

Co-operative and Community Benefit Society No. 25197R
Regulator of Social Housing No. C3675

CO-OP HOMES (SOUTH) LIMITED

REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

CO-OP HOMES (SOUTH) LIMITED

Report and financial statements for the year ended 31 March 2024

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CO-OP HOMES (SOUTH) LIMITED

Report and financial statements for the year ended 31 March 2024

EXECUTIVES AND ADVISORS

Board

Katharine Hibbert	Chair
Derrick Turner	Term ended 14 September 2023 Vice Chair and Treasurer
Gail Walters	Retired 31 March 2024
Jane Gallifent	RHP Appointee – Retired 13 June 2024
Naresh Aggarwal	
Annemarie Fenlon	
Jacqueline Lodge	
Carmen White	Retired 31 July 2023

Managing Director

John Baldwin

Registered Office

8 Waldegrave Road
Teddington
Middlesex
TW11 8GT

Auditors

PKF Littlejohn LLP
15 Westferry Circus
London E14 4HD
United Kingdom

Bankers

The Co-operative Bank	Lloyds Bank PLC
PO Box 718	City Office, PO BOX 72
Ealing	Bailey Drive
W5 2XA	Gillingham Business Park
	Kent, ME8 0LS

Co-operative and Community Benefit

Society registered number 25197R

Regulator of Social Housing Number C3675

Report and financial statements for the year ended 31 March 2024

Report of the Board

The Board presents the audited financial statements for the year ended 31 March 2024, together with their report on the performance for the year. This includes how the business has met the requirements of the Value for Money Standard (VfM) and supporting Code of Practice.

Principal activity

The core business activity of the company (Co-op Homes) is to provide a range of services which meet the needs of our customers, both individual and corporate, principally:

- The provision of good quality, well managed, affordable housing for people in housing need.
- The provision of management and support services to affiliated organisations.
- The provision of new homes. Our work to provide new homes continues, and our last scheme delivered 15 units between November 2023 and January 2024.

Review of performance

The financial performance for the year is shown in the Statement of Comprehensive Income on page 14. During the year turnover increased by 8.4% (2023: 7.3%) to £3.8m (2023: £3.5m) which has resulted in a surplus for the year of £637k (2023: £555k). The operating margin was 20.7% (2023: 18.7%).

Co-op Homes' social housing activities cover the management of permanent accommodation (310 units) and temporary accommodation (5 units).

Permanent accommodation housing management has contributed an operating surplus of £898k (2023: £656k). Temporary social housing management generated a loss of £47k (2023: £48k loss), mainly due to lost rent through voids, fixed rent charges and debt provisions on arrears. We have actively managed these properties, monitoring their condition and the related lease commitments to ensure that we hold adequate dilapidation provisions at the year end to cover the cost of any future hand-back works. Four of these properties are scheduled to be handed back in 2024, with the final one in December 2028.

Co-op Homes provided management and other services to 28 (2023: 31) affiliated organisations during the year, generating revenue of £1,235k (2023: £1,206k). The turnover increase of 2.4% has been the result of inflation. This activity has generated a loss of £24k in the year (2023: surplus £89k).

Co-op Homes ended the year in a strong position with a clear strategy for the next two years which sets out our ambition to deliver against our vision. With a strong Board and closer working with our parent company Richmond Housing Partnership, we are well placed to grow the business whilst focussing on our current areas of operation.

Within our own stock we continue to report full safety compliance, 93% of our homes meeting EPC C and a recently completed full stock condition survey which has been costed in our long-term financial plan. We have achieved customer satisfaction of 65% using the regulators' tenant satisfaction metric (TSM) methodology. Our void turnaround time of 6-days remain strong whilst the number of people reporting repairs online also continues to grow adding to our efficiency. Arrears of 6.7% (2023: 5%) represents an increase reflecting the pressure due to cost-of-living challenges.

A recent staff survey has shown a slight fall in satisfaction but there is clear direction from the leadership and strong collaboration within teams. Our values are embedded and will be used to further enhance cross team working and focussing on service improvement.

Report and financial statements for the year ended 31 March 2024

Report of the Board (continued)

Review of performance (continued)

We took handover of 15 units at The Fountain in Kingston, where the new residents were delighted with their brand-new homes. We have also purchased an additional 22 units at our site in Hammersmith and Fulham (Carnwath Road) where we already have 16 units.

Looking forwards

Our business plan was updated in March 2024 as part of our standard processes. Due to the changing external environment, we are updating it every 6 months to ensure it reflect the latest economic assumptions. Our updated plan incorporates the agreed intercompany loan provided by Richmond Housing Partnership, which will be used to support development activity. The updated business plan has been stringently tested against several possible adverse scenarios. This exercise has concluded that Co-op Homes has retained sufficient strength to continue with our strategic objectives without causing undue risk to our key stakeholders.

We plan to invest £600k into our properties this year through various programmes of work to replace end of life cycle components, improve our homes and maintain our 100% decent homes position. As part of our new Resident Influence Policy, we will be increasing the opportunities for residents to shape these programmes of work and looking to expand some of them to include broader energy saving tactics.

Residents will also be given the right to vote on changes to policy and services as we roll out our 'Co-op Ethos' to wider areas of operation. Alongside this we will also be conducting user research on customer experience so that we can define the residents' user needs that will help shape the service of the future.

Our strategy also outlines our interest in exploring merger and acquisition activity provided that certain criteria are met including shared values, agreed areas of operation and an alignment with services. We have also won two new contracts this year and are currently working with those co-ops to mobilise the work.

Report of the Board (continued)

We are currently piloting two improvements to existing services, performance reporting to co-ops and paying invoices for contractors. We expect that both of these will go live in 2024/25 and bring about increased efficiency and a better experience for customers.

Strategic Objectives

- **Growth** - to grow the business in financially sustainable ways and in line with our vision.
- **People** – to create a caring, effective and collaborative learning culture.
- **Services** – to improve our services in ways that customers value.

1. To grow the business in financially sustainable ways and in line with our vision

We have taken the position that we want to grow the business however this needs to be done sustainably, so that we can get the service offer right and retain existing customers at the same time. With that in mind, we are open to conversations about developing new homes to manage directly as well as considering opportunities for merger and acquisition. We are not looking to diversify or move outside of our current operating geography.

2. To create a caring, effective and collaborative learning culture

Our new values, We Care, We Deliver, We Learn have been fully adopted in the business and underpin our approach to everything we do. We have also unpacked our vision and what we mean when we talk about our 'Co-op Ethos' to bring this to life and align it with our values. We have many examples of bringing our values to life including user research, our new Resident Influence Policy and various staff engagement activities.

3. To improve our services in ways that customers value

We have done a lot of work with our Co-op customers to understand the service from their perspective and this has led to a revised service offer as well as a set of design principles which we now use to shape the service of the future. This means that we have rich information on which services matter most, which need the most improvement and the impact on customers. Knowing this allows us to re-design the service around the customer and secure our future as a customer service business.

Delivering Value for Money (VfM) to Stakeholders

Our Value for Money (VfM) approach aims to optimise the benefits we deliver from our resources in an economic, cost effective and efficient manner.

The Board has a commitment to deliver VfM, which is demonstrated by the strategic aim to modernise business processes and improve service efficiency. Our achievement towards this strategic aim is measured by a set of performance indicators agreed by the Board that allows Co-op Homes to demonstrate delivery of VfM to our stakeholders and compare performance within the Group and externally.

Report and financial statements for the year ended 31 March 2024**Report of the Board (continued)****Delivering Value for Money (VfM) to Stakeholders (continued)**

CHS Scorecard	CHS 23/24	Board Target	Peer 1 22/23
Emergency Repairs completed within target time	88%	≥ 98%	64%
Arrears (as a % of rent income)	6.7%	< 5.0%	1.5%
Customer Satisfaction	65%	≥ 85%	72%
Employee Pride to work for CHS	76%	≥ 86%	87%

The table above illustrates some of the challenges that we have faced in the past year. This includes challenges in relation to managing repairs completion within the target and the corresponding impact on customer satisfaction. This and the other metrics above will be closely monitored over the forthcoming months to ensure that performance continues to improve in line with our customers' expectations and that our targets remain achievable.

Each year we conduct a review of whether the performance metrics continue to be relevant and target the areas which challenge us in the current operating environment. This operational detail is contained within the annual management plan and in the forthcoming year we will be reporting on our new measures for EPC ratings for stock, along with the other Health and Safety compliance reports to the Board.

Report and financial statements for the year ended 31 March 2024

Report of the Board (continued)

VfM Metrics and Self-Assessment

The chart below shows the Value for Money (VfM) performance metrics for the last two years, along with Sector Scorecard and competitors' metrics from 23/24.

Performance Metrics	CHS 23/24	CHS 22/23	Peer 1 22/23	Sector Scorecard 22/23
Reinvestment	1.40%	1.70%	1.3%	5.10%
New Supply Delivered	5.1%	0.00%	0.00%	0.82%
Gearing	5.2%	-1.10%	-15.30%	46.02%
Interest Cover (using EBITDA MRI)	422%	440%	395%	82.10%
Headline social housing cost per unit	£5,347	£5,917	£4,936	£6,808
Operating Margin (social housing only)	30.20%	25.20%	12.1%	18.64%
Operating Margin Overall	16.90%	15.90%	8.7%	14.67%
Return on Capital Employed	2.70%	2.50%	1.8%	2.19%

Peer 1 is a direct competitor, as it is one of the few organisations that provide management services in addition to owning its own stock. The sector scorecard data includes registered providers with less than 2,500 units in London and the Southeast.

We note our strong performance in the profit related metrics compared with our peers. Whilst cost per unit of £5,347 is lower than the sector scorecard figure of £6,808 it is higher than our peer's costs.

Co-op Homes' gearing and interest cover ratios also indicate a greater capacity for debt and interest cost compared with other small housing associations. We have an £11m inter-company revolving credit facility with £9.8m undrawn, which will fund our future development aspirations. The intercompany loan is scheduled to be renewed in 2026 however we will be conducting a review of our treasury strategy as part of this work.

Measuring Value for Money

Co-op Homes operates in a competitive market in the provision of management services to housing co-ops and other organisations. To retain and attract new customers, Co-op Homes must offer an excellent service at competitive prices - this means that offering VfM is integral to our success.

The table below shows our financial performance for the managed services part of our business compared with a competitor. Sector Scorecard data is not available for this business stream.

Managed Services	CHS 23/24	CHS 22/23	Peer 1 22/23
Turnover £000	1,235	1,206	1,394
Margin	-2.4%	7.4%	0..2%
Units in management	1,105	1,504	1,498

Report and financial statements for the year ended 31 March 2024**Report of the Board (continued)****Measuring Value for Money (continued)**

During the year we looked at the impact of growth against margin and without any further efficiencies or changing our operating model, taking on new coops does improve the position. We will however be doing this in a managed way and alongside making our systems and processes run more efficiently.

Overall operating results – Owned stock			CHS 23/24	CHS 22/23	Peer 1 22/23	Sector scorecard 22/23
Management	cost per unit	£	1,348	1,377	999	1,561
Routine repairs	cost per unit	£	1,223	1,180	1,782	997
Major repairs	cost per unit	£	1,683	1,798	408	829

The figures above illustrate comparison of our performance against the sector and our peers in balancing the quality of services against cost. We recognise that cost per unit is higher than our peers but this is necessary to ensure residents have a safe, secure and well maintained home whilst at the same time ensuring best value in the use of public funds.

To ensure that we can continue to maintain our properties to a good standard and deliver the necessary energy efficiency improvements, our Board has concluded that it is necessary to increase our rent in line with the Regulator of Social Housing's guideline, announced by the government in September 2023, of 7.7% for the forthcoming year. We remain mindful of our customers' economic circumstances and will continue to offer support and signposting to help them to manage their finances and to ensure arrears are well managed. The board has dedicated a fund worth £10k to provide hardship support to our residents.

Delivering VfM is embedded within Co-op Homes' culture and can be observed in the achievements outlined above relating to systems improvements, business growth and improved financial performance. However, the Board has a continued commitment to VfM and seeks to continually improve our cost per unit within our owned stock. We also seek to sustainably grow the management services we deliver by winning work we can deliver successfully while generating modest surpluses.

Report and financial statements for the year ended 31 March 2024

Report of the Board (continued)

Statement of responsibilities of the Board for the report and financial statements

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

The Co-operative and Community Benefit Societies Act 2014 and registered social landlord legislation requires the Board to prepare financial statements for each financial year. Under that law the Board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under the Co-operative and Community Benefit Societies legislation the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the organisation for that period. In preparing those financial statements, the Board is required to:

- select suitable accounting policies and then apply these consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS102) and, that the financial statements have been prepared in accordance with housing SORP : 2018 Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the organisation will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of Co-op Homes and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014.

It is also responsible for safeguarding the assets of Co-op Homes and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Board is aware:

- there is no relevant audit information of which Co-op Homes' auditor is unaware; and
- the Board have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Board is responsible for the maintenance and integrity of the corporate and financial information on the organisation's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Internal controls assurance

The Board acknowledges its overall responsibility for monitoring the effectiveness of the internal control system for the organisation. It is supported by three committees, the Group Audit Committee and the Group Investment Committee with one member of the Board as a member of both committees. We are also supported by the Group Governance and Reward Committee.

The Group Audit Committee is responsible for overseeing internal and external audit, and for providing advice to the Co-op Homes Board on the effectiveness of the systems of internal controls, any major failures in the control assurance framework, and the arrangements for the management of risk.

Report and financial statements for the year ended 31 March 2024

Report of the Board (continued)

Internal controls assurance (continued)

The Group Investment Committee is responsible for the detailed scrutiny of Co-op Homes' financial planning and treasury management, reporting any areas of concern to both boards.

The purpose of the Group Governance and Reward Committee is to ensure best practice governance arrangements and to keep under review the reward and engagement strategies.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable assurance against material misstatement or loss. The process for identifying, evaluating and managing the significant risks faced by Co-op Homes is on-going and has been in place throughout the period commencing 1 April 2023 up to the date of approval of the report and financial statements. Key elements in the control framework include:

- Board approved terms of reference and delegated authorities.
- Clearly defined management responsibilities for the identification, evaluation, and control of significant risks.
- Robust strategic and business planning processes, with detailed financial budgets and forecasts.
- Formal recruitment, retention, training and development policies for all employees.
- Established authorisation and appraisal procedures for significant new initiatives and commitments.
- A robust approach to treasury management which is subject to external review each year.
- Regular reporting to both the Co-op Homes and RHP boards on key business objectives, targets and outcomes.
- Group-wide board approved whistle-blowing and anti-theft and corruption policies.
- Group-wide board approved fraud policies covering prevention, detection and reporting and recoverability of assets.
- Regular monitoring of loan covenants and requirements for new loan facilities.

The Co-op Homes Board has conducted its annual review of the effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of the risk management and control process.

The Board confirms that Co-op Homes has on-going processes for identifying, evaluating and managing significant risks faced by the company. This process has been in place throughout the year under review and up to the date these accounts have been approved.

Code of Governance

During the year, the Board carried out a review of its governance arrangements and assessed its compliance with the National Housing Federation (NHF) Code of Governance (2020). The Board confirms compliance with the code.

Statement of Compliance

In accordance with the requirements of the Accounting Direction 2019, the Board certifies that Co-op Homes has complied with the requirements of the Regulator of Social Housing Governance and Financial Viability Standard.

Report and financial statements for the year ended 31 March 2024

Report of the Board (continued)

The Board and executive officers

The Board and senior leadership team of Co-op Homes are as follows:

Board

Katharine Hibbert	Chair
Derrick Turner	term ended 14 September 2023
Gail Walters	Vice Chair and Treasurer retired 31 March 2024
Jane Gallifent	RHP Appointee - retired 13 June 2024
Naresh Aggarwal	
Annemarie Fenlon	
Jacqueline Lodge	
Carmen White	retired 31 July 2023

The board are insured under Co-op Homes Directors' and officers' liability insurance policy.

Going concern

After making enquiries, the Board has a reasonable expectation that the organisation has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed.


Co-op Homes has also secured a 5-year intercompany revolving credit facility from 1 April 2021 of which £2.2m has been used to fund development activities. The business plan indicates that refinancing is required at the end of the facility term however it is expected that Co-op Homes will be able to secure new funding using newly developed homes and existing stock to offer as security.

Co-op Homes has extensively stress tested its Business Plan, which is now updated every 6 months, for material shortages, increases in inflation and interest rates causing cost pressures on its operations and potential development activity. In all scenarios tested, after mitigating actions were considered, Co-op Homes continues to be financially viable for the 30-year scope of the plan. Therefore, the Board continues to adopt the going concern basis in the financial statements.

External auditors

A resolution to reappoint PKF Littlejohn as auditors of the Association will be proposed at the forthcoming Annual General Meeting.

By order of the Board.

DocuSigned by:

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Chair

Approved by the Board 13 September 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CO-OP HOMES (SOUTH) LIMITED**Opinion**

We have audited the financial statements of Co-Op Homes (South) Limited (the 'association') for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice) / UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2024 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The board is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CO-OP HOMES (SOUTH) LIMITED
(CONTINUED)**

material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the board

As explained more fully in the Statement of Responsibilities of the Board, 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 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 is responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- We obtained an understanding of the association and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, sector research, application of experience of the sector.
- We determined the principal laws and regulations relevant to the association in this regard to be those arising from the Co-operative and Community Benefit Societies Act 2014, the Housing

Report and financial statements for the year ended 31 March 2024**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CO-OP HOMES (SOUTH) LIMITED
(CONTINUED)**

and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, employee legislation, tax legislation, and health and safety laws and regulations.

- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the association with those laws and regulations. These procedures included, but were not limited to enquiries of management, review of minutes, review of legal correspondence and communications with the Regulator.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the potential for management bias was identified in relation to indicators of impairment of tangible assets; useful economic lives of assets; and assumptions within the calculation of pension liabilities.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

Use of our report

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



PKF Littlejohn LLP
Statutory auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

17 September 2024

CO-OP HOMES (SOUTH) LIMITED**Report and financial statements for the year ended 31 March 2024**

Statement of Comprehensive Income			
	Notes	2024	2023
		£000's	£000's
Turnover	3	3,796	3,503
Operating costs	3	(3,011)	(2,847)
Operating surplus	3 & 9	785	656
Interest receivable		6	6
Interest payable and similar charges	7	(154)	(107)
Surplus before tax		637	555
Taxation	8	-	-
Other comprehensive income			
Actuarial loss on defined benefit pension scheme	15 (e)	(82)	(37)
Total comprehensive income for the year		555	518

The notes on pages 17 to 33 form part of these financial statements.

All amounts relate to continuing activities.

Report and financial statements for the year ended 31 March 2024

Statement of Changes in Reserves			
	Note	2024	2023
		£000's	£000's
Income and expenditure account reserve at 1 April		10,951	10,433
Actuarial loss on defined benefit pension scheme	15 (e)	(82)	(37)
Surplus on ordinary activities		637	555
Income and expenditure account reserve at 31 March		<u>11,506</u>	<u>10,951</u>


The notes on pages 17 to 33 form part of these financial statements.


Report and financial statements for the year ended 31 March 2024

Statement of Financial Position					
	Notes	2024		2023	
		£000's	£000's	£000's	£000's
Tangible fixed assets					
Housing properties	10	23,626		21,737	
Other tangible fixed assets	11	<u>9</u>		<u>11</u>	
			23,635		21,748
Current assets					
Debtors	12	808		452	
Cash at bank and in hand		<u>824</u>		<u>1,431</u>	
		1,632		1,883	
Creditors					
Other amounts falling due less than one year	13	(1,453)		(1,347)	
Net current assets			179		536
Creditors: amounts falling due more than one year	14		(11,780)		(10,810)
Net pension liability	15		(434)		(429)
Provisions for liabilities and charges	16		(94)		(94)
Total net assets			<u>11,506</u>		<u>10,951</u>
Capital and reserves					
Share capital	19	-		-	
Income and expenditure reserve		<u>11,506</u>		<u>10,951</u>	
			<u>11,506</u>		<u>10,951</u>

The notes on pages 17 to 33 form part of these financial statements.

These financial statements were authorised and approved by the Board and signed on its behalf by:

DocuSigned by:

 95DE0782FA814F2...
Katharine Hibbert
 Chair

DocuSigned by:

 0B938272739A45E...
Naresh Aggarwal
 Board member

Signed by:

 9171EC613FEC407...
John Baldwin
 Managing Director

Date of approval: 13 September 2024

Notes to the financial statements

1. Legal status

Co-op Homes is registered in England and Wales under the Co-operative and Community Benefit Societies Act 2014 and is a registered housing provider. It is a public benefit entity.

2. Accounting policies

Basis of accounting

The financial statements have been prepared under the historic cost basis in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS102) and the statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

Disclosure Exemptions

Advantage of the following exemptions available through FRS102 has been taken:

- No Statement of Cash Flows has been prepared as the parent, RHP, prepares publicly available consolidated financial statements.

Going Concern

Co-op Homes prepares a long-term business plan which is tested against various adverse scenarios. This is now prepared every 6 months, due to the current economic uncertainty. The results of this testing indicate that Co-op Homes has sufficient resources to continue with day-to-day activities as well as the re-investment programme and planned development activity and is unconstrained by lenders' covenants.

Co-op Homes has a 5-year intercompany revolving credit facility from 1 April 2021 which is being used to fund development activity. The business plan indicates that refinancing is required at the end of the facility term however it is expected that Co-op Homes will be able to secure new funding using newly developed homes and existing stock to offer as security.

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

Significant judgements and estimates

The following are the significant management judgements or estimates made in applying the organisation's accounting policies that have the most significant effect on the financial statements.

Useful lives of depreciable assets

Co-op Homes reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to changes to decent homes standards and regulatory requirements which may require more frequent replacement of key components. As at 31st March 2024, the carrying amount of the housing properties was £23,626k (2023: £21,737k) and the accumulated depreciation was £5,321k (2023: £4,988k).

Notes to the financial statements (continued)**2. Accounting policies (continued)****Significant judgements and estimates (continued)**Impairment review

There have been no events to trigger an impairment review that have been identified for the year ended 31 March 2024.

Defined benefit obligation

Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rate of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as shown in note 15). The net defined benefit pension liability at 31 March 2024 was £434k. (2023: £429k)

Loans with National Westminster Bank plc

Co-op Homes has 2 loans with National Westminster Bank plc (previously Orchardbrook) totalling £121k (2023: £141k). Co-op Homes has still been unable to obtain full details of the loan agreements to definitively determine how to account for the loans under FRS102. Based on the loan characteristics Co-op Homes considers the loans can be basic under FRS102 and has accounted for them on this basis in the financial statements.

Turnover

Turnover comprises rental income receivable in the year and fees for management services provided to other housing co-ops and customers. Fee income is recognised as the underlying work is undertaken in accordance with contractual arrangements. Rental income is recognised from the point when properties under development reach practical completion and are formally let. The rental income receivable is recognised in the period to which it relates.

Value added tax (VAT)

Co-op Homes charges VAT on the fees charged to housing co-ops and other customers and can recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the organisation and not recoverable from HM Revenue and Customs. As Co-op Homes is part of a VAT Group with its parent, RHP, the balance of VAT payable or recoverable at the year-end is included within amounts due to parent company (Note 13).

Debtors

Short term debtors are measured at transaction price less any impairment.

Creditors

Short term trade creditors are measured at transaction price.

Employee benefits

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

Notes to the financial statements (continued)**2. Accounting policies (continued)****Pensions**

Co-op Homes participates in the multi-employer defined benefit Social Housing Pension Scheme (SHPS). However, this scheme is closed for any new employees and future accrual. Under defined benefit accounting the scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates.

The net surplus or deficit is presented separately from other net assets on the Statement of Financial Position. The current service cost and costs from settlements and curtailments are charged to operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Re-measurements are reported in other comprehensive income.

Housing properties

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

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Government grants

Government grants include grants receivable from local authorities and other government organisations. Government grants received for housing properties are recognised as income over the lower of 100 years or the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accrual concept.

Social Housing Grants (SHG) receivable or received in advance are included as a liability. SHG received in respect of revenue expenditure would be credited to the income and expenditure account in the same period as the expenditure to which it relates.

SHG is subordinated to the repayment of loans by agreement with the relevant government organisation. SHG released on sale of a property may be repayable but is normally available to be recycled. There is currently no Recycled Capital Grant Fund.

Notes to the financial statements (continued)**2. Accounting policies (continued)****Depreciation of housing properties**

Co-op Homes separately identifies the major components which comprise its housing properties and charges depreciation, so as to write-down the cost of each component to its estimated residual value, on a straight-line basis, over its estimated useful economic life.

The Group's housing properties held on leases are amortised over the life of the lease or their estimated useful lives in the business if shorter. Housing properties are split between the structure and the major components which require periodic replacement.

Co-op Homes depreciates the major components of its housing properties over the following useful lives:

Structure	100 years
Walls	50 years
Roofs	50 years
Kitchens	20 years
Bathrooms	30 years
Windows	30 years
Doors	30 years
Boilers	20 years

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

Impairment

Housing Properties are assessed annually for impairment indicators. Where indicators are identified, an assessment for impairment is undertaken comparing the scheme's carrying amount to recoverable amount. Where the carrying amount of a scheme is deemed to exceed its recoverable amount, the carrying value is written down to the recoverable amount. The resultant impairment loss is recognised as operating expenditure. Where the scheme is currently deemed not to be providing service potential to Co-op Homes, its recoverable amount is its fair value less costs to sell.

Co-op Homes 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 recorded through a charge to income and expenditure.

Temporary social housing improvements

Co-op Homes renovates leased properties using temporary social housing grant, which comprises works and lease elements. On receipt, the grant is deferred and then taken to development income over the course of the renovation works.

For schemes in progress, the excess of grant received over works cost plus attributable direct cost and the surplus recognised, is shown as a current liability. If scheme costs exceed grant received the excess is shown as development in progress within current assets. Surplus is only recognised where the outcome of the scheme is reasonably certain.

On completion of the renovation works the excess of grant received over costs is deferred and amortised to the income and expenditure account over the period of the lease.

Notes to the financial statements (continued)**2. Accounting policies (continued)****Temporary social housing improvements (continued)**

For schemes where costs exceed grant received the investment is capitalised as temporary social housing improvements provided that there is expected to be sufficient rental income over the period of the lease to meet the cost of depreciation. If there is expected to be any shortfall in rental income the excess costs are written off immediately.

Other tangible fixed assets

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

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. Estimated useful lives are as follows:

Temporary social housing improvements -	period of lease
Office furniture and equipment -	4 years

Capitalisation of finance costs

Interest is capitalised on borrowings to finance developments to the extent that it accrues in respect of the period of development if it represents either:

- interest on borrowings specifically financing the development programme after deduction of interest on SHG in advance; or
- interest on borrowings of the association after deduction of interest on SHG in advance to the extent that it can be deemed to be financing the development programme.

Other interest payable is charged to the income and expenditure account in the year incurred.

Operating leases

Rental costs under operating leases are charged to the income and expenditure account in equal annual amounts over the period of the lease.

Dilapidation costs

Co-op Homes' leases for temporary social housing properties contain repair covenants relating to the upkeep of the properties. These lease covenants can give rise to dilapidation works or claims during or at the end of the related lease. Co-op Homes accounts for these costs in accordance with FRS 102 (provision and contingencies) which requires a provision to be recognised when there is an obligation at the reporting date regarding wants of repair at the related property. Co-op Homes makes provision for the expected cost of dilapidation work required. The provision is shown as a provision for liabilities in the financial statements.

Taxation

The tax expense for the period would comprise current tax, if applicable. The current income tax charge would be calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generate taxable income. Due to the charitable status of the company no tax charge is applicable, though a calculation has been prepared on note 8.

Report and financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

Financial assets and liabilities

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial instruments are initially recorded at transaction price less issue costs. Subsequent measurement depends on the designation of the instrument as follows: Bonds, loans, short term borrowings and overdrafts are held at amortised cost where they meet the relevant criteria of section 11 of FRS102.

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 the undiscounted value of amounts expected to be received. Any losses arising from impairment are recognised in the income statement in other operating expenses.

3. Turnover, operating costs and operating surplus before tax and interest

	2024			2023		
	Turnover	Operating costs	Operating surplus	Turnover	Operating costs	Operating surplus
	£000's	£000's	£000's	£000's	£000's	£000's
Social Housing Lettings (note 4)	2,561	(1,710)	851	2,297	(1,690)	607
Other social housing activities						
New business development	-	(42)	(42)	-	(40)	(40)
Management fees	1,235	(1,259)	(24)	1,206	(1,117)	89
	3,796	(3,011)	785	3,503	(2,847)	656

4. Income and expenditure from social housing lettings

	Permanent accommodation	Temporary social housing	Total	Total
			2024	2023
	£000's	£000's	£ 000's	£ 000's
Rent receivable	2,174	28	2,202	2,027
Service charges receivable	154	1	155	136
Amortisation of Capital Grant (Note 18)	134	-	134	134
Other income	70	-	70	-
Turnover from social housing lettings	2,532	29	2,561	2,297

Report and financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

4. Income and expenditure from social housing lettings (continued)

Expenditure on lettings

	Permanent accommodation	Temporary social housing	Total	Total
	£000's	£000's	2024 £ 000's	2023 £ 000's
Rents payable	-	17	17	15
Services	36	7	43	103
Management	425	49	474	454
Routine maintenance	385	1	386	361
Planned maintenance	320	-	320	257
Loss on disposal of property components	36	-	36	66
Depreciation of housing properties	404	-	404	390
Rent losses from bad debts	11	2	13	27
Other	17	-	17	17
Operating costs on social housing lettings	1,634	76	1,710	1,690
Operating surplus / (deficit) on lettings	898	(47)	851	607
Void losses	22	7	29	26

5. Directors' emoluments

The company defines the key management personnel to include the Board members, the Managing Director, and the senior management team.

	2024 £000's	2023 £000's
Aggregate emoluments of the senior management team	414	360
Pension Contribution	28	24
Emoluments of the highest paid director (including benefits in kind)	101	80
Pension contributions of the highest paid director (chief executive)	-	11
Aggregate emoluments of the Board members	23	20

Report and financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

6. Employees

	2024	2023
	Number	Number
Average monthly number of employees expressed as full time equivalent (calculated based on standard working week of 36 hours) during the year was:		
Office staff	25	23

	2024	2023
	£000's	£000's
Employee costs (for the above persons):		
Wages and salaries	1,111	994
Social security costs	116	108
Pension costs & expenses – defined benefit (note 14. d)	4	4
Pension costs – other pension costs	<u>97</u>	<u>91</u>
	<u>1,328</u>	<u>1,197</u>

The number of full-time employees who received remuneration (excluding employer pension contribution) greater than £60,000 (including senior management team):

	2024	2023
£60,001 to £70,000	1	1
£70,001 to £80,000	1	-
£80,001 to £90,000	-	-
£90,001 to £100,000	-	1
£100,001 to £110,000	1	-

7. Interest payable and similar charges

	2024	2023
	£000's	£000's
On loans repayable in one to five years	127	83
On loans repayable in more than five years	7	12
Unwinding of discount rate assoc. with pension liability (note 14.d)	<u>20</u>	<u>12</u>
	<u>154</u>	<u>107</u>

Interest of £12k has been capitalised in the year (2023 £Nil). Included in the above is £125k (2023: £83k) of parent company (Richmond Housing Partnership) loan interest and commitment fees.

8. Taxation

	2024	2023
	£000's	£000's
Surplus on ordinary activities before tax	637	555
Corporation tax at rate of 25% (2023: 19%)	159	105
Exemption from corporation tax	(159)	(105)
Current tax charge for the year	-	-

Report and financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

9. Operating surplus

	2024 £000's	2023 £000's
Is stated after charging:		
Depreciation - other fixed assets	2	7
Depreciation - social housing properties	404	390
Loss on disposal of components	36	67
Auditor's remuneration (in their capacity as auditors)	21	20
Amounts payable under operating leases	15	15

10. Tangible Fixed Assets – Social Housing Properties

	Under Construction £000's	Social housing properties for letting £000's	Total £000's
Cost			£
At 1 April 2023	1,800	24,925	26,725
Additions	1,920	410	2,330
Transfer to completed properties	(3,716)	3,716	-
Disposals of components	-	(108)	(108)
At 31 March 2024	<u>4</u>	<u>28,943</u>	<u>28,947</u>
Depreciation			
At 1 April 2023	-	(4,988)	(4,988)
Charge for the year	-	(404)	(404)
Disposal of components	-	71	71
At 31 March 2024	<u>-</u>	<u>(5,321)</u>	<u>(5,321)</u>
Net book value			
At 31 March 2024	<u>4</u>	<u>23,622</u>	<u>23,626</u>
At 31 March 2023	<u>1,800</u>	<u>19,937</u>	<u>21,737</u>

The above cost relates to Co-op Homes' 310 owned units (2023- 295). The managed units' details are shown in note 21.

Report and financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

10. Tangible Fixed Assets – Social Housing Properties (continued)

	2024	2023
	£000's	£000's
Expenditure on works to existing properties		
Components capitalised	134	53
Amounts charged to the Income and Expenditure account	<u>334</u>	<u>395</u>

Housing properties book value net of depreciation	2024	2023
	£000's	£000's
Freehold land and buildings	21,329	19,496
Long leasehold land and buildings	<u>2,297</u>	<u>2,241</u>
	<u>23,626</u>	<u>21,737</u>

11. Other tangible fixed assets

	Temporary social housing improvements £000's	Office furniture & equipment £000's	Total £000's
Cost			
At 1 April 2023	<u>100</u>	<u>187</u>	<u>287</u>
Additions	-	-	-
At 31 March 2024	<u>100</u>	<u>187</u>	<u>287</u>
Depreciation			
At 1 April 2023	<u>95</u>	<u>181</u>	<u>276</u>
Charge for the year	-	<u>2</u>	<u>2</u>
At 31 March 2024	<u>95</u>	<u>183</u>	<u>278</u>
Net book value			
On 31 March 2024	<u>5</u>	<u>4</u>	<u>9</u>
At 31 March 2023	<u>5</u>	<u>6</u>	<u>11</u>

12. Debtors

	2024	2023
	£000's	£000's
Amounts receivable within one year:		
Rental and service charges receivable	317	249
Less: provision for bad and doubtful debts	<u>(198)</u>	<u>(184)</u>
	119	65
Other debtors	585	274
Prepayments	<u>104</u>	<u>113</u>
	<u>808</u>	<u>452</u>

Notes to the financial statements (continued)

13. Creditors: amounts falling due within one year	2024	2023
	£000's	£000's
Loans	42	35
Trade creditors	80	161
Amount due to parent company	249	39
Prepaid rent	154	160
Other creditors	528	551
Accruals and deferred income	266	267
Housing grant to be released within 1 year	<u>134</u>	<u>134</u>
	<u>1,453</u>	<u>1,347</u>
14. Creditors: amounts falling due after one year	2024	2023
	£000's	£000's
Deferred temporary social housing grant	4	3
Recycled capital grant fund (Note 17)	-	70
Loans	2,279	1,106
Social Housing Grant (Note 18)	<u>9,497</u>	<u>9,631</u>
	<u>11,780</u>	<u>10,810</u>
Loan Analysis		
Due within one year (Note 13)	42	35
Due more than one year but less than two years	1	31
Due between two and five years	2,203	1,002
Due more than five years or more	<u>75</u>	<u>73</u>
	<u>2,321</u>	<u>1,141</u>
Housing loans by lenders:		
National Westminster Bank plc	121	141
Richmond Housing Partnership (inter group loan)	<u>2,200</u>	<u>1,000</u>
	<u>2,321</u>	<u>1,141</u>

Co-op Homes has arranged a £11m intercompany revolving facility with its parent, RHP, available from 1 April 2021. This revolving credit facility will be used to support development activity and is secured by a floating charge over the company's existing and future housing properties. When funds are drawn, they will attract a margin of 1.23% and undrawn funds incur a commitment fee of 0.492%. £2.2m of the revolving credit facility has been utilised to support development activities.

The NatWest Loan is secured by a fixed charge on selected properties owned by the company. Interest is charged at rates ranging from 1.12% to 10.38%.

Notes to the financial statements (continued)**15. Pension****a. Present values of defined benefit obligation, fair value of assets and defined benefit liability**

	2024	2023
	£000's	£000's
Fair value of plan assets	1,878	1,898
Present value of defined benefit obligation	<u>(2,312)</u>	<u>(2,327)</u>
Net defined benefit liability to be recognised	<u>(434)</u>	<u>(429)</u>

b. Reconciliation of opening and closing balances of the defined benefit obligation

	2024	2023
	£000's	£000's
Defined benefit obligation at start of period	2,327	3,270
Current service cost	-	-
Expenses	4	4
Interest expense	112	90
Contributions by plan participants	-	-
Actuarial gains due to scheme experience	(3)	(107)
Actuarial gains due to changes in demographic assumptions	(32)	(7)
Actuarial losses/(gains) due to changes in financial assumptions	12	(821)
Benefits paid and expenses	<u>(108)</u>	<u>(102)</u>
Defined benefit obligation at end of period	<u>2,312</u>	<u>2,327</u>

c. Reconciliation of opening and closing balances of the fair value of plan assets

	2024	2023
	£000's	£000's
Fair value of plan assets at start of period	1,898	2,798
Interest income	93	78
Loss on plan assets (excluding amounts included in interest income)	(105)	(972)
Contributions by the employer	100	96
Contributions by plan participants	-	-
Benefits paid and expenses	<u>(108)</u>	<u>(102)</u>
Fair value of plan assets at end of period	<u>1,878</u>	<u>1,898</u>

The actual return on the plan assets (including any changes in share of assets) over the year ended 31 March 2024 was (£12,000) (2023, £271,000).

Report and financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

15. Pension (continued)

d. Defined benefit costs recognised in statement of comprehensive income

	2024 £000's	2023 £000's
Current service cost	-	-
Expenses	4	4
Net interest expense	<u>19</u>	<u>12</u>
Defined benefit costs recognised in statement of comprehensive income	<u>23</u>	<u>16</u>

e. Defined benefit costs recognised in other comprehensive income

	2024 £000's	2023 '000's
Loss on plan assets (excluding amounts included in net interest cost)	(105)	(972)
(Loss)/Gain arising on the plan liabilities	3	107
Gain due to changes in the demographic assumptions	32	7
(Loss)/Gain due to changes in the financial assumptions	<u>(12)</u>	<u>821</u>
Total amount recognised in other comprehensive income loss	<u>(82)</u>	<u>(37)</u>

f. Assets

	2024 £000's	2023 £000's
Global Equity	187	35
Absolute Return	73	21
Distressed Opportunities	66	57
Credit Relative Value	62	72
Alternative Risk Premia	60	4
Emerging Markets Debt	24	10
Risk Sharing	110	140
Insurance -Linked Securities	10	48
Property	75	82
Infrastructure	190	217
Private Equity	2	-
Private Debt	74	84
Opportunistic illiquid credit	73	81
High Yield	-	7
Cash	37	14
Long Lease Property	12	57
Secured Income	56	87
Liability Driven Investment	765	873
Currency Hedging	(1)	4
Net Current Assets	<u>3</u>	<u>5</u>
Total assets	<u>1,878</u>	<u>1,898</u>

Report and financial statements for the year ended 31 March 2024**Notes to the financial statements (continued)****15. Pension (continued)**

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

g. Key assumptions

	2024	2023
	% per annum	% per annum
Discount Rate	4.87%	4.89%
Inflation (RPI)	3.19%	3.20%
Inflation (CPI)	2.76%	2.72%
Salary Growth	3.76%	3.72%

Cash commutation 75% of maximum allowance 75% of maximum allowance

The mortality assumptions adopted at 31 March 2024 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2024	20.5
Female retiring in 2024	23.0
Male retiring in 2044	21.8
Female retiring in 2044	24.4

Defined Benefit Pension Scheme

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

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

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,522m. A recovery plan has been put in place with the aim of removing this deficit by 30 September 2026.

Report and financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

15. Pension (continued)

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. However, the scheme is now closed for any new employees.

On 1 April 2019, sufficient information became available for the association in respect of SHPS to account for its obligation on a defined benefit basis and was therefore first reflected in the year ended March 2020.

The most recent formal actuarial valuation was at 30 September 2021 and rolled forward, allowing for the different financial assumptions required under FRS102 to 31 March 2024 by a qualified independent actuary.

The net defined benefit liability at the year ended 31 March 2024 is £434k (2023: £429k)

16. Provision for liabilities

	2024	2023
	£000's	£000's
At 1 April and 31 March	<u>94</u>	<u>94</u>

This provision is the estimated amount of fulfilling the obligations of the short life property leases.

17. Recycled capital grant fund

	2024	2023
	£000's	£000's
At 1 April and 31 March	<u>=</u>	<u>70</u>

18. Social Housing Grant

	2024	2023
	£000's	£000's
At 1 April	9,765	9,899
Released to income for the year	<u>(134)</u>	<u>(134)</u>
At 31 March	<u>9,631</u>	<u>9,765</u>
Amount to be released within one year (Note 13)	(134)	(134)
Amounts to be released within more than one year (Note 14)	(9,497)	(9,631)

Report and financial statements for the year ended 31 March 2024

Notes to the financial statements (continued)

19. Non equity share capital	2024	2023
	£	£
Shares at £5 each issued and fully paid:		
At 1 April	250	235
Issued during the year	-	20
Cancelled during the year	-	(5)
At 31 March	<u>250</u>	<u>250</u>

Shareholders have a right to vote at general meetings; there are no other rights attached to the shares.

When a shareholder ceases to be a member, that person's share is cancelled, and the amount paid up thereon becomes the property of the company. All shareholdings relate to non-equity interests.

20. Related party transactions

Co-op Homes provides management services to several primary housing co-operatives. These housing organisations are members of Co-op Homes and up to four Board places are available for their tenants as well as up to four Co-op Homes tenant members. In relation to these housing co-ops, the company received £1,235k (2023: £1,206k) for management services during the year. At 31 March 2024 there were no Co-op Homes tenant members on the Board.

As detailed in Note 14, Co-op Homes had arranged a £11m revolving loan facility with the parent, RHP, and had drawn £2.2m during the year, which attracted 125k (2023: £83k) interest and loan commitment fee cost during the year.

In addition, Co-op Homes shares office premises, ICT services, HR services and other costs with its parent. Charges for these services during the year amounted to £249k (2023: £109k).

The chair of Chisel Neighbourhood Housing Association, Carmen White, retired from the board of CHS on 31st July 2023. Chisel was a client of Co-op Homes and fees charged to them for services in the financial year ended 31st March 2024, totalled £40,098. (2023: £74,952).

21. Financial assets and liabilities**Intercompany loan**

The current loan drawdown from RHP is £2.2m, though Co-op Homes have an £11m revolving facility at a margin of 1.23%. This facility includes a covenant that Co-op Homes will, on demand, pay and discharge the secured liabilities as and when they fall due. The current loan balance is due for repayment in 2026.

Notes to the financial statements (continued)

22. Contingent liabilities

The company participates in the Social Housing Pension Scheme (SHPS), a multiemployer scheme which provides benefits to some 500 non-associated employers. SHPS is administered by The Pensions Trust (TPT) who have undertaken an historical review of the application of benefits and have concerns about the application of changes in inflation on payments and revaluation and have applied to the courts for a review of their historical approach. Preparation for the court case is progressing and the court has provided an expected window for the hearing during February 2025, with the judgement currently expected in Q2 2025.

23. Commitments under operating leases

As at 31 March 2024 the company had minimum future payments under operating leases in respect of housing land and buildings as follows:

	2024	2023
	£000's	£000's
Within one year	6	11
Between one and five years	8	12
After five years	-	<u>2</u>
	<u>14</u>	<u>25</u>

These commitments relate to 5 (2023: 4) accommodation units. There is a rolling agreement for the rental of office accommodation at a cost of £36k pa. to be reviewed periodically.

24. Commitments relating to assets under construction

Commitments contracted but not yet provided for:

	2024	2023
	£000's	£000's
Construction or purchase of housing properties	5,000	876

25. Units in management

	2024	2023
	No.	No.
Permanent accommodation	310	295
Short-life accommodation	5	5
Managed accommodation for affiliated Co-ops	<u>1,105</u>	<u>1,504</u>
	<u>1,420</u>	<u>1,804</u>

These units in management are all general needs housing with rent at a social rent.

27. Parent company

The consolidated accounts of the parent company, RHP Group, are publicly available and can be obtained from 8 Waldegrave Road, Teddington, TW11 8GT or www.rhp.org.uk.