Voice Reports made available to the Board to provide sight of any areas of concern.

Treasury objectives and strategy

The Group regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured.

It also acknowledges that effective treasury management supports the achievement of Aspire's objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

Strategic Report (continued)

Treasury objectives and strategy (continued)

The Board has set annual targets and approval criteria within which the treasury management function operates, including:

- a limit on exposure to variable interest rates; Aspire's policy is to keep at least 60% of its borrowings at fixed rates of interest. At the year-end 100% of its borrowings were at fixed rates while the facilities available show 83.1% at fixed rates;
- use of derivative instruments only when approved by the Board; £Nil as at 31 March 2023; and
- approved sources of borrowing and investment; all borrowing is from approved sources.

The Group is financed by a combination of retained reserves, long-term loan facilities and project-specific grants to part-fund the acquisition and development of new homes. The Group has the financial capacity to repay its loans in accordance with the repayment profile of its loan facilities.

All financial covenant limits set by lenders during the year have been met.

Corporate governance

We have adopted the NHF 2020 Code of Governance. During the year we undertook an internal review of its governance effectiveness. The output of the review was reported to the Board in February 2023 and an action plan was agreed to strengthen performance in a number of areas. Aspire has also adopted the NHF merger code. The Board meets frequently to determine policy and to monitor the performance of the Group and member organisations.

Aspire Housing operates two committees: an Audit Committee and a Nomination and Remunerations Committee. The Board has delegated day to day management to a Group of Executive Directors. The Executive Team is led by the Chief Executive and has responsibility for making decisions in line with strategic issues and other issues with Group-wide implications, overseeing regulation and monitoring financial viability. The Executive Team meets on a regular basis and recommends policy and strategy decisions to the Board.

Value for Money (VfM)

Our strategic approach to VfM

Aspire Housing is committed to the achievement of value for money in the delivery of all its services. VfM is embedded within our culture and within all of our key strategies, as articulated in our ambition to be "smarter, slicker, simpler" in everything we do. We define value for money as the achievement of optimal value from the use of our resources as measured through the delivery of successful outcomes.

Our 2019-24 corporate plan set out our vision of generating additional capacity to achieve responsible growth through improving our efficiency and increasing our operating margins, whilst at the same time improving the quality of our services and our customers' experiences. The achievement of improved VfM will help to ensure that:

- we maintain a financially viable and robust business plan;
- we provide services that are affordable and valued by our customers; and
- we generate capacity to provide new affordable homes.

Strategic Report (continued)

Our strategic approach to VfM (continued)

We set clear targets for financial efficiency and service quality, and progress against these targets is reported regularly to the Board. We introduced a charitable levy during 2019; all new contracts procured include a request for the contractor to consider contributing at least 1% of the contract value to our charitable activities.

Asset Management Strategy

The core commitments made through our 2022-5 Asset Management Strategy are to:

- ensure that our homes are safe and of a high quality standard, meeting or exceeding all regulatory and legislative requirements;
- learn from customer feedback in order to improve satisfaction and exceed expectations;
- reduce the environmental impact of our homes to meet the Band C EPC before 2030 and Net Zero targets by 2050;
- manage assets actively, and buy services efficiently, to achieve best value for customers and communities;
- invest in regeneration, through the improvement and renewal of homes and neighbourhoods; and
- plan ahead for the future, using data and technology to inform decision making and improve customer experience.

And also of particular relevance to the VFM Strategy our Asset Management Efficiency and Value objectives are to:

- Review our repairs and investment delivery model to maximise value from a single team approach across repairs, investment and cyclical;
- Continue to rationalise unsustainable stock, prioritising non-traditional properties, and review our disposal policy;
- Measure asset performance through a combined NPV/Quality model and model in future energy performance to 2050;
- Maintain 5 year stock condition cycle across all homes and related assets based on need;
- Continue to invest in our in-house delivery model where value is demonstrated and exit services where it is not;
- Review core replacement component specifications against lifecycle costs, sustainability and align with new build;
- Develop a new procurement model across property services to rationalise suppliers with a continued local focus; and
- Maintain an up to date 30 year business plan investment commitment and externally validate stock condition data in 2025 (every 5 years).

Land management and strategic disposals

We have continued our strategy of assessing properties for disposal on becoming void in line with criteria approved by Board, with up to 50 disposals per annum. In 2022-23 we sold 17 properties either at auction or by private treaty, generating gross sales proceeds of £1.4m (2022: £1.7m). The resources generated from these sales will be re-invested in the delivery of new affordable homes.

Strategic Report (continued)

Stock investment

We continue to maintain a 30-year stock investment plan and rolling stock condition survey aligned with the business plan, with regular reviews of priorities and re-alignment of funding to meet the needs of the asset base and of our customers. We periodically commission an independent validation of the accuracy of our stock condition data (most recently in 2020) which provides assurance that our investment plans have a firm evidential base and that our resources can be targeted effectively.

Growth strategy and new homes provision

The Corporate Plan approved by the Board in 2023 set out an ambition to deliver 624 new homes by 2027. Completions over the past year and scheme under construction, committed and planned demonstrate that the Group is on track to achieve its plans.

Value for Money (VfM) metrics and targets

We report and compare our performance against the value for money metrics using the latest Global Accounts published by the RSH, which has reported sector performance outturns for 2021/22. This is a comprehensive data set for comparison purposes, and we have compared ourselves against other RPs using median and 1st quartiles. The table below shows our performance and our quartile position in relation to the median results of a benchmark peer Group comprising all RPs with 30% of their stock in the East Midlands, East of England, North West and West Midlands.

Table 1: Regulator of Social Housing metrics	**Aspire Housing**		**Global Accounts 2021-22**	
	2021-22 Actual	**2022-23 Actual**	**Sector Median**	**Aspire Quartile position**
Re-investment %	14.6%	**11.2%**	7.7%	Upper
New Supply - social housing %	2.4%	**1.8%**	1.7%	Upper Median
Gearing	54.4%	**55.2%**	49.1%	Upper Median
EBITDA-MRI interest cover	142.7%	**140.9%**	141%	Lower Median
Headline social housing cost per unit	£3,432	**£4,088**	£3,813	Upper Median
Operating margin (social housing units)	20.5%	**16.7%**	24.3%	Lower
Operating margin (overall)	19.4%	**15.2%**	22.6%	Lower
Return on capital employed (ROCE)	3.5%	**2.5%**	3.5%	Lower

Strategic Report (continued)

Value for Money (VfM) metrics and targets (continued)

- Re-Investment % - looks at the scale of investment in our existing and new homes as a percentage of their value. Aspire continues to invest a significant proportion of its capacity in the building of new homes and investing in its existing stock. We have maintained upper quartile performance with 11.2% re-investment for the year which is 0.5% above 1st quartile.

- New Supply % – expresses the number of new social homes delivered in 2022/23 as a proportion of all homes owned at 31 March 2023. Our development programme seeks to maximise the financial capacity that we have. We delivered upper median quartile performance compared to the sector with performance 0.1% above the median. Whilst we achieved much of the planned development in the year it was not quite as many as we had intended. We do not currently build any non-social housing units.

- Gearing – shows the proportion of net borrowing in relation to the value of the asset base and indicates the degree of dependence on debt finance. Aspire was created following the large-scale transfer of stock from Newcastle-under-Lyme Borough Council. As a Large Scale Voluntary Transfer (LSVT) the gearing levels required to finance the transfer means that our comparative performance to many traditional associations is unfavourable. Our plans seek to maximise our gearing capacity to deliver as much affordable housing as we can. We are 6.1% above the median compared to 10.4% in 2021/22.

- EBITDA-MRI Interest Cover - Earnings before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover %' measures our level of cash surplus generated as a percentage of interest paid. We have lender covenants ranging between 105% - 110% and to a golden rule to maintain 15% headroom above the covenant. As we continue to maximise our borrowing to build more homes, our performance will inevitably reduce. In 2022-23 our comparison to the sector was above median and we recognise that this is due to a combination of our comparatively very low rent levels, a higher level of average cost of capital compared to the sector and the third year of our enhanced investment in the People First Strategy. The score of 140.9% is slightly below the median of 141.0%.

- Headline social housing cost per unit - combines several cost elements to provide our overall social housing cost per unit. Our overall headline social housing cost per unit increased from £3,432 in 2021-22 to £4,088 in 2022-23. The median is £3,813, our performance for the year is £275 more than this. The increase in 2022-23 is due to increased investment in both stock and management costs, as part of our People First Strategy. We are continuing to invest in our homes to ensure that we are compliant with the decent homes standard and are moving toward net zero.

- Operating Margin – shows the profitability of our assets and is an indicator of our operating efficiency. The increased investment agreed by the Board resulted in a deterioration in operating margin to 15.2% which was lower than the sector median of 22.6%. However, sales of housing properties included in operating margin improve the overall margin.

- Return on Capital Employed – Shows how well we are using our capital and debt to generate a financial return. Performance in 2022-23 is 2.5% and has moved to the lower quartile due to additional investment in services over the past 12 months.

Strategic Report (continued)

Value for Money (VfM) metrics and targets (continued)

We also participate in the Sector Scorecard benchmarking exercise and these additional Sector Scorecard metrics are set out in table 2.

Table 2: Sector Scorecard metrics	Aspire Housing			HouseMark 2021-22	
	2021-22 Actual	2022-23 Actual	2023-24 Target	Median	1st Quartile
New supply delivered – units	221	**167**	120*	83	Upper Median
Overall satisfaction with service provided	88.4%	**81.9%**	82.0%*	82.0%	Lower Median
Occupancy at 31st March	98.6%	**98.6%**	99.0%	99.7%	Lower
Ratio of responsive to planned repairs	60.3%	**57.7%**	56.0%	70.0%	Upper median
Rent collected as % of rent due	99.8%	**98.3%**	99.0%*	97.5%	Upper Median
Overheads as % of adjusted turnover	13.6%	**13.7%**	15.2%	14.1%	Upper median

** Aspire Housing VfM target*

In addition to the regulatory metrics shown in table 1, we also collect data and compare ourselves using some of the Sector Scorecard metrics shown above in table 2. These were in place before the regulator's metric had been established.

- New supply delivered – our Corporate Strategy was agreed in November 2019 and established a target to deliver a further 1,443 new homes by 2026. Performance in 2022-23 was 167 homes delivered, however this was 117 below our target.

Strategic Report (continued)

Value for Money (VfM) metrics and targets (continued)

- Overall satisfaction – Our overall satisfaction rates are just below the median. We know that a number of our customers are less satisfied with certain aspects of our service and our People First approach seeks to address this.

- Occupancy – Our performance in this area fell this year to 98.6% due to a number of challenges such as the condition of returned properties, staffing resources to tackle the repairs required and let them. There is an action plan to reduce the relet time and voids.

- Ratio of responsive to planned – For 2022-23 our performance was in line with the target and is above the median.

- Rent collected as a % of rent due – Our performance in this area at 99.3% is pleasing given the difficulties in the past year and is above the median.

- Overheads as a % of adjusted turnover – for 2022-23 has remained at 13.6% which includes following staff restructures and investment in systems. We are lower than the median.

Aspire Housing has also established a set of VfM targets, linked to broader strategic objectives, which have been agreed with the Board, and performance against these targets is monitored and reported to the Board on a regular basis. The chosen metrics are drawn from the RSH and Sector Scorecard metrics, as indicated in the tables below, with the addition of several additional Aspire Housing specific metrics set out in table 3.

Table 3: Additional Aspire Housing metrics	**Aspire Housing**		
	2021-22 Actual	**2022-23 Actual**	**2023-24 Target**
EBITDA operating margin	38.7%	**35.4%**	39.5%
Void rent loss	1.1%	**1.8%**	1.0%*
Current arrears	1.41%	**2.0%**	2.00%*
Satisfaction with repairs service (last 12 months)	91.0%	**86.1%**	82.0%
Satisfaction with VfM of services provided	93.7%	**92.7%**	82.0%
Subsidy generated from asset sales	£2.02m	**£2.81m**	£2.05m

**Aspire Housing VfM target*

Table 3 shows performance against Aspire additional metrics. Performance has been good across almost all of our metrics with the exception of void rent loss as explained above.

Strategic Report (continued)

Social return on assets

We use the HACT Wellbeing Valuation Model as the principal methodology to measure social value.

In 2022/23 we generated social value in the region of £9m by helping residents access employment, supporting rough sleepers and access money advice services for sustaining tenancies.

Being a local anchor organisation and collaborating with a number of partners we can amplify our social impact to greater benefit of the communities we support and maximise the positive impact on residents.

Strategic report

The Strategic report including the Operating and Financial Review was approved and authorised for issue by the Board on 25th July 2023 with authority delegated to the Company Secretary to sign the report on their behalf, who subsequently signed the report on 15th September 2023:

Paul Medford
Secretary
Kingsley, The Brampton, Newcastle-under-Lyme, Staffordshire, ST5 0QW

Report of the Board

The Board presents the Aspire Housing Limited Annual Report (the 'Annual Report') and the audited financial statements for the year ended 31 March 2023.

Principal activities

The principal activities of Aspire Housing and its subsidiaries are:

- Housing for rent primarily for families who are unable to rent or buy at open market values and sheltered schemes for the elderly; as well as managing over 9,000 properties, Aspire also develops new affordable housing.
- The development of properties for affordable rented housing and low-cost home ownership.
- The provision of high-quality training and employment opportunities across both the private and public sectors.

Board Members and Executive Directors

The Board members and executive directors of Aspire Housing who served during the year and up to the date of approval of these financial statements are set out on page 3.

The Chief Executive, Sinéad Butters, is an executive director of Aspire Housing. Sinéad Butters holds no interest in the association and acts as Chief Executive within the authority delegated by the Board.

Insurance policies indemnify Board members and officers against liability when acting for Aspire Housing and its subsidiaries.

The directors are remunerated for their service, with annual reviews made of the remuneration levels to ensure that they remain appropriate.

The Board normally meets four or five times per annum and would usually have one or two away days each year.

Non-executive directors are appointed for three-year terms, although retiring directors are permitted to serve one further term on the Board. The standard period of service is six years, with annual extensions permissible to a maximum of nine years subject to Nomination and Remuneration Committee approval. The performance of Non-Executive Directors is appraised by the Chair (and in the case of the Chair, by the Vice-Chair) on an annual basis.

Executive directors' remuneration

The remuneration of the executive directors is reviewed by the Nominations and Remuneration Committee, who make recommendations to be considered and determined by the Board. In line with the requirements of the NHF Code of Governance 2020, both the remuneration and the formal contract of employment are reviewed by the Board on a minimum of a triennial basis.

Service contracts

The executive directors are employed on the same terms as other employees and their notice period is six months.

Report of the Board (continued)

Pensions

The executive directors are able to participate in the Social Housing Pension Schemes on the same terms as all other eligible staff and the Group contributes to the schemes on behalf of its employees. Non-executive directors are not eligible to participate in any group pension scheme.

Other benefits

Full details of executive remuneration are set out in note 11 to the financial statements.

Statement of compliance

The Board report and financial statements have been prepared in accordance with applicable reporting standards and legislation.

A programme of internal checks has been undertaken during the year to ensure that Aspire Housing complies with the requirements of the Regulator of Social Housing's Governance and Financial Viability Standard. The Standard was updated in 2015 and, in relation to governance, providers are expected to:

- adhere to all relevant law;
- comply with their governing documents and all regulatory requirements;
- be accountable to tenants, the regulator and relevant stakeholders;
- safeguard taxpayers' interests and the reputation of the sector;
- have an effective risk management and internal controls assurance framework; and
- protect social housing assets.

The standard also sets out the requirement to develop and maintain an effective assets and liabilities register. A steering Group consisting of senior managers within the business meets on a six-monthly basis to review the on-going maintenance and development of the register. A high level view of the current position with regards to key assets and liabilities across the organisation is presented to the Aspire Housing Board on a six monthly basis by way of further assurance.

In relation to financial viability, providers are expected to manage their resources effectively to ensure their viability is maintained whilst also ensuring that social housing assets are not put at undue risk. Appropriate steps are taken to ensure that they are not placed at risk via non-social housing activities.

Senior Managers within the organisation are asked to make a declaration at the end of each financial year to confirm that their operational areas have been managed with regards to the relevant standards and legislation. These statements then cascade upwards to underpin the Board statement on internal control. No areas of concern were raised through this process during the year.

Report of the Board (continued)

Employees

Aspire Housing is committed to ensuring that an effective framework for colleague consultation is in place, and that information on matters that concern them is effectively communicated to all colleagues and regular colleague briefings are held. The organisation recognises trade unions and regular meetings are held.

The Group is committed to Equality, Diversity and Inclusion and full and fair consideration is given to applications for employment made by all people, having regard to their particular aptitudes and abilities.

Health and Safety

The Board is aware of its responsibilities on all matters relating to health and safety. Aspire has prepared detailed health and safety policies and provides training both to colleagues and to the Board on health and safety matters. A Safety Strategy Group, chaired by the Head of Safety and Compliance, meets regularly. An independent survey of Aspire's health and safety framework has been carried out by the British Safety Council, which awarded a five-star rating.

Donations

Aspire Housing made charitable donations totalling £Nil in the year (2022: Nil).

Disclosure of information to auditor

So far as each of the directors of the Group is aware, at the time this report is approved:

- there is no relevant information which the Group auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Statement of Board's responsibilities in respect of the report of the Board and the financial statements

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

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and the association and of the income and expenditure of the Group and association for that period.

Report of the Board (continued)

Statement of Board's responsibilities in respect of the report of the Board and the financial statements (continued)

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and assess the Group and the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the Group or the association or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with 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 2019. It is responsible 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, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the association's website.

Board statement on internal control

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

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 Aspire Housing's assets and interests.

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

The Board confirms that there is an on-going process for identifying, evaluating and managing significant risks faced by Aspire Housing, which has been in place throughout the financial year and to the date of the approval of the report and financial statements. The process adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework, includes:

Report of the Board (continued)

Board statement on internal control (continued)

- Identification and evaluation of key risks
  Responsibility has been clearly defined for the identification, evaluation and management of significant risks. There is a formal and on-going process of review in each area of Aspire Housing's activities. The Executive Team is responsible for monitoring corporate risk management, other corporate maps, project risk maps and operational maps. The Audit Committee regularly reviews the application of the controls on the strategic risk map. The Board reviews the strategic risk map in its entirety, with a focus on ensuring that the risks listed are appropriate and the key ones which could prevent the successful delivery of the corporate plans. The Board also defines the risk appetite for the organisation.
- Monitoring and corrective action
  A process of control self-assessment and regular management reporting on control issues provides hierarchical assurance to successive levels of management and to the Board. The risk management framework, through the reporting of risk crystallisations, facilitates the reporting of internal control failures and ensures that corrective action is taken.
- Control environment and control procedures
  The Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues. Policies and procedures cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection. These are regularly reviewed and revised as appropriate.
- Strategy and policy with regard to fraud
  Fraud risk is monitored through the operational risk maps, with colleagues asked to identify the potential areas of weakness within their business line. The Governance Assurance partner collates the risks onto a single register, to allow for wider oversight at both a business line and group wide level. The Company Secretary then reviews the register periodically to identify any emerging themes. Fraud awareness training is provided at various levels within the organisation according to particular need. The Audit Committee has reviewed the fraud register and has reflected any relevant information in its review of internal control systems.
- Information and financial reporting systems
  The Board regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes. Financial reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years, these are also reviewed and approved by the Board.
- Independent review
  The internal control framework and the risk management process are subject to regular review by the independent internal auditor. This provides independent assurance to the Board via the Audit Committee. The Audit Committee considers internal control at each of its meetings during the year.

Aspire were regraded to a G2/V2 rating in January 2023. Whilst this is still a compliant grading, we are working through our action plan developed with the Board and we are continuing to learn from the factors that led to the regrade. The Board will continue to work closely with the Regulator of Social Housing to deliver the action plan and ensure that our control and risk framework is as robust as possible to successfully deliver our corporate aims.

Report of the Board (continued)

Board statement on internal control (continued)

The Board cannot delegate ultimate responsibility for the system of internal control but has delegated authority to the Audit Committee to regularly review the effectiveness of the system of internal control. The Audit Committee has received the Chief Executive's annual review of the effectiveness of the system of internal control for Aspire Housing, and the annual report of the internal auditor, and has reported its findings to the Board.

Going concern

When approving the financial statements, the Board is required to make an assessment of the organisation's ability to continue as a going concern. In doing this the Board needs to consider all available information about the future, which is at least, but not limited to, twelve months from the date when the financial statements are approved and signed.

The Group's business activities, together with the factors that are likely to affect its future position, performance and development, are set out within the Strategic Report. The Group shows net current liabilities of £1.5m as at 31st March 2023 due to holding minimal cash balances to minimise interest cost. The Group has in place long-term debt facilities with £90 million of undrawn facilities on 31st March 2023 which provide adequate resources to finance committed reinvestment and development programmes, along with the association's day to day operations. In 2021/22 we went to the market to refinance existing loans and raised additional finance with a private placement of £145m; this was achieved successfully at competitive rates. We used this to pay off more expensive fixed debt and variable debt. Savings will be made on interest paid over time. This private placement will also help finance our increased development activity. This will enable us to continue with our ambitions to not only reinvest in our existing homes but also to develop further new homes. We are planning to draw down the final £40m of the private placement debt in July. The Group also has a long-term financial plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants. The Business Plan is regularly tested against shocks and stresses that may negatively affect operating performance and a mitigation strategy exists to deal with such stresses should they materialise. Whilst uncertainty exists in the market such as rising inflation, supply chain issues, rising costs from the Ukraine invasion this does not pose a material uncertainty that would cast doubt on the Group and association's ability to continue as a going concern. Directors monitor such events closely and factor in such issues into future budgets and business plans. The closure of Achieve Training activity in the year crystallises the risk associated with this subsidiary. With no further costs expected, this makes the financial position of the Group stronger.

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 twelve months after the date on which the annual report and financial statements are signed. There is a cash balance of £0.4m at the year end, undrawn and available facilities of £90m and a budget and financial business plan showing a Group generating surpluses into the future and compliance with loan covenants. For this reason, it continues to adopt the going concern basis in the financial statements.

Independent external auditors

A resolution to reappoint the Group's external auditor will be proposed at July 2023 meeting of the Aspire Housing Board. BDO LLP have indicated their willingness to continue in office should a resolution concerning their reappointment be agreed at the AGM.

Report of the Board (continued)

The report of the Board, including the financial statements were approved and authorised for issue by the Board on 25th July 2023 with authority delegated to the Company Secretary to sign the report on their behalf, who subsequently signed the report on 15th September 2023:

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Paul Medford
Secretary
Kingsley, The Brampton, Newcastle-under-Lyme, Staffordshire, ST5 0QW

Independent Auditor's Report to the Members of Aspire Housing Limited

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 Aspire Housing Limited ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2023 which comprise the Group and Association statement of comprehensive income, the Group and Association statement of financial position, the Group and Association statement of changes in reserves, the Group statement of cashflows 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 are independent of the Company 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 Group's and of 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.

Independent Auditor's Report to the Members Of Aspire Housing Limited (continued)

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 Strategic Report, Report of the Board of Management, Statement of the Boards Responsibilities for the Report and Financial Statements 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 or Community Benefit Societies Act 2014 to report to you if, in our opinion:

- the Society has not kept proper books of account;
- the Society has not maintained a satisfactory system of control over its transactions;
- the financial statements are not in agreement with the Society'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 Group and 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 Group or the Association or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members Of Aspire Housing Limited (continued)

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:

Non-compliance with laws and regulations

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be the Accounting Direction for Private Registered Providers of Social Housing.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Independent Auditor's Report to the Members Of Aspire Housing Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

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

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud.

Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias; and
- Completing substantive procedures depending on revenue stream to ensure revenue has been included within the appropriate accounting period.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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.

Independent Auditor's Report to the Members Of Aspire Housing Limited (continued)

Auditor’s responsibilities for the audit of the financial statements (continued)

Use of our report

This report is made solely to the members of the Association, as a body, in accordance with 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:

Sakib Isa

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BDO LLP, Statutory Auditor
3 Hardman Street
Manchester
United Kingdom
Date 15 September 2023

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

Consolidated Statement of Comprehensive Income

For the year ended 31st March 2023

		2023			2022		
		Continued	**Discontinued**	**Total**	Continued	Discontinued	Total
	Note	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000
Turnover	4	**48,010**	**1,726**	**49,736**	49,620	4,082	53,702
Cost of sales	4	**(2,199)**	**-**	**(2,199)**	(4,952)	-	(4,952)
Operating expenditure	4	**(38,219)**	**(3,866)**	**(42,085)**	(35,150)	(5,520)	(40,670)
Surplus on disposal of housing properties	7	**2,836**	**-**	**2,836**	1,324	-	1,324
Operating surplus	8	**10,428**	**(2,140)**	**8,288**	10,842	(1,438)	9,404
Surplus/(deficit) on disposal of other fixed assets	9	**44**	**33**	**77**	(30)	9	(21)
Interest receivable and similar income	13	**476**	**-**	**476**	113	-	113
Interest payable and similar charges	14	**(8,454)**	**-**	**(8,454)**	(13,141)	-	(13,141)
Surplus/(deficit) before taxation		**2,494**	**(2,107)**	387	(2,216)	(1,429)	(3,645)
Taxation on surplus/(deficit)	15	**-**	**(48)**	**(48)**	-	(72)	(72)
Surplus/(deficit) for the financial year		**2,494**	**(2,155)**	**339**	(2,216)	(1,501)	(3,717)
Actuarial (losses)/gains on defined benefit pension scheme	29	**-**	**-**	**(231)**	-	-	4,568
Total comprehensive income for year				**108**			851

Historical cost surpluses and deficits are the same as those shown in the statement of comprehensive income.

The financial statements were approved and authorised for issue by the Board on 25th July 2023 with authority delegated to the Chair, Group CEO and Company Secretary to sign the accounts on their behalf, who subsequently signed the accounts on 15th September 2023:

DocuSigned by: Aman Dalvi
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Aman Dalvi
Chair

DocuSigned by: Sinéad Butters
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Sinéad Butters
Executive Director

DocuSigned by:
EC866982C7CA449...
Paul Medford
Secretary

The notes on page 39 to 75 form part of these financial statements.

Association Statement of Comprehensive Income

For the year ended 31st March 2023

		2023	2022
	Note	**£'000**	£'000
Turnover	4	**48,023**	49,442
Cost of sales	4	**(2,199)**	(4,952)
Operating expenditure	4	**(41,373)**	(36,234)
Surplus on disposal of housing properties	7	**2,836**	1,324
Operating surplus	8	**7,287**	9,580
Surplus/(deficit) on disposal of other fixed assets	9	**44**	(30)
Interest receivable and similar income	13	**1,034**	113
Interest payable and similar charges	14	**(8,454)**	(13,141)
Deficit before taxation		**(89)**	(3,478)
Taxation	15	**-**	-
Deficit for the financial year		**(89)**	(3,478)
Actuarial (losses)/gains on defined benefit pension scheme	29	**(231)**	4,568
Total comprehensive (loss)/income for year		**(320)**	1,090

Historical cost surpluses and deficits are the same as those shown in the statement of comprehensive income. All the results are from continuing activities.

The financial statements were approved and authorised for issue by the Board on 25th July 2023 with authority delegated to the Chair, Group CEO and Company Secretary to sign the accounts on their behalf, who subsequently signed the accounts on 15th September 2023:

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Aman Dalvi
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Aman Dalvi
Chair

DocuSigned by:
Sinéad Butters
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Sinéad Butters
Executive Director

DocuSigned by:
EC866982C7CA449...
Paul Medford
Secretary

The notes on page 39 to 75 form part of these financial statements.

Consolidated Statement of Financial Position

For the year ended 31st March 2023

	Note	**2023** £'000	2022 £'000
Fixed assets			
Intangible fixed assets	16	**-**	-
Tangible fixed assets – housing properties	17	**291,493**	271,989
Tangible fixed assets - other	18	**4,846**	6,425
		296,339	278,414
Current assets			
Properties for sale	20	**2,265**	**1,338**
Stock	21	**2,986**	**11**
Debtors – receivable within one year	22	**3,397**	**3,985**
Cash and cash equivalents		**440**	**48,360**
		9,088	**53,694**
Creditors: amounts falling due within one year	23	**(10,589)**	**(12,204)**
Net current (liabilities)/assets		**(1,501)**	**41,490**
Total assets less current liabilities		**294,838**	**319,904**
Creditors: amounts falling due after one year	24	**(248,523)**	**(273,776)**
Pension provision	29	**(701)**	**(622)**
Total net assets		**45,614**	**45,506**
Capital and reserves			
Called up share capital	31	**-**	**-**
Income and expenditure reserve		**45,614**	**45,506**
		45,614	**45,506**

The financial statements were approved and authorised for issue by the Board on 25th July 2023 with authority delegated to the Chair, Group CEO and Company Secretary to sign the accounts on their behalf, who subsequently signed the accounts on 15th September 2023:

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Aman Dalvi	Sinéad Butters	Paul Medford
Chair	**Executive Director**	**Secretary**

The notes on page 39 to 75 form part of these financial statements.

Association Statement of Financial Position

For the year ended 31st March 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Tangible fixed assets – housing properties	17	**292,072**	272,335
Tangible fixed assets - other	18	**4,846**	6,271
Fixed asset investments	19	**250**	251
		297,168	278,857
Current assets			
Properties for sale	20	**2,265**	1,338
Stock	21	**2,986**	6
Debtors – receivable within one year	22	**3,424**	5,774
Cash and cash equivalents		**191**	43,837
		8,866	50,955
Creditors: amounts falling due within one year	23	**(11,117)**	(9,401)
Net current (liabilities)/assets		**(2,251)**	41,554
Total assets less current liabilities		**294,917**	320,411
Creditors: amounts falling due after one year	24	**(248,523)**	(273,776)
Pension provision	29	**(701)**	(622)
Total net assets		**45,693**	46,013
Capital and reserves			
Called up share capital	31	**-**	-
Income and expenditure reserve		**45,693**	46,013
		45,693	46,013

The financial statements were approved and authorised for issue by the Board on 25th July 2023 with authority delegated to the Chair, Group CEO and Company Secretary to sign the accounts on their behalf, who subsequently signed the accounts on 15th September 2023:

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D0C76DA43BEE45D...
Sinéad Butters
Executive Director

DocuSigned by:
E C866982C7CA449...
Paul Medford
Secretary

The notes on page 39 to 75 form part of these financial statements.

Statement of Changes in Reserves

For the year ended 31st March 2023

	Note	Group £'000	Association £'000
Balance at 31st March 2021		44,655	44,923
Deficit for the year		(3,717)	(3,478)
Actuarial gains on defined benefit pension scheme	29	4,568	4,568
Total comprehensive income for the year		851	1,090
Balance at 31st March 2022		45,506	46,013
Surplus/(deficit) for the year		**339**	**(89)**
Actuarial losses on defined benefit pension scheme	29	**(231)**	**(231)**
Total comprehensive income/(loss) for the year		**108**	**(320)**
Balance at 31st March 2023		**45,614**	**45,693**

The notes on page 39 to 75 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31st March 2023

	2023	2022
Cash flows from operating activities	£'000	£'000
Surplus/(deficit) for the financial year	339	(3,717)
Adjustments for:		
Depreciation of fixed assets – housing properties	8,095	7,765
Depreciation of fixed assets – other	949	1,112
Impairment	-	79
Amortisation of intangible assets	-	34
Amortised grant	(706)	(682)
Interest payable and financing costs	8,290	11,794
Interest receivable	(327)	(12)
Taxation expense	48	72
Pension costs less contributions payable	(152)	(16,767)
Surplus on sale of fixed assets – housing properties	(2,836)	(1,324)
(Deficit)/surplus on sale of fixed assets - other	(77)	21
(Decrease)/increase in properties for outright sale	(927)	1,219
Decrease/(increase) in stock	9	(11)
Decrease/(increase) in debtors	540	(292)
(Decrease)/increase in creditors	(1,197)	2,063
Cash from operations		
Taxation received	-	-
Net cash generated from operating activities	12,048	1,354
Cash flows from investing activities		
Proceeds from sale of fixed assets – housing properties	3,477	3,126
Proceeds from sale of fixed assets - other	174	233
Purchase of fixed assets – housing properties	(30,640)	(35,043)
Purchase of fixed assets - other	(717)	(612)
Receipt of grant	4,480	2,172
Interest received	327	12
Net cash used in investing activities	(22,899)	(30,112)
Cash flows from financing activities		
Interest paid	(8,157)	(11,467)
Loans repaid	(58,285)	(47,042)
New loans - bank	29,373	123,862
Net cash (used in)/ generated from financing activities	(37,069)	65,353
Net (decrease)/increase in cash and cash equivalents	(47,920)	36,595
Cash and cash equivalents at beginning of year	48,360	11,765
Cash and cash equivalents at end of year	440	48,360

The notes on page 39 to 75 form part of these financial statements.

Notes forming part of the financial statements

1. Legal Status

The association is registered with the Financial Conduct Authority under the Co-operative and Community Benefits Societies Act 2014 (registration number 31218R) and is registered with the Regulator of Social Housing as a social housing provider (registration number L4238). 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 Aspire Housing Limited includes the Cooperative 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" and the Accounting Direction for Private Registered Providers of Social Housing 2022.

The accounts are prepared under the historical cost basis. 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.

Disclosure exemptions

In preparing the separate financial statements of the parent association, 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 association would be identical;
- no cash flow statement has been presented for the parent association;
- disclosures in respect of the parent association's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole; and
- no disclosure has been given for the aggregate remuneration of the key management personnel of the parent association 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 Aspire Housing Limited and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated Statement of Comprehensive Income from the date on which control is obtained.

2. Accounting Policies (continued)

Going concern

When approving the financial statements, the Board is required to make an assessment of the organisation's ability to continue as a going concern. In doing this the Board needs to consider all available information about the future, which is at least, but not limited to, twelve months from the date when the financial statements are approved and signed.

The Group's business activities, together with the factors that are likely to affect its future position, performance and development, are set out within the Strategic Report. The Group shows net current liabilities of £1.5m as at 31st March 2023 due to holding minimal cash balances to minimise interest cost. The Group has in place long-term debt facilities with £90 million of undrawn facilities on 31st March 2023 which provide adequate resources to finance committed reinvestment and development programmes, along with the association's day to day operations. In 2021/22 we went to the market to refinance existing loans and raised additional finance with a private placement of £145m; this was achieved successfully at competitive rates. We used this to pay off more expensive fixed debt and variable debt. Savings will be made on interest paid over time. This private placement will also help finance our increased development activity. This will enable us to continue with our ambitions to not only reinvest in our existing homes but also to develop further new homes. We are planning to draw down the final £40m of the private placement debt in July. The Group also has a long-term financial plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants. The Business Plan is regularly tested against shocks and stresses that may negatively affect operating performance and a mitigation strategy exists to deal with such stresses should they materialise. Whilst uncertainty exists in the market such as rising inflation, supply chain issues, rising costs from the Ukraine invasion this does not pose a material uncertainty that would cast doubt on the Group and association's ability to continue as a going concern. Directors monitor such events closely and factor in such issues into future budgets and business plans. The closure of Achieve Training activity in the year crystallises the risk associated with this subsidiary. With no further costs expected, this makes the financial position of the Group stronger.

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 twelve months after the date on which the annual report and financial statements are signed. There is a cash balance of £0.4m at the year end, undrawn and available facilities of £90m and a budget and financial business plan showing a Group generating surpluses into the future and compliance with loan covenants. For this reason, it continues to adopt the going concern basis in the financial statements.

Turnover and revenue recognition

Turnover comprises rent and service charge income receivable in the year, income from shared ownership first tranche sales, sales of properties built for sale, other services included at the invoiced value (excluding VAT) of goods and services supplied in the year, revenue grants receivable in the year, donations and fund-raising activities.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. Service charge income is recognised when expenditure is incurred. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met.

Revenue is recognised at the point the Group has fulfilled its obligations in accordance with contractual terms. Any clawback of contract income in respect of the period is deducted from income and is recognised as a liability. Donations and fund-raising income are recognised at the point that invoices are raised whilst other income is recognised at the point of receipt.

2. Accounting Policies (continued)

Turnover and revenue recognition (continued)

The total turnover of the Group for the year has been derived from its principal activities wholly undertaken in the UK.

Management of units owned by others

Management fees receivable and reimbursed expenses are shown as income and included in management fees receivable. Costs of carrying out the management contracts and rechargeable expenses are included in operating costs.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge 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 charge for taxation is based on surpluses arising on certain activities which are liable to tax.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date where transactions or events have occurred at that date resulting in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the Statement of Financial Position date.

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. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Loan finance issue costs

Loan finance costs are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income account in the year in which the redemption took place.

2. Accounting Policies (continued)

Pensions

The Group participates in a defined benefit pension scheme, the Social Housing Pension Scheme (SHPS). which provide benefits based on career average pensionable pay. The assets of both schemes are invested and managed independently of the Group. The difference between the fair value of the assets held in the Group's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the Group's Statement of Financial Position sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the Group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

A decision was made to close both SCCPF fund and SHPS to future accrual effective from 30 April 2021. This decision was made by the Board following consultation with members. Following this decision negotiations with SCCPF concluded a cessation valuation which was paid during the year. See note 29 for further details.

The Group also operates a defined contribution plan for all new employees under which the Group pays fixed contributions into the SHPS auto enrolment scheme and has no legal or constructive obligation to pay further amounts. Obligations for contributions to the defined contribution pension plan are shown as an operating expense in the surplus for the year during which the services are rendered by employees.

Holiday pay accrual

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

Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal to a formal detailed plan to terminate employment.

Housing properties

Housing properties, principally properties held for rent and held for social benefit, constructed or acquired (including land) on the open market are stated at cost less depreciation and impairment (where applicable). The cost of housing land and property includes the cost of acquiring land and buildings, development costs, directly attributable administration costs and expenditure incurred in respect of improvements which comprise the modernisation and extension of existing properties.

2. Accounting Policies (continued)

Housing properties (continued)

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. 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 Property, Plant and Equipment 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 cost plus any uplift at the date of acquisition.

Gains and losses on disposals of housing properties are determined by comparing the proceeds with the carrying amount and incidental costs of sales and recognised within gain/loss on disposal of fixed assets in the Statement of Comprehensive Income.

Depreciation of housing properties

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

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 on a straight-line basis as follows:

Description	Economic useful life (years)
Structure	60
Aerials	20
Showers	30
Central heating	30
Boilers	12 to 15
Energy efficiency	30
Roofs	50
Kitchens	20
Sound insulation	30
Bathrooms	30
Rewires	30
Windows and doors	40
Lifts	30

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last reporting date in the pattern by which the Group expects to consume an asset's future economic benefit.

2. Accounting Policies (continued)

Other properties

Commercial premises, shops and garages are classified as held for social benefit and are accounted for on this basis for reporting purposes.

Shared ownership properties 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 up to 100% based on the market valuation of the property at the time each purchase transaction is completed.

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 Property Plant and Equipment and included in completed housing property at cost less any provision for impairment. Sales of subsequent tranches are treated as a part disposal of Property Plant and Equipment. 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 shared ownership accommodation that the Group is responsible for, the policy is 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.

The Group has an asset management strategy which includes disposal of housing properties, land and other housing related assets where it is economically or strategically advantageous to do so. The net proceeds of sale are used for the re-provision of social housing properties or reinvestment in making existing stock fit for long term future use.

Other tangible fixed assets

Other tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated depreciation and any accumulated impairment losses. Historical 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.

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.

2. Accounting Policies (continued)

Depreciation of other tangible fixed assets

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 buildings	30
Shops	40
Garages	30
Furniture, fixtures and fittings	7
Plant and equipment	7
Computers and office equipment	3
Homeworking equipment	5
Second Hand Plant and equipment	1-6
Second Hand Computers and office equipment	1
Second Hand Vehicles	2

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

Social housing grant, from Homes England, received 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 Statement of Financial Position and released to the Statement of Comprehensive Income 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 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 Statement of Comprehensive Income.

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.

2. Accounting Policies (continued)

Other grants

Grants received in respect of revenue expenditure are credited to the Statement of Comprehensive Income in the same period as the expenditure to which they relate. Capital grants are held as a deferred asset (income) on the Statement of Financial Position and amortised to the Statement of Comprehensive Income over the life of the property to which it relates.

Recycled Capital Grant Fund

On the occurrence of certain relevant events, primarily the sale of dwellings, Homes England can direct the Group 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 Homes England 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 Statement of Financial Position under "creditors due after more than one year". The remainder is disclosed under "creditors due within one year".

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Impairment of fixed assets and goodwill

The housing property portfolio for the Group is assessed for indicators of impairment at each Statement of Financial Position date. Where indicators are identified then 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.

The Group defines cash generating units as schemes except where its schemes are not sufficiently large enough in size or where it is geographically sensible to group schemes into larger cash generating units. Where the recoverable amount of an asset or cash generating unit is lower than its carrying value, an impairment is recognised in the Statement of Comprehensive Income immediately.

2. Accounting Policies (continued)

Stock

Stock represents work in progress and completed properties, 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. On disposal, sales proceeds are included in turnover and the costs of sales, including costs incurred in the development of the properties, marketing and other incidental costs are included in operating expenses. An assessment of whether there is any impairment is made at each reporting date. Where an impairment loss is identified, it is immediately recognised in the Statement of Comprehensive Income.

Financial instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method, less any impairment losses. Any losses arising from impairment are recognised in the income statement in other operating expenses.

The Group estimates the recoverable value of rental and other receivables and impairs the debtor by appropriate amounts. The Group has made arrangement with individuals and households for arrears payments of rent and service charges. These arrangements are effectively loans granted at nil interest rate.

All loans, investments and short-term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost using the effective interest rate method, less any impairment losses. Loans and investments that are payable or receivable within one year are not discounted.

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 in the Group's Statement of Financial Position consists of cash at bank, in hand, deposits and short-term investments with an original maturity of three months or less. The Group has also identified some investments, which meet the definition of cash and cash equivalents but are restricted in their use; these investments have been classified as restricted cash equivalents.

3. Accounting Policies (continued)

Leased assets

All leases are treated as operating leases. Rentals receivable or payable under the agreements are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Ring-fenced funds

Unexpended amounts collected from leaseholders for major repairs on leasehold schemes and from other housing schemes under agreements where the income and expenditure is ring-fenced to the scheme itself and may be repayable are included in creditors. Interest is applied to balances as required by any agreement.

Reserves

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

3. Significant Judgements and Estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Housing properties

In determining the intended use, the Group has considered if assets are held for social benefit or to earn commercial rentals. The Group has determined that all housing properties are held for social benefit. The useful depreciable lives of each component of social benefit housing properties are reviewed at each reporting date and compared to actual performance to ensure the assumed lives remain appropriate. A review each year seeks to ensure that the useful economic lives, remaining term and component splits are applied consistently.

Other tangible fixed assets

Other tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The estimates of useful life for the different component types and assets are detailed above. They are estimated on sector averages and the opinion of experienced asset practitioners. A review each year seeks to ensure that the useful economic lives and remaining terms are applied consistently.

3. Significant Judgements and Estimates (continued)

Impairment

Reviews for impairment of housing properties are carried out when an indication of impairment exists. Indications for a review of impairment are examples of the following:

- changes in the market, economic or legal, including regulatory, environment in which the Group operates - for example the 2015 rent policy which resulted in a material impact on the net income collected in the future for housing properties; and
- changes in the rate of return from housing properties (demand and asset management reviews including the additional fire safety investment expenditure following the Grenfell Disaster) or a material reduction in market values.

Any impairment review is conducted at the scheme level i.e. the cash generating unit. The judgement this year is that there have been no triggers to impairment. This judgement is based on a re-let repairs contract at lower cost, improved procurement leading to lower component replacement costs, improved rental income outlook based on recent government statements, and no deterioration in underlying void and arrears performance. Economic risks are not expected to have a long-term effect on carrying values. The implications of the current economic conditions have been considered and whilst there is likely to be a short-term impact on some of the financial metrics these are not considered to be triggers for impairment.

Basic financial instruments

The assessment of certain loans and interest rate fixes as basic financial instruments requires judgement. Such instruments have been reviewed in detail and have been assessed as basic because key clauses indicate that funders will not suffer a loss on breakage. In addition, such instruments are only entered into by the Group in order to give budgetary and cash flow certainty; they are not entered into for trading purposes.

Bad debt

A bad debt provision is held in the accounts to counter the risk of failure to recover current and former tenants rent and service charge arrears and trade debtors. A judgement is made whether it is likely that a debt will be recovered, despite actions by the income management and finance teams. Therefore, based on previous practice and knowledge of debt recovery a provision is estimated.

Pension and other post-employment benefits

The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and long-term nature of these plans, such estimates are subject to considerable uncertainty and the Group relies on the expert input of actuaries and accepts the estimations they use are reasonable. The key assumptions are as follows:

Assumptions	**SHPS**
Inflation (CPI)	4.8%
Rate of discount on the scheme	3.1%
Rate of salary increase	2.8%
Rate of increase in pensions	2.8%
Life expectancy male non-pensioner	21.0 years
Life expectancy female non-pensioner	23.4 years
Life expectancy male pensioner	22.2 years
Life expectancy female pensioner	24.9 years

Full details are disclosed in the pensions costs note 29.

4. Turnover, Cost of Sales, Operating Expenditure and Operating Surplus – Group

	2023			
	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Operating surplus £'000
Social housing lettings	**43,198**	**-**	**(36,007)**	**7,191**
Other social housing activities				
First tranche low-cost home ownership sales	**3,108**	**(2,199)**	**-**	**909**
Other	**712**	**-**	**(1,394)**	**(682)**
Total social housing activities	**47,018**	**(2,199)**	**(37,401)**	**7,418**
Non-social housing activities				
Lettings	**992**	**-**	**(808)**	**184**
Achieve Training	**1,726**	**-**	**(3,866)**	**(2,140)**
Durata Development	**-**	**-**	**(10)**	**(10)**
Total non-social housing	**2,718**	**-**	**(4,684)**	**(1,966)**
Surplus on disposal of housing properties	**-**	**-**	**-**	**2,836**
	49,736	**(2,199)**	**(42,085)**	**8,288**

	2022			
	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Operating surplus £'000
Social housing lettings	41,122	-	(32,712)	8,410
Other social housing activities				
First tranche low-cost home ownership sales	6,992	(4,952)	-	2,040
Other	341	-	(886)	(545)
Total social housing activities	48,455	(4,952)	(33,598)	9,905
Non-social housing activities				
Lettings	974	-	(1,198)	(224)
Amortisation of goodwill	-	-	(34)	(34)
Achieve Training	4,082	-	(5,486)	(1,404)
The Realise Foundation	191	-	(346)	(155)
Durata Development	-	-	(8)	(8)
Total non-social housing	5,247	-	(7,072)	(1,825)
Surplus on disposal of housing properties	-	-	-	1,324
	53,702	(4,952)	(40,670)	9,404

4. Turnover, Cost of Sales, Operating Expenditure and Operating Surplus – Association

	2023			
	Turnover	**Cost of sales**	**Operating expenditure**	**Operating surplus**
	£'000	**£'000**	**£'000**	**£'000**
Social housing lettings	**43,198**	**-**	**(36,007)**	**7,191**
Other social housing activities				
First tranche low-cost home ownership sales	**3,108**	**(2,199)**	**-**	**909**
Other	**725**	**-**	**(1,394)**	**(669)**
Total social housing activities	**47,031**	**(2,199)**	**(37,401)**	**7,431**
Non-social housing activities				
Lettings	**992**	**-**	**(808)**	**184**
Impairment of investment in subsidiary	**-**	**-**	**(3,164)**	**(3,164)**
Total non-social housing	**992**	**-**	**(3,972)**	**(2,980)**
Surplus on disposal of housing properties	**-**	**-**	**-**	**2,836**
	48,023	**(2,199)**	**(41,373)**	**7,287**

	2022			
	Turnover	Cost of sales	Operating expenditure	Operating surplus
	£'000	£'000	£'000	£'000
Social housing lettings	41,122	-	(32,712)	8,410
Other social housing activities				
First tranche low-cost home ownership sales	6,992	(4,952)	-	2,040
Other	354	-	(886)	(532)
Total social housing activities	48,468	(4,952)	(33,598)	9,918
Non-social housing activities				
Lettings	974	-	(1,198)	(224)
Impairment of investment in subsidiary	-	-	(1,438)	(1,438)
Total non-social housing	974	-	(2,636)	(1,662)
Surplus on disposal of housing properties	-	-	-	1,324
	49,442	(4,952)	(36,234)	9,580

5. Income and Expenditure from Social Housing Lettings

	Group and Association				
	General needs £'000	Housing for older people £'000	Low-cost home ownership £'000	2023 £'000	2022 £'000
Income					
Rent receivable net of identifiable service charges and voids	**35,837**	**2,112**	**1,380**	**39,329**	37,334
Service charge income	**1,722**	**1,389**	**52**	**3,163**	3,106
Amortised government grants	**469**	**154**	**83**	**706**	682
Turnover from social housing lettings	**38,028**	**3,655**	**1,515**	**43,198**	41,122
Expenditure					
Management	**(9,358)**	**(552)**	**(360)**	**(10,270)**	(9,352)
Service charge costs	**(1,974)**	**(1,592)**	**(60)**	**(3,626)**	(3,364)
Routine maintenance	**(7,577)**	**(447)**	**(291)**	**(8,315)**	(6,790)
Planned maintenance	**(5,027)**	**(296)**	**(194)**	**(5,517)**	(5,350)
Bad debts	**(236)**	**-**	**-**	**(236)**	(141)
Depreciation of housing properties	**(7,329)**	**(432)**	**(282)**	**(8,043)**	(7,715)
Operating expenditure on social housing lettings	**(31,501)**	**(3,319)**	**(1,187)**	**(36,007)**	(32,712)
Operating surplus on social housing lettings	**6,527**	**336**	**328**	**7,191**	8,410
Void losses	**601**	**172**	**-**	**773**	452

6. Accommodation in Management

	Group and Association			
	As at 1 April 2022 No.	Additions and transfers in No.	Disposals and transfers out No.	**As at 31 March 2023 No.**
Social housing				
General housing – social rent	7,405	5	(41)	**7,369**
General housing – affordable rent	768	52	(6)	**814**
General housing – housing for older people	543	89	-	**632**
General housing – temporary accommodation	-	7	-	**7**
Low-cost home ownership	464	24	(10)	**478**
Total owned	9,180	177	(57)	**9,300**
Accommodation managed by others	(2)	-	-	**(2)**
Accommodation managed for others	47	-	-	**47**
Total managed	9,225	177	(57)	**9,345**
Leaseholders	268	2	(2)	**268**

Properties managed on behalf of others relate to management contracts only and the third-party organisations own the properties and the associated risks and rewards.

7. Surplus on Disposal of Housing Properties

	Group and Association				
	Shared ownership staircasing £'000	**Right-to-Buy and Right-to-Acquire £'000**	**Asset management disposals £'000**	**2023 £'000**	2022 £'000
Housing properties					
Disposal proceeds	967	1,676	1,403	**4,046**	3,473
Cost of disposals	(508)	(332)	(237)	**(1,077)**	(1,549)
Selling costs	(9)	(15)	(190)	**(214)**	(190)
Grant released/(repaid)	8	(408)	481	**81**	(410)
	458	921	1,457	**2,836**	1,324

8. Operating Surplus

This is arrived at after charging

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Depreciation of housing properties	**8,095**	7,765	**8,095**	7,765
Depreciation of other tangible fixed assets	**947**	1,112	**915**	988
Impairment of housing properties	**-**	-	**-**	-
Impairment of other tangible fixed assets	**-**	79	**-**	-
Amortisation of intangible assets	**-**	34	**-**	-
Operating lease charges:				
land and building	**137**	132	**47**	37
vehicles	**635**	532	**491**	290
plant and equipment	**26**	51	**16**	31
Auditors' remuneration (excluding VAT):				
audit of financial statements	**48**	27	**48**	27
audit of financial statements of Group subsidiaries	**4**	18	**-**	-
fees for tax computations	**10**	6	**4**	3
fees for tax advice	**12**	12	**12**	12
fees for non-audit services	**-**	-	**-**	-

9. Surplus/(loss) on Disposal of Other Fixed Assets

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Disposal proceeds	**100**	240	**63**	204
Cost of disposals	**(23)**	(261)	**(19)**	(234)
	77	(21)	**44**	(30)

10. Employees

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Staff costs (including Executive Management Team) consist of:				
Wages and salaries	**15,263**	14,584	**12,689**	11,204
Social security costs	**1,508**	1,409	**1,286**	1,114
Pension costs	**1,118**	1,834	**1,050**	1,717
	17,889	17,827	**15,025**	14,035

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:

10. Employees (continued)

	Group		Association	
	2023	2022	**2023**	2022
	No.	No.	**No.**	No.
Operations - Housing	**121**	111	**121**	111
Operations - Maintenance	**154**	129	**154**	129
Resources – Central Administration	**98**	103	**98**	103
Achieve	**84**	136	**-**	-
	457	479	**373**	343

The full-time equivalent number of staff who received remuneration from £60,000 upwards (including those who received settlement payments for loss of office) were as follows:

	Group		Association	
	2023	2022	**2023**	2022
	No.	No.	**No.**	No.
£60,001 to £70,000	**7**	8	**6**	**8**
£70,001 to £80,000	**5**	5	**5**	**5**
£80,001 to £90,000	**3**	4	**3**	**4**
£90,001 to £100,000	**4**	4	**4**	**4**
£100,001 to £110,000	**1**	-	**1**	**-**
£110,001 to £120,000	**-**	2	**-**	**2**
£120,001 to £130,000	**2**	2	**2**	**2**
£130,001 to £140,000	**1**	1	**1**	**1**
£140,001 to £150,000	**3**	-	**3**	**-**
£150,001 to £160,000	**-**	-	**-**	**-**
£180,001 to £190,000	**1**	1	**1**	**1**
£190,001 to £200,000	**1**	-	**1**	**-**
£200,001 to £210,000	**1**	-	**1**	**-**

11. Directors' and Senior Executive Remuneration

The directors are defined as the members of the Board of Management, the Chief Executive and the Executive Management Team disclosed on page 3.

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Executive directors' emoluments	**844**	727	**844**	727
Pension contributions	**49**	68	**49**	68
Compensation for loss of office	**120**	-	**120**	-
Amounts paid to non-executive directors	**95**	109	**74**	69
	1,108	904	**1,087**	864

11. Directors' and Senior Executive Remuneration (continued)

Pension contributions are made into defined benefit contribution for all executive directors.

The total amount payable to the Chief Executive in respect of emoluments was £181,000 (2022: £180,000). Pension contributions of £nil (2022: £14,000) were made to a defined contribution pension scheme on her behalf. With effect from 1st January 2022 a pension contribution cash alternative of 10% of basic salary, less the Employer NI contribution has been applied in line with the Pension Contributions Cash Alternative Policy. Any pension entitlement of the Chief Executive is identical to those of other members and no enhanced or special terms apply.

The highest paid director had emoluments in the year (which included contractual compensation) of £206,000 including pension contributions of £7,000. In 2022 the highest paid director was the Chief Executive.

12. Board Members

	Remuneration	Member of Group Board	Member of Subsidiary Board	Member of Audit Committee	Member of Nominations and Remuneration Committee
	£'000				
Aman Dalvi (Chair)	**16**	✓			✓
Maqsood Ahmad	**3**		✓		
Marina Barrett	**5**	✓		✓	
John Capper	**3**			✓	
Neale Clifton	**5**	✓			
David Hunter	**7**	✓	✓		✓
Mike Lawton	**8**	✓			
Alasdair Macarthur	**9**	✓		✓	
Paul Northcott	**5**	✓			
Barry Pitts	**4**		✓		
Ian Ridgway	**5**	✓			
Elizabeth Shenton	**3**		✓		
Martin Townsend	**3**			✓	
Sarah Tudor	**3**		✓		
Jenny Danson	**5**	✓			✓
Mohammed Ramzan	**3**		✓		
Elizabeth Barnes	**9**	✓	✓		
	96				

Expenses paid to non-executive directors during the year were £5,608 (2022: £200).

13. Interest Receivable and Similar Income

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Interest receivable and similar income	**327**	12	**327**	12
Interest income on net defined benefit plan assets	**149**	101	**149**	101
Income from the closure of Realise	**-**	-	**558**	-
	476	113	**1,034**	113

During the early part of the year Group made a decision to close our Realise charity and retire the Realise brand, moving activities into Aspire Housing. At the date of closure, realise was in net asset position and therefore, these assets have been transferred to aspire housing resulting in an income of £558k during the year.

14. Interest Payable and Similar Charges

	Group and Association	
	2023	2022
	£'000	£'000
Bank loans and overdrafts	**3,968**	5,473
Other loans	**4,158**	2,721
Breakage costs	**-**	3,178
Loan fees amortised	**107**	403
Recycled capital grant fund	**2**	2
Interest expense on net defined benefit liability	**164**	1,347
Other finance costs	**55**	17
	8,454	13,141

We went to the market in 2021/22 to refinance existing loans and raised additional finance with a private placement of £145m; this was achieved successfully at competitive rates. We used this to pay off more expensive fixed debt and variable debt. This has resulted in £3m of breakage costs in 2022.

15. Taxation

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
UK corporation tax				
Current tax on surplus for the year	**-**	-	**-**	-
Adjustment in respect of prior periods	**-**	-	**-**	-
Total current tax charge	**-**	-	**-**	-
Deferred tax				
Origination and reversal of timing differences	**48**	95	**-**	-
Adjustment in respect of prior period	**-**	(23)	**-**	-
	48	72	**-**	-
Taxation on surplus on ordinary activities	**48**	72	**-**	-

15. Taxation (continued)

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

	Group		Association	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Surplus/(deficit) on ordinary activities before tax	**339**	(3,717)	**(89)**	(3,478)
Surplus/(deficit) on ordinary activities at the standard rate of corporation tax in the UK of 19% (2022: 19%)	**64**	(706)	**(17)**	(661)
Effects of				
Charitable exemptions	**(366)**	474	**75**	669
Utilisation of tax losses from Group relief	**-**	-	**(58)**	(8)
Depreciation in excess of capital allowances	**2**	9	**-**	-
Tax losses carried forward	**-**	(4)	**-**	-
Adjustment to tax charge in respect of previous periods	**-**	(18)	**-**	-
Movement in deferred tax not recognised	**(274)**	317	**-**	-
Losses eliminated	**622**	-	**-**	-
Total tax charge for period	**48**	72	**-**	-

16. Intangible Fixed Assets - Group

	Goodwill on consolidation £'000
Cost	
At 1 April 2022	2,291
At 31 March 2023	2,291
Amortisation	
At 1 April 2022	(2,291)
Charge for the year	-
At 31 March 2023	(2,291)
Net book value	
At 31 March 2023	**-**
At 31 March 2022	-

16. Intangible Fixed Assets – Group (continued)

Goodwill arising on consolidation is being amortised over the directors' estimate of its useful life of 10 years. This estimate is based on a variety of factors such as the long-term strategic benefit of the entities acquired, the cash earning potential of the businesses and the expected useful life of the cash generating units to which the goodwill is attributed.

17. Tangible Fixed Assets – Housing Properties

	Group				
	General needs completed	General needs under construction	Low-cost home ownership completed	Low-cost home ownership under construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2022	296,747	24,238	27,754	497	349,236
Additions – construction costs	-	19,033	-	4,556	23,589
Additions – improvement works	8,901	-	-	-	8,901
Reclassification of properties	(988)	(746)	-	-	(1,734)
Completed schemes	24,430	(24,430)	1,616	(1,616)	-
Transfer to properties held for sale	-	-	(48)	(1,618)	(1,666)
Disposals	(2,991)	(414)	(541)	-	(3,946)
At 31 March 2023	326,099	17,681	28,781	1,819	374,380
Depreciation					
At 1 April 2022	(76,052)	-	(1,195)	-	(77,247)
Charge for year	(7,773)	-	(322)	-	(8,095)
Eliminated on disposals	2,423	-	32	-	2,455
At 31 March 2023	(81,402)	-	(1,485)	-	(82,887)
Net Book Value					
At 31 March 2023	**244,697**	**17,681**	**27,296**	**1,819**	**291,493**
At 31 March 2022	220,695	24,238	26,559	497	271,989

17. Tangible Fixed Assets – Housing Properties (continued)

	Association				
	General needs completed £'000	General needs under construction £'000	Low-cost home ownership completed £'000	Low-cost home ownership under construction £'000	Total £'000
Cost					
At 1 April 2022	297,093	24,238	27,754	497	349,582
Additions – construction costs	-	19,266	-	4,556	23,822
Additions – improvement works	8,901	-	-	-	8,901
Reclassification of properties	(988)	(746)	-	-	(1,734)
Completed schemes	24,663	(24,663)	1,616	(1,616)	-
Transfer to properties held for sale	-	-	(48)	(1,618)	(1,666)
Disposals	(2,991)	(414)	(541)	-	(3,946)
At 31 March 2023	326,678	17,681	28,781	1,819	374,959
Depreciation					
At 1 April 2022	(76,052)	-	(1,195)	-	(77,247)
Charge for year	(7,773)	-	(322)	-	(8,095)
Eliminated on disposals	2,423	-	32	-	2,455
At 31 March 2023	(81,402)	-	(1,485)	-	(82,887)
Net Book Value					
At 31 March 2023	**245,276**	**17,681**	**27,296**	**1,819**	**292,072**
At 31 March 2022	221,041	24,238	26,559	497	272,335

	Group and Association	
	2023 £'000	2022 £'000
The net book value of housing properties may be further analysed as:		
Freehold	**280,321**	261,059
Long leasehold	**11,172**	10,930
	291,493	271,989

	Group and Association	
	2023 £'000	2022 £'000
Works to properties:		
Improvements to existing properties capitalised	**8,901**	5,915
Major repairs expenditure to Statement of Comprehensive Income	**5,517**	5,350
	14,418	11,265

17. Tangible Fixed Assets – Housing Properties (continued)

	Group and Association	
	2023	2022
	£'000	£'000
Total Social Housing Grant received or receivable to date is as follows:		
Capital grant – housing properties	**45,705**	40,229
Recognised in the Statement of Comprehensive Income	**8,393**	7,687
	54,098	47,916

18. Tangible Fixed Assets – Other

	Group					
	Freehold property	**Leasehold property**	**Shops and garages**	**Computers and office equipment**	**Plant and equipment and motor vehicles**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost						
At 1 April 2022	4,188	194	4,633	3,774	1,112	13,901
Additions	395	-	-	98	224	717
Reclassification of Current assets	(1,440)	-	-	-	-	(1,440)
Disposals	-	(138)	(35)	(592)	(66)	(831)
At 31 March 2023	3,143	56	4,598	3,280	1,270	12,347
Depreciation						
At 1 April 2022	(1,298)	(145)	(2,357)	(2,733)	(943)	(7,476)
Charge for year	(144)	(7)	(116)	(608)	(74)	(949)
Reclassification of Current assets	116	-	-	-	-	116
Eliminated on disposals	-	138	20	595	55	808
At 31 March 2023	(1,326)	(14)	(2,453)	(2,746)	(962)	(7,501)
Net Book Value						
At 31 March 2023	**1,817**	**42**	**2,145**	**534**	**308**	**4,846**
At 31 March 2022	2,890	49	2,276	1,041	169	6,425

18. Tangible Fixed Assets – Other (continued)

As part of the managed close down of Achieve Training any remaining assets were sold externally or internally to Aspire Housing where the activity was transferred. An impairment review was carried out on assets held by Achieve Training in 2021/22 triggered by the decision to close the business activity and keep the company dormant. The recoverable amount was taken to be the higher of the fair value less costs to sell or the value in use of an asset. Where the carrying amount was greater than the recoverable amount, an impairment loss of the difference between the two, has been taken to the income and expenditure account and a corresponding entry is made to reduce the carrying value of the asset. An impairment charge made in 2022 was £79k.

	Association					
	Freehold property	**Leasehold property**	**Shops and garages**	**Computers and office equipment**	**Plant and equipment and motor vehicles**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost						
At 1 April 2022	4,188	56	4,633	3,623	756	13,256
Additions	395	-	-	105	333	833
Reclassification of Current assets	(1,440)	-	-	-	-	(1,440)
Disposals	-	-	(35)	(483)	-	(518)
At 31 March 2023	3,143	56	4,598	3,245	1,089	12,131
Depreciation						
At 1 April 2022	(1,298)	(7)	(2,357)	(2,586)	(737)	(6,985)
Charge for year	(144)	(7)	(116)	(604)	(44)	(915)
Reclassification of Current assets	116	-	-	-	-	116
Eliminated on disposals	-	-	20	479	-	499
At 31 March 2023	(1,326)	(14)	(2,453)	(2,711)	(781)	(7,285)
Net Book Value						
At 31 March 2023	**1,817**	**42**	**2,145**	**534**	**308**	**4,846**
At 31 March 2022	2,890	49	2,276	1,037	19	6,271

19. Fixed Asset Investments - Association

	Subsidiaries
	£'000
Cost	
At 1 April 2022	3,472
Investment in Achieve	3,262
At 31 March 2023	**6,734**
Impairment	
At 1 April 2022	(3,221)
Charge for year	(3,263)
At 31 March 2023	**(6,484)**
Net Book Value	
At 31 March 2023	**250**
At 31 March 2022	1,689

During the current year, the association has recognised an impairment loss of £3,262,000 (2022: £1,438,000) in respect of its investment in Achieve Training (Staffordshire) Limited. In May 2022 Aspire Housing invested £1,000,000 into Achieve and subsequently waived £2,262,000 of intercompany debt resulting in the investment in the year of £3,262,000. The subsidiary is in the process of a managed closedown. See note 37 the post balance sheet events which relate to Achieve Training (Staffordshire) Limited. As a result of the business ceasing activity the value of the investment has been impaired to £nil.

The subsidiaries in which the association has an interest in are as follows:

Name	Country of incorporation	Proportion of voting rights / ordinary share capital held	Nature of business	Nature of entity	Status of the Company
Durata Development Limited	England	100%	Professional and construction services	Incorporated company	Active
Achieve Training (Staffordshire) Limited	England	100%	Employment and training	Incorporated company	Activity winding down
Incana Sales Limited	England	100%	Outright sales	Incorporated company	Dormant

20. Properties for Sale

	Group and Association	
	2023	2022
	£'000	£'000
Renew property	**103**	103
Low-cost homes ownership – completed	**350**	744
Low-cost home ownership – work in progress	**1,812**	491
	2,265	1,338

The above assets are held on the Statement of Financial Position at the lower of cost or net realisable value.

21. Stock

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Work in progress	**2,984**	-	**2,984**	-
Raw materials and consumables	**2**	11	**2**	6
	2,986	11	**2,986**	6

22. Debtors

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Due within one year				
Rent and service charge arrears	**1,957**	1,949	**1,957**	1,949
Less: provision for doubtful debts	**(1,229)**	(1,176)	**(1,229)**	(1,176)
	728	773	**728**	773
Trade debtors	**77**	473	**77**	227
Amounts owed by Group undertakings	**-**	-	**102**	2,619
Other debtors	**386**	640	**311**	519
Prepayments and accrued income	**2,206**	2,051	**2,206**	1,636
Deferred tax asset	**-**	48	**-**	-
	3,397	3,985	**3,424**	5,774

Amounts owed by Group undertakings are repayable on demand and do not attract interest.

23. Creditors: Amounts Falling Due Within One Year

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Trade creditors	**1,453**	956	**1,418**	854
Rent and service charges received in advance	**1,575**	1,855	**1,575**	1,855
Amounts owed to Group undertakings	**-**	-	**1,922**	396
Taxation and social security	**443**	499	**433**	434
Other creditors	**1,490**	1,993	**924**	1,188
Deferred capital grant (note 26)	**800**	728	**800**	728
Right-to-buy creditor	**533**	410	**533**	410
Renew recycled grant	**-**	103	**-**	103
Accruals and deferred income	**3,525**	5,021	**2,742**	2,794
Accrued interest	**770**	639	**770**	639
	10,589	12,204	**11,117**	9,401

Amounts owed to Group undertakings are repayable on demand and do not attract interest.

24. Creditors: Amounts Falling Due After One Year

	Group and Association	
	2023	2022
	£'000	£'000
Loans and borrowings (note 25)	**205,000**	233,285
Loan issue costs	**(2,333)**	(1,813)
	202,667	231,472
Deferred capital grant (note 26)	**44,905**	39,658
Recycled capital grant fund (note 27)	**511**	498
Voluntary right-to-buy fund	**88**	1,892
Sinking fund balances	**352**	256
	248,523	273,776

25. Loans and Borrowings

	Group and Association		
	Bank loans £'000	**Other loans £'000**	**2023 £'000**
Loans maturity of debt:			
In one year or less, or on demand	-	-	-
In more than one year but not more than two years	-	-	-
In more than two years but not more than five years	-	-	-
In more than five years	**40,000**	**165,000**	**205,000**
	40,000	**165,000**	**205,000**

	Group and Association		
	Bank loans £'000	Other loans £'000	2022 £'000
Loans maturity of debt:			
In one year or less, or on demand	-	-	-
In more than one year but not more than two years	-	-	-
In more than two years but not more than five years	58,285	-	58,285
In more than five years	40,000	135,000	175,000
	98,285	135,000	233,285

Loans are secured by specific charges on the housing properties of the Group. The loans bear interest at fixed rates of 3.18% or at variable rates calculated at a margin above the London Inter Bank Offer Rate.

At 31 March 2023 the Group had undrawn loan facilities of £90m (2022: £70m).

26. Deferred Capital Grant

	Group and Association	
	2023 £'000	2022 £'000
At 1 April	**40,386**	38,896
Grants received during the year	**6,370**	2,332
Grants recycled from the recycled capital grants fund	**(133)**	(160)
Disposals	**(212)**	-
Released to income during the year	**(706)**	(682)
At 31 March	**45,705**	40,386
To be released within one year (note 23)	**800**	728
To be used after more than one year (note 24)	**44,905**	39,658
At 31 March	**45,705**	40,386

27. Recycled Capital Grant Fund

	Group and Association	
Funds pertaining to activities within areas covered by	**Homes England 2023 £'000**	Homes England 2022 £'000
At 1 April	**498**	336
Inputs to fund:		
grants recycled from deferred capital grants	**238**	160
interest accrued	**2**	2
grant reclassified	**(227)**	-
Recycling of grant:		
new build	**-**	-
At 31 March	**511**	498
Amounts falling due within one year (note 23)	**-**	-
Amounts falling due after more than one year (note 24)	**511**	498
	511	498
Amount three years old 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.

28. Financial Instruments

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

	Group		Association	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Financial assets				
Financial assets measured at amortised cost				
Trade debtors	**77**	473	**77**	227
Other receivables	**3,320**	3,512	**3,347**	5,547
Cash and cash equivalents	**440**	48,360	**191**	43,837
Total financial assets	**3,837**	52,345	**3,615**	49,611
Financial liabilities				
Financial liabilities measured at amortised cost				
Loans payable	**(205,000)**	(233,285)	**(205,000)**	(233,285)
Financial liabilities measured at amortised cost				
Trade creditors	**(1,453)**	(956)	**(1,418)**	(854)
Other creditors	**(7,803)**	(10,007)	**(8,366)**	(7,306)
Total financial liabilities	**(214,256)**	(244,248)	**(214,784)**	(241,445)

29. Pensions

All association employees are auto enrolled into a defined contribution scheme with the Pensions Trust. From 1st April 2014 Achieve has auto-enrolled employees into a contribution scheme with the Pensions Trust on the same terms as Aspire Housing.

Prior to 2022 employees who did not choose the defined contribution scheme enrolled in either the Staffordshire County Council Pension Fund (SCCPF) (administered in accordance with the Local Government Pension Fund regulations) or the Social Housing Pension Scheme (SHPS). Both are multi-employer schemes providing defined benefits based on members earnings and the length of participation in the pension scheme.

A decision was made to close both SCCPF fund and SHPS to future accrual effective from 30th April 2021. This decision was made by the Board following consultation with members. Following this decision negotiations with SCCPF concluded a cessation valuation which was paid in 2021/22.

Staffordshire County Council Pension Fund

The Staffordshire County Council Pension Fund (SCCPF) is a multi-employer scheme with more than one participating employer, which is administered by Staffordshire County Council under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme. Statutory triennial actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the projected unit method. During 2021/22 Aspire and SCCPF agreed a cessation valuation and paid off the remaining net liability.

A valuation of £16,569,000 was agreed plus £1,213,000 of interest to represent the lost investment income. This resulted in the liability being overstated by £3,759,000 which was treated as an actuarial gain within the Statement of Comprehensive income in 2021/22.

Prior to 2021/22 the most recent formal actuarial valuation was completed as at 31st March 2019. Contributions to the scheme were made by the association based on the advice of the actuary and with the aim of making good the deficit over the remaining working life of the employees.

The employer's contributions to the SCCPF by the association for the year were £nil (2022: £83,000) and the employers contribution rate for 2021/22 was 20.7%. At the year-end £nil (2021: £nil) was owed to the scheme and is included in creditors falling due within one year.

29. Pensions (continued)

Social Housing Pension Scheme

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

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

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

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

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31st March to 28th February inclusive.

The latest accounting valuation was carried out with an effective date of 30th September 2021. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31st March 2022 to 28th February 2023 inclusive.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus. The estimated position at 31st March 2023 shows a deficit of £701k (2022: £622k)

	Group and Association	
	2023	2022
	£'000	£'000
Reconciliation of present value of plan liabilities		
At 1 April	**5,915**	6,052
Current service cost	**-**	(3)
Expenses	**5**	5
Interest cost	**164**	134
Contributions by members	**-**	3
Actuarial gains	**(2,156)**	(211)
Benefits paid	**(50)**	(65)
At 31 March	**3,878**	5,915

29. Pensions (continued)

Social Housing Pension Scheme (continued)

Reconciliation of fair value of plan assets

At 1 April	**5,293**	4,506
Interest income on plan assets	**149**	101
Contributions by members	**-**	3
Contributions by employer	**172**	150
Actuarial gains	**(2,387)**	598
Benefits paid	**(50)**	(65)
	3,177	5,293

Fair value of plan assets	**3,177**	5,293
Present value of plan liabilities	**(3,878)**	(5,915)
Net pension scheme liability	**(701)**	(622)

Amounts recognised in comprehensive income are as follows:

	Group and Association	
	2023	2022
	£'000	£'000
Included in management costs:		
Current service cost	**-**	(3)
Expenses	**5**	5
	5	2

	Group and Association	
	2023	2023
	£'000	£'000
Included in other finance costs:		
Interest income	**149**	101
Interest expense	**(164)**	(134)
Net interest cost	**(15)**	(33)

The analysis of the actuarial gain/(loss) recognised in comprehensive income was as follows:

	Group and Association	
	2023	2022
	£'000	£'000
Experience gains arising on the scheme assets	**(2,387)**	598
Experience (losses)/gains arising on the scheme liabilities	**(103)**	(438)
Changes in assumptions underlying the present value of scheme liabilities	**2,259**	649
	(231)	809

29. Pensions (continued)

Social Housing Pension Scheme (continued)

	Group and Association	
	2023	2022
	£'000	£'000
Composition of plan assets:		
Global Equity	**59**	1,016
Absolute Return	**34**	212
Distressed Opportunities	**96**	189
Credit Relative Value	**120**	176
Alternative Risk Premia	**6**	175
Fund of Hedge Funds	**-**	-
Emerging Markets Debt	**17**	154
Risk Sharing	**234**	174
Insurance-Linked Securities	**80**	123
Property	**137**	143
Infrastructure	**363**	377
Private Debt	**141**	136
Opportunistic Illiquid Credit	**136**	178
High Yield	**11**	46
Opportunistic Credit	**-**	19
Cash	**23**	18
Corporate Bond Fund	**-**	353
Liquid Credit	**-**	-
Long Lease Property	**96**	136
Secured Income	**146**	197
Liability Driven Investment	**1,464**	1,477
Currency Hedging	**6**	(21)
Net Current Assets	**8**	15
	3,177	5,293

The principal actuarial assumptions used at the balance sheet date were as follows:

	Group and Association	
	2023	2022
Discount rate	**4.8%**	2.8%
Future salary increases	**3.1%**	3.4%
Future pension increases	**2.8%**	3.1%
Inflation assumption	**2.8%**	3.1%
Mortality assumptions:		
current pensioners – male	**21.0 years**	21.1 years
current pensioners – female	**23.4 years**	23.7 years
future pensioners – male	**22.2 years**	22.4 years
future pensioners – female	**24.9 years**	25.2 years

29. Pensions (continued)

The employer's contributions to the SHPS by the association for the year were £2,000 (2022: £2,000) and the employers contribution rate was 13.3%. At the year-end £Nil (2021: £nil) was owed to the scheme and is included in creditors falling due within one year.

Defined Contribution Scheme

A defined contribution pension scheme is also operated by the Group. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension charge represents contributions payable by the Group to the fund and amounted to £841,000 (2022: £760,000). Contributions totalling £68,000 (2022: £63,000) were payable to the fund at the year end and are included in creditors falling due within one year.

30. Deferred tax

	Group	
	2023	2022
	£'000	£'000
Deferred tax liabilities		
Accelerated capital allowances	**-**	22
Unused tax losses	**-**	(70)
	-	(48)

As the future deferred tax balances, if any, will be dependent on future changes in fair values of assets and liabilities, it is not possible to estimate any further future reversals. The utilisation of tax losses is dependent on future profits.

31. Share capital

	Group and Association	
	2023	2022
	£	£
At 1 April	**9**	9
Shares issued in the year	**-**	2
Shares cancelled in the year	**-**	(2)
At 31 March	**9**	9

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

There are no contingent liabilities for the Group and association in the year.

33. Operating Leases

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

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Amounts payable as lessee				
Not later than one year	**647**	647	**649**	439
Later than one year and not later than five years	**840**	1,288	**840**	956
Later than five years	**-**	-	**-**	-
Total	**1,487**	1,935	**1,489**	1,395

34. Capital Commitments

	Group and Association	
Capital commitments are as follows:	**2023**	2022
	£'000	£'000
Capital expenditure		
Commitments contracted but not provided for	**24,469**	25,908
Commitments approved by the Board but not contracted for	**89,375**	109,296
	113,844	135,204

The Group is committed to a programme of property acquisition and units for refurbishment. Likewise, the Group will continue to seek further development opportunities and will look to obtain potential development sites throughout the year. The above commitments represent schemes approved by Board and will be financed by property sales (£10.3m), capital grant (£27.0m) and funding from the existing loan facility and the Group's own resources (£76.5m).

35. Related Party Transactions

The association provides management services and other services to its subsidiaries. The association also receives charges from its subsidiaries. During the year Aspire Housing Limited, a registered provider, had the following intra-Group transactions with the following non-regulated entities: Achieve Training (Staffordshire) Limited, The Realise Foundation and Durata Development Limited. The quantum and basis of those charges is set out below:

		Amounts charged to / (from) non-regulated entities	
		2023	2022
Entity	**Allocation basis**	**£'000**	£'000
Achieve Training (Staffordshire)	Apportionment of management costs	**172**	294
	Rent on Offices	**28**	-
	Directly attributable works	**(1,464)**	(2,579)
The Realise Foundation	Directly attributable administration costs	**-**	88
	Reserves balance gifted	**558**	
Durata Development	Development services	**(14,459)**	(10,804)
	Apportionment of management costs	**13**	13
		(15,152)	(12,988)

During the year, Marina Barrett was a Board member and was also a tenant with annual rent and service charges payable of £2,483 (2022: £2,359); arrears at 31st March were £Nil (2022: £Nil).

36. Net Debt Reconciliation

	At 1 April 2022	**New Loans drawn**	**Loans repaid**	**Cash flows**	**Other non-cash changes**	**At 31 March 2023**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cash at bank and in hand	48,360	-	-	(47,920)	-	**440**
Bank and other loans	(231,471)	(29,373)	58,285	-	(107)	**(202,666)**
Net debt	(183,111)	(29,373)	58,285	(47,920)	(107)	**(202,226)**

37. Post Balance Sheet event

On 3 October 2022 the Board approved the managed close down of the Achieve Training (Staffordshire) business. The company ceased trading as at 31 October 2022. It is anticipated that during 2023/24 the remaining debtor balances will be collected and creditors settled. The company will then remain dormant.

Aspire Housing Limited

Kingsley, The Brampton,

Newcastle-under-Lyme, ST5 0QW

Registration number 31218R