



**Registered number: LH0888**

**PETER BEDFORD HOUSING ASSOCIATION LIMITED**

**Financial statements**

**Year ended 31 March 2023**

**PETER BEDFORD HOUSING ASSOCIATION LIMITED**

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# **PETER BEDFORD HOUSING ASSOCIATION LIMITED**

## **INFORMATION**

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### **BOARD**

Rupa Bhola  
Corinna Bishopp  
Tim Browning  
Tim Butler (resigned 8<sup>th</sup> December 2022)  
Kevin Farrell  
Carly Fordham (resigned 29<sup>th</sup> September 2022)  
Louise Graham  
Pilar Sanchez (resigned 19<sup>th</sup> January 2023)  
Jon Sibson  
Michael Cooper (co-opted 23<sup>rd</sup> November 2022)  
Carlo Navato (co-opted 23<sup>rd</sup> November 2022)  
Lewis Devonish (co-opted 23<sup>rd</sup> November 2022)

### **REGISTERED OFFICE**

Kingsland Hub  
242-248 Kingsland Road  
London  
E8 4DG

### **SOLICITORS**

Devonshires  
30 Finsbury Circus  
London  
EC2M 7DT

### **AUDITORS**

Beever and Struthers  
150 Minories  
London  
EC3N 1LS

### **BANKERS**

Barclays Bank PLC  
Barclays Business  
1<sup>st</sup> Floor  
27 Soho Square  
London  
W1D 3QR

### **REGISTERED UNDER THE CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014**

Registration number 20037R

### **REGISTERED BY THE REGULATOR OF SOCIAL HOUSING**

LH 0888

**BOARD REPORT**

For the year ended 31 March 2023

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**Constitution**

Peter Bedford Housing Association Limited (PBHA) is a Social Housing Provider registered under the Co-operative and Community Benefit Societies Act 2014 (Registration number 20037R) and registered with the Regulator of Social Housing (Registration number LH0888).

**Principal activities**

The principal activity of Peter Bedford Housing Association Limited is the provision of housing with support and access to community activities, work experience, training and employment for people who have suffered social exclusion. This includes for example people who have been homeless, who face challenges through mental ill- health, or through drug or alcohol misuse, people who have been in prison and people with learning disabilities.

**Review of results**

The Association made a deficit for the year of £57,544 (2021-22: Surplus of £30,931) which compares unfavourably with a budgeted surplus of £199,490. The operating loss was caused by lower than planned occupancy levels and fundraising. Occupancy was affected by significant maintenance required to empty properties after the end of a long-term Housing Related Support contract with LB Islington. Management have taken steps to address occupancy levels and have returned a number of long-term void properties to a lettable condition. It is expected that this will have a significant positive impact on our 2023/24 financial performance and management are confident of reporting an operating surplus for the coming year.

**Future Developments**

PBHA has adopted a 5-year strategy, 2020-25. The focus is to meet growing demand for more supported homes expanding into the neighbouring boroughs we operate in. Our strategic objectives are to:

- 1. Further Invest in homes which tenants are proud to call home**
- 2. Increase Peter Bedford’s viability, impact, and Value for Money**
- 3. Place tenants at the centre of Peter Bedford**
- 4. Strive for happiness at work**
- 5. Build Partnerships**

We reviewed the Business Plan at its mid-point during 2022-23.

We are preparing for the end of 21-year leases across 68 units of our stock in 2025, and have expanded with a further 21 homes in Newham with funding from the Rough Sleeping Accommodation Programme and the Social Investor, Social and Sustainable Capital.

**Land and buildings**

Details are set out in note 9. The Association’s land and buildings appear on the Statement of Financial Position at cost.

**BOARD REPORT**

**For the year ended 31 March 2023**

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**Going Concern**

The Board has a reasonable expectation that the Association has adequate resources to continue in operation for the foreseeable future and the going concern basis has continued to be adopted in preparing the financial statements.

**Reserves**

The Board have considered the need to maintain a level of reserves that will ensure both smooth day to day running of the organisation and allow for investment in improving and increasing its housing stock.

PBHA's Business Plan to 2025 has been stress tested and projections to 2031 forecasted a base case cash position of greater than minimum cash reserve limit set out in the most recent reserves policy. Stress testing scenarios indicate cash reserves of less than the minimum reserve limit and management are taking steps to devise mitigations in these scenarios.

**Board and Senior Leadership Team**

The members of the Senior Leadership Team were:

Clare Norton	Chief Executive Officer
Chris Deacon	Director of Services
Graeme Newton	Director of Finance

The Board members detailed on page 1 each hold one fully paid share of £1 in the Association. The Senior Leadership Team members hold no interest in the Association's share capital and are not members of the Board.

**Employee involvement**

Employees are informed and consulted on matters concerning them through team meetings, team briefs, an annual staff and volunteer conference, and regular supervision meetings with their managers. PBHA also recognises and consults through Unite the Union.

**BOARD REPORT**

For the year ended 31 March 2023

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**Compliance with NHF Code of Governance (2020) and the Regulator of Social Housing's Governance & Financial Viability Standard**

The Association complies with the National Housing Federation (NHF) Code of Governance 2020. The Board confirms that the Association has met the Regulator for Social Housing's regulatory expectations in the Governance and Viability Standard. The Chair appraises all Board members regularly to ensure the Board is developed to carry out its role.

**Public Benefit Entity**

As a public benefit entity, Peter Bedford Housing Association Limited has applied the public benefit entity 'PBE' prefixed paragraphs of FRS102.

**Responsibilities of the Board**

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 housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the association and of its income and expenditure for that period.

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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and enable it to ensure that the 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 has general responsibility for taking reasonable steps 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. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**(a) Shareholding membership**

The Association has a shareholding membership of 21 which elect the Board at the Annual General Meeting. Of these, 5 are beneficiaries.

**(b) Constitution of the Board**

Board members may serve for a maximum of six years, those who have not reached their six-year term are required to stand down every three years and can offer themselves for re-election. A systematic approach to Board renewal ensures that Board members between them have the skills, qualities, and experience to properly oversee the Association's work. Two roles on the Board are dedicated for people with lived experience of using PBHA's or similar services.

**BOARD REPORT**

For the year ended 31 March 2023

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**(c) Involvement of tenants and participants**

To improve tenant involvement the Association has established house meetings, the Tenant and Participant Conference and the Property Panel. Tenants have delivered training to our housing teams. Tenants and participants are integral to developing the way in which the Association works. The Association has a Participation Strategy and an employee who leads on Participation. Tenants and participants run peer support groups, the Digital Champions, gardening services, and publish The Rising Star, a quarterly tenant newsletter. We changed contractors for responsive repairs partly based on tenant feedback and have seen a marked increase in satisfaction as performance greatly improved.

In 2022-23, we began the following new projects to assist tenants and participants, a Resilience programme, an Art programme, DiY and furniture making courses and Train the Trainer where we trained other community groups to set up their own Digital Champions programme. We continued our Digital Champions, Gardening, Money Management, DiY classes, Information, Advice and Guidance services to help tenants build skills, confidence and reduce loneliness.

We have established a method to measure our Journey to becoming Tenant Lead by 2025 – the PBHA Participation Ladder. We self-assessed at the penultimate rung on the ladder – Tenants Influencing. A Tenant survey was carried out in Summer 2022, and this showed improved satisfaction with Repairs and maintenance and Listening to Tenants views which is promising. Overall satisfaction had fallen marginally by 1% to 65%.

We continue to move forward on the areas tenants highlighted. 53% of tenants are either in work or seeking work having risen from 41% due to the recovery of the labour market after the pandemic. We adapted our Enterprises and Training offer to help tenants to become more digitally skilled and this has stood us in good stead over the pandemic. Services returned to fully face to face enabling more qualitative outcomes and success. 58 tenants were involved in participation opportunities, 207 people received training and we supported 2 people into full-time employment. 66% of tenant moves were planned and positive, while tenant turnover fell to 17% from 19%. We are seeking to reduce this further and provide more long-term homes.

Our investment in major repairs and renewals to improve the housing grew this year as we improved fire safety measures, roofing, kitchens and bathrooms. We refreshed empty properties bringing 6 long term empty homes back into use across Hackney and Islington. In addition, we refurbished 14 Newham homes acquired from our street acquisition programme to a high lettable standard giving them a long lifespan as social homes. We kept on track investing in homes in line with our 30-year Stock Condition Survey.

**(d) Managing diversity**

The Association operates and monitors equal opportunities and anti-discrimination policies and procedures. It will always act in accordance with the Equality Act and best practice, and has an Equality and Diversity working party. Currently 70% of employees are women, 44% are Black or Minority Ethnic (2022: 55%), 4% are aged under 30 (2022: 10%), 33% are aged over 55 (2022: 26%), 11% have a disability (2022: 10%), and 15% have lived experience (2022: 23%). These proportions broadly reflect the communities served and have stayed stable unless noted. We continue to encourage applications to increase greater ethnic diversity at senior level as well as from younger people and those with lived experience. PBHA has maintained its status as a Disability Confident Committed Employer, a Mindful Employer, and a London Living Wage employer. 30 people volunteered with PBHA, a significant decrease from the previous year as we had reduced capacity in Enterprises and Training.

**BOARD REPORT**

For the year ended 31 March 2023

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Staff turnover rose to 36% as the employment market was competitive and the cost-of-living crisis bit but settled as the year progressed. Staff engagement rose as the year went on as we filled posts and delivered a fair pay settlement for colleagues. Average days lost to sickness fell to 5.5 days from 6.4 days previously, and we ended the year well.

**(e) Internal control**

The Board has overall responsibility for the Association's whole system of internal controls and reviewing its effectiveness. No system of internal controls can provide absolute assurance against material misstatement or loss or eliminate all risk of failure to achieve the Association's objectives. The Association's system is designed to manage key risks and provide the Board with reasonable assurance that planned objectives and outcomes are achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Association's assets.

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:

- **Identification and evaluation of key risks**

Responsibility has been clearly defined for the identification, evaluation, and control of significant risks. The Board identified our key risks and agreed our Risk Management Strategy. There is an ongoing process of management review in each area of the Association's activities. The Senior Leadership Team regularly consider significant risks facing the Association and the Director of Finance is responsible for reporting to the Board any significant changes affecting key risks. We have an organisation wide approach to identifying and managing risk.

- **Monitoring and corrective action**

A process of control and regular monthly management reporting on control issues provides assurance to the Senior Leadership Team and to the Board. This includes ensuring that corrective action is taken in relation to any significant control issues, particularly those that may have a material impact on the financial statements, the achievement of objectives or the delivery of our services.

- **Control environment and control procedures**

The Board retains responsibility for a defined range of issues covering strategic, operational, financial, and compliance issues. The Board has adopted, and disseminated to all staff, a Code of Conduct. This sets out the Association's policies regarding the quality, integrity and ethics of its staff. We are refreshing this to align with the NHF's Code of Governance. The Code of Conduct is supported by a framework of policies and procedures which staff must comply with. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection.

- **Information and financial reporting systems**

Financial reporting systems include annual budgets, monthly management accounting, variance reporting and regular monthly forecasting. These are reviewed in detail by the Senior Leadership Team and are considered and approved by the Board. The Board also regularly reviews key performance indicators to assess progress towards the achievement of key objectives, targets and outcomes.



**BOARD REPORT**

**For the year ended 31 March 2023**

The Board has conducted its annual review of the effectiveness of the system of internal control in the Association for the year ended 31 March 2023 and until the signing of the financial statements. It has taken account of any changes needed to maintain the effectiveness of the risk management and control process.

The Board confirms that there is an ongoing process for identifying, evaluating, and managing significant risks faced by the Association. This process has been in place throughout the year and is regularly reviewed by the Board.

**(f) Value for Money**

This statement is written in accordance with the Value for Money Standard 2021 published by the Regulator of Social Housing.

The Board receives regular updates against our **performance scorecard** to monitor performance. A sample of the financial measures are below. Where relevant these measures are benchmarked with similar organisations through membership of Acuity <http://www.arap.co.uk/>

	<b>Target for 2022-23</b>	<b>At 31 March 2023</b>	<b>At 31 March 2022</b>
Operating margin %	6.2%	<i>(1.9%)</i>	1%
4 week running average of rent collected	£45,000	£47,371	£43,074
Current tenant arrears as a % of rent roll	8%	8.4%	7.5%
% of void loss	7%	11%	15%
Funds raised incl. future and multi-year	£225,000	£331,278	£221,311
% of service users digitally active	60%	45%	66%

This year has been another difficult year with lower-than-expected occupancy rates as we juggled delivering new homes against bringing empty homes back into let. In year fundraising was also challenging as funders had invested in the emergency response to the pandemic. The outlook for 2023-24 is more positive as we are succeeding in increasing occupancy and bringing down long term voids as well as securing significant funding for the year.

The following metrics are required to be published in accordance with the Regulator of Social Housing's Value for Money standard. We have benchmarked them against peers in our Supported Housing benchmarking group.

**BOARD REPORT**

For the year ended 31 March 2023

VFM Metric	2023 Benchmark *	2023 PBHA	2023 Target	2023 Current Quartile	2022 Benchmark *	2022 PBHA
Reinvestment	6.53%	1.6%	5.1% Quartile 2	3	0.85%	8.6%
New Supply Delivered – Social Housing	5.0%	6.41%	3.2% Quartile 3	1	0%	1.47%
New Supply Delivered – Non Social Housing	0%	0%	0%	N/A	0%	0%
Gearing	(5.0%)	13.8%	13.8% Quartile 2	N/A	10.06%	0%
EBITDA MRI (Interest Cover)	396.45%	0%	0%	N/A	193.25%	0%
Headline Social Housing Cost per Unit	£8,900	£8,900	£7,640 Quartile 2	1	£7,504	£8,220
Operating margin – Social Housing Lettings	9.24%	1.4%	1.0% Quartile 4	3	14.74%	5.7%
Operating margin – overall	10.3%	(1.9%)	6.2% Quartile 4	4	5.74%	1.0%
ROCE	4.0%	(0.3%)	1.2% Quartile 4	4	2.91%	0.2%

\*Acuity supported housing benchmarking peer group median with 13 members, Quartiles 1 = highest: 4 = lowest. The benchmark group is supported housing associations in London.

Our overall operating margin has fallen to (1.9%) corresponding to quartile 4 this year, as a result of low occupancy as mentioned previously. We expect our long-term strategy to grow our return (margin) so we can re-invest this into the long-term future of our properties to return to closer to expected levels in 2023-24 as we grow the number of homes we have. Similarly, our operating margin for social housing lettings fell to the benchmark of Q3 due to the low occupancy level.

We have benchmarked for the first time as Quartile 1 for New Supply delivered, as we brought 18 new homes into our ownership during 2022-23. By the end of the year, we had grown to 292 homes.

As a housing association which has not developed for a significant time, our gearing remains low at 13.8% after entering into a partnership to buy more homes with Social and Sustainable Capital.

**BOARD REPORT**

For the year ended 31 March 2023

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Our investment in improving properties over the long term in line with our Asset Management Strategy continued. We have improved slightly to quartile 3 on Reinvestment, not achieving our target of quartile 2 mainly due to a delay in planned major repairs expenditure which is now anticipated to be incurred in the first quarter of 2023-24.

Our Headline social housing cost per unit has performed well improving to quartile 1 exceeding our target of Q2. We are continuing to see how streamlining our operations over the past few years, with central services reducing in size and scope, has continued to improve this metric.

The **Social Impact** PBHA creates is central to PBHA's purpose, and we usually measure this impacting the HACT Wellbeing Valuation Approach.

The table (below) demonstrates how we performed against our Value for Money objectives in 2022-23:

<b>Value for Money Objective</b>	<b>Action taken 2022-23</b>
1. Achieve a void loss of 7.7% taking us to quartile 3.	We did not achieve this metric, attaining 11%, albeit a fall of 25% from 2021-22. We remained at quartile 4.
2. Achieve Collect £45,000 rent each week improving current rent arrears rates to 6.5% and to benchmark at quartile 3.	We exceeded this collection rate and achieved a 8.4% current rent arrears rate by the year end. This is quartile 3
3. Achieve 287 homes in management and develop a clear Asset Management Plan to 2030 to maximise Return on Capital Employed.	We exceeded the target for the number of homes in management at 292. We developed our Asset Management Plan and expect to be able to fund this from our future surpluses.

**BOARD REPORT**

For the year ended 31 March 2023

Value for Money Objective	Action taken 2022-23
4. Increase the number of people we support or house to 650 from expanding into Newham and maximising the Community Connector programme.	This was not possible to deliver as the funding available to us and the difficulty in recruiting to vacant posts in quarters 2 and 3 severely hampered our capacity. Recruitment recovered to the end of the year and this bodes well for the numbers of people we can support or house in 2023-24.
5. Achieve an operating margin of 7.4%	This was not achieved due to poor fundraising outcomes and low occupancy levels.
6. Achieve £2,500,000 social impact created across Peter Bedford HA using the HACT Wellbeing Valuation Approach and embedding the Wellbeing star tool we use to capture social impact.	We achieved £3,769,644 social impact. We are using the Wellbeing star in the new Newham services and expanding HACT across the rest of Peter Bedford HA.
7. The Enterprises and Training service will maintain their break-even position year on year ongoing, delivering a contribution to overheads and value for money to tenants.	This was not achieved due to poor fundraising, we had to put a recruitment freeze on vacant posts in year which impaired performance. Reducing expenditure limited the deficit but still lead to a £64,436 loss.
8. Reduce Headline social housing cost to £7,640 aiming to maintain quartile 2.	We achieved a Headline social housing cost of £8900, quartile 1.
9. Raise £220,000 multi-year funding to support new Housing, Enterprises and Training services.	This was exceeded at £331,278, securing several large awards in the latter part of the year for both Housing and Enterprises and Training.
10. We will achieve Cyber Essentials to augment our cyber security. We will also supply fully peripatetic IT and electronic forms for Housing and Property staff to increase their efficiency and reduce administrative duplication.	We progressed towards completing Cyber Essentials and upgraded hardware and housing management software to improve efficiency.

**Achievements**

1. We invested in the housing stock in line with the Stock Condition Survey. We have invested fitting fire alarms, fire doors, kitchens, bathrooms and roof works.
2. We secured funding from the Greater London Authority and Social and Sustainable Capital (social investment) to acquire and refurbish a further 9x1 bedroom flats to support and house former rough sleepers in Newham. All 21 homes were in our ownership by 31<sup>st</sup> March 2023.

**BOARD REPORT**

**For the year ended 31 March 2023**

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3. We were a member of a successful Social Housing Decarbonisation Fund bid securing approximately £300,000 investment to bring 38 homes to EPC C level by March 2025.
4. We had full occupancy of all commercial units over the year, bringing in resources to support the viability of the organisation.
5. We completed the transition to local smaller responsive repairs contractors and achieved much improved satisfaction and completion rates at a marginal increase in cost.
6. We improved Occupancy rates and brought 6 long term empty homes back into use.
7. We delivered on much of our Customer Service strategy listening and responding to residents' views and fully staffing our housing teams.
8. We significantly improved our Complaints practice delivering improvements in responsiveness and reducing numbers of complaints, moving from quartile 4 to 1 in the year.
9. We reconfigured several supported housing homes to general needs to better meet tenants needs.
10. We invested in improved IT infrastructure through SASSHA housing management system upgrade to improve reliability and security.
11. We improved our repairs responses completed within target to 97% or quartile 2, a rise of almost 20% as we changed to a variety of smaller local contractors.

Our **Value for Money action plan** for 2023-24 is to:

1. Achieve a void loss of 7.4% taking us to quartile 3.
2. Collect £52,000 rent each week improving current rent arrears rates to 6.5% and to benchmark at quartile 2.
3. Achieve 300 homes in management and develop a clear Asset Management Plan to 2030 to maximise Return on Capital Employed.
4. Increase the number of people we support or house to 600 from expanding into Newham and maximising the Community Connector programme.
5. Achieve an operating margin of 6%
6. Achieve £4,000,000 social impact created across Peter Bedford HA using the HACT Wellbeing Valuation Approach and embedding the Wellbeing star tool we use to capture social impact.
7. The Enterprises and Training service will maintain their break-even position year on year ongoing, delivering a contribution to overheads and value for money to tenants.
8. Achieve £9540 Headline social housing cost of £ aiming to maintain quartile 1.
9. Raise £500,000 multi-year funding to support new Housing, Enterprises and Training services.

We will achieve Cyber Essentials to augment our cyber security. We will also supply fully peripatetic IT and electronic forms for Housing and Property staff to increase their efficiency and reduce administrative duplication.11. We will review how we measure Overheads as a % of turnover to accurately benchmark against peers where we currently benchmark at quartile 4.

**BOARD REPORT**

**For the year ended 31 March 2023**

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Our **Value for Money action plan** to 2025 is to:

1. Reduce void rates to 5.5% or quartile 2 from 4.
2. Achieve high rent collection rates at quartile 2 or 3 achieving 100% after voids.
3. Grow the margin to meet the requirements for investment in the housing stock to £350,000 per annum through achieving quartile 1 Headline Social Housing Cost.
4. The Enterprises and Training service to maintain viability through combined financial and social impact measures.

PBHA's Annual Impact Report and Social Impact Statements 2022-23 will be published on our website. Our Annual Impact Report will be distributed to our stakeholders - tenants, referral agencies, funders and local government agencies.

**(g) Board members' indemnity**

The Board has confirmed that the Association does have Board member and Officers insurance in place.

**(h) Financial instruments**

The Association does not have any abnormal exposure to price, credit, liquidity, and cash flow risks arising from its trading activities. The Association does not enter into any hedging transactions and no trading in financial instruments is undertaken.

**(i) Disclosure of information to the auditor**

We, the members of the Board who held office at the date of approval of these Financial Statements as set out above, confirm so far as we are aware, that there is no relevant audit information of which the Association's auditors are unaware; and we have taken all the steps that we ought to have taken as Board members to make ourselves aware of any relevant audit information and to establish that the auditors are aware of that information.

On behalf of the Board

Jon Sibson  
Chair

**PETER BEDFORD HOUSING ASSOCIATION LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PETER BEDFORD HOUSING ASSOCIATION LIMITED**  
**For the year ended 31 March 2023**

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### **Opinion**

We have audited the financial statements of Peter Bedford Housing Association Limited “the Association” for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cashflows and the notes to the financial statements, including a summary of significant accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association’s affairs as at 31 March 2023 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 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 related 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 Board Report, other than the financial statements and our auditor’s report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

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

#### **Responsibilities of the Board**

As explained more fully in the Board's Responsibilities Statement set out on page 4, the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal 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 are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's Responsibilities for the audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on the financial statements.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:



**PETER BEDFORD HOUSING ASSOCIATION LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PETER BEDFORD HOUSING ASSOCIATION LIMITED**

**For the year ended 31 March 2023**

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- We obtained an understanding of laws and regulations that affect the Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the nature of the Association's activities and the regulated nature of the Association's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

### **Use of the audit 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 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association 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 for our audit work, for this report, or for the opinions we have formed.

**Beever and Struthers**

**Statutory Auditor, Chartered Accountants**

**150 Minories**

**London EC3N 1LS**

**Date:**

**PETER BEDFORD HOUSING ASSOCIATION LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended 31 March 2023

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	Notes	2023 £	2022 £
<b>TURNOVER</b>	3	<b>2,924,162</b>	2,940,552
Operating costs	3	<b>(2,983,860)</b>	(2,882,299)
<b>OPERATING (DEFICIT)/SURPLUS</b>		<b>(59,698)</b>	58,253
Finance income		<b>46,162</b>	210
Interest and financing costs	5	<b>(44,008)</b>	(27,532)
<b>TOTAL COMPREHENSIVE (DEFICIT)/INCOME FOR THE YEAR</b>		<b>(57,544)</b>	30,931

The notes on pages 21 to 38 form an integral part of these financial statements.

The financial statements on pages 16 to 38 were approved by the Board of Management on 27 July 2023 and were signed on its behalf by

**Jon Sibson**  
Chair of the Board of Management

**Corinna Bishopp**  
Member of the Board of Management

**Clare Norton**  
Secretary

**PETER BEDFORD HOUSING ASSOCIATION LIMITED**

**STATEMENT OF FINANCIAL POSITION**  
**At 31 March 2023**

	Notes	2023 £	2022 £
<b>TANGIBLE FIXED ASSETS</b>			
Housing properties – cost less depreciation	9	15,774,756	10,950,150
Other property, plant & equipment – cost less depreciation	10	3,142,151	3,168,256
<b>TOTAL FIXED ASSETS</b>		<b>18,916,907</b>	<b>14,118,406</b>
Stock		14,143	14,143
Debtors	11	185,746	97,718
Cash at bank and in hand		2,440,626	3,480,146
		<b>2,640,515</b>	<b>3,592,007</b>
<b>CREDITORS: AMOUNTS FALLING</b>			
<b>DUE WITHIN ONE YEAR</b>	12	<b>(762,742)</b>	<b>(776,827)</b>
<b>NET CURRENT ASSETS</b>		<b>1,877,773</b>	<b>2,815,180</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>20,794,680</b>	<b>16,933,586</b>
<b>CREDITORS: AMOUNTS FALLING</b>			
<b>DUE AFTER MORE THAN ONE YEAR</b>	13	<b>(13,596,133)</b>	<b>(9,677,495)</b>
<b>NET ASSETS</b>		<b>7,198,547</b>	<b>7,256,091</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	16	21	21
Revenue reserves		7,198,526	7,256,070
<b>TOTAL CAPITAL AND RESERVES</b>		<b>7,198,547</b>	<b>7,256,091</b>

The notes on pages 21 to 38 form an integral part of these financial statements.

The financial statements on pages 16 to 38 were approved by the Board of Management on .....  
2023 and were signed on its behalf by:

**Jon Sibson**  
**Chair of the Board of Management**

**Corinna Bishopp**  
**Member of the Board of Management**

**Clare Norton**  
**Secretary**

**PETER BEDFORD HOUSING ASSOCIATION LIMITED**

**STATEMENT OF CHANGES IN RESERVES**

At 31 March 2023

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	<b>Revenue Reserves 2023</b>	<b>Revenue Reserves 2022</b>
	£	£
<b>BALANCE AT 1 APRIL</b>	7,256,070	7,225,139
Surplus from Statement of Comprehensive Income	(57,544)	30,931
<b>BALANCE AT 31 MARCH</b>	<b><u>7,198,526</u></b>	<b><u>7,256,070</u></b>

**PETER BEDFORD HOUSING ASSOCIATION LIMITED**

**STATEMENT OF CASH FLOWS**  
**For the year ended 31 March 2023**

	Notes	2023		2022	
		£	£	£	£
<b>NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES</b>					
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>A</b>		(89,249)		26,736
Interest paid		(44,008)		(27,533)	
Interest received		46,162		209	
New loans		2,365,709		1,271,817	
New housing grant		1,776,600		95,000	
Shares forfeited		-		(7)	
			4,144,463		1,339,486
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Additions: works to existing housing properties		(215,967)		(185,696)	
Additions: new housing properties		(4,839,419)		(754,194)	
Purchase of other fixed assets		(39,348)		(14,700)	
			(5,094,734)		(954,590)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>			(1,039,520)		411,632
Cash and cash equivalents at the beginning of the year			3,480,146		3,068,514
<b>Cash and cash equivalents at the end of the year</b>			<b>2,440,626</b>		<b>3,480,146</b>

**A) RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2023	2022
	£	£
(Deficit) / surplus for the year	(57,544)	30,931
Movement in debtors	(88,028)	45,769
Movement in creditors	(41,349)	32,442
Depreciation	296,233	242,615
Movement in capital grants	(179,161)	(170,000)
Movement in pension liability	(17,246)	(182,344)
Interest payable	44,008	27,532
Interest received	(46,162)	(209)
Net cash (outflow)/inflow from operating activities	<b>(89,249)</b>	<b>26,736</b>

3 **PETER BEDFORD HOUSING ASSOCIATION LIMITED**

**STATEMENT OF CASH FLOWS**  
For the year ended 31 March 2023

**ANALYSIS OF NET DEBT**

**2023**

	At 31 March 2022	Cash flows	Other changes	At 31 March 2023
	£	£	£	£
Cash at bank and in hand	3,480,146	(1,039,520)	-	2,440,626
Overdrafts	-	-	-	-
	<u>3,480,146</u>	<u>(1,039,520)</u>	<u>-</u>	<u>2,440,626</u>
Debt due within one year	33,581	4,068	-	37,649
Debt due after more than one year	1,549,667	2,361,641	-	3,911,308
Current asset investments	-	-	-	-
	<u>1,583,248</u>	<u>2,365,709</u>	<u>-</u>	<u>3,948,957</u>

**2022**

	At 31 March 2021	Cash flows	Other changes	At 31 March 2022
	£	£	£	£
Cash at bank and in hand	3,068,513	411,633	-	3,480,146
Overdrafts	-	-	-	-
	<u>3,068,513</u>	<u>411,633</u>	<u>-</u>	<u>3,480,146</u>
Debt due within one year	27,165	6,416	-	33,581
Debt due after more than one year	284,266	1,265,401	-	1,549,667
Current asset investments	-	-	-	-
	<u>311,431</u>	<u>1,271,817</u>	<u>-</u>	<u>1,583,248</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

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**GENERAL INFORMATION**

Peter Bedford Housing Association Limited (PBHA) is a Social Housing Provider registered under the Co-operative and Community Benefit Societies Act 2014 (Registration number 20037R) and registered with Homes England (Registration number LH0888).

**1. ACCOUNTING POLICIES**

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

**(a) Basis of accounting**

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2018. The 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 2022. The financial statements are prepared on the historical cost basis of accounting as modified to include certain items at fair value.

The Association meets the definition of a public benefit entity as defined by FRS 102

**(b) Turnover and revenue recognition**

Turnover represents rental and service charge income receivable, amortised capital grant, revenue grants from Local Authorities and Other Agencies, and other income.

Rental income is recognised when the property is available for let, net of voids. Service charge income and costs are recognised on an accruals basis. Supporting People income is recognised under the contractual arrangements.

**(c) Depreciation and impairment**

***Housing Properties***

Tangible fixed assets are stated at cost, less accumulated depreciation and any recognised impairment loss. Freehold land is not depreciated.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. The Association depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

UELs for identified components are as follows:

Roofs:	70 years	Electrical installations:	40 years
Kitchens:	20 years	Mechanical systems:	30 years
Bathrooms:	30 years	Windows:	30 years
Boilers:	15 years	Structure	100 years

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

1. ACCOUNTING POLICIES (Continued)

***Impairment of social housing properties***

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of asset exceeds its recoverable amount, an impairment loss is recognised in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and included in the Statement of Comprehensive Income. When an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods.

***Other property, plant & equipment (PP&E)***

Depreciation is calculated to write off the cost of other PP&E over their estimated useful lives as follows:

Head office fit-out	33⅓ % straight line
Computer equipment	33⅓ % straight line
Office and shop equipment	20 % straight line

The costs of acquisition of the Head Office lease are being written off over the lifetime of the lease which is 250 years.

**(d) Social Housing Grant (SHG) and other grants**

Where housing properties have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in Turnover over the estimated useful life of the associated asset structure (not land), under the accruals model.

Grants received from non-government sources are recognised as revenue using the performance model.

**(e) Improvements to properties**

Expenditure on existing housing properties, other than the replacement of components, is capitalised when it:

- Relates to a major overhaul of the property;
- Improves the economic benefit of the asset either through an increase in rental income, a reduction in maintenance costs or through an extension of the life of the property.

Expenditure incurred which relates to an improvement, which is defined as an increase in the net rental stream or the life of a property, has been capitalised. Expenditure incurred on other major repairs, cyclical and day-to-day repairs to housing properties is charged to the statement of comprehensive income in the period in which it is incurred.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

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1. ACCOUNTING POLICIES (Continued)

(f) Interest and financing costs

Interest charges incurred on the financing of housing properties are capitalised up to the date of practical completion. Interest charges arising after that date are charged to the income and expenditure account.

***Loan interest costs***

Loan interest costs are calculated using the effective interest rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument and is determined based on the carrying amount of the financial liability at initial recognition.

***Loan finance issuance costs***

Arrangement fees, agency fees and related legal fees payable when entering new loans are capitalised then charged to the statement of comprehensive income over the life of the loan via the effective interest method.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits.

(h) Loans

All loans held by the Association are classified as basic financial instruments in accordance with FRS 102. They are measured at transaction price plus transaction costs initially, and subsequently at amortised cost using the effective interest rate method. Loans repayable within one year are not discounted.

(i) Operating leases

Rentals payable under operating leases are charged on a straight-line basis over the term of the lease.

(j) Pension costs

Contributions payable to individual staff member's pension schemes are charged to the statement of comprehensive income in the period to which they relate.

(k) Taxation

By virtue of s.478 Corporation Tax Act 2010, the Association has charitable status and is not subject to corporation tax on surpluses as a result of, or earned in furtherance of, its charitable objectives.

(l) Financial instruments

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents are classified as basic financial instruments and are held at cost. These comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts

***Financial assets carried at amortised cost***

Financial assets carried at amortised cost comprise rent arrears, trade and other receivables. Financial assets are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

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1. ACCOUNTING POLICIES (Continued)

(l) Financial Instruments (continued)

If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly. A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

If an arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

**Financial liabilities carried at amortised cost**

These financial liabilities include trade and other payables and interest-bearing loans and borrowings.

Non-current debt instruments which meet the necessary conditions in FRS102, are initially recognised at fair value adjusted for any directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

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

(m) Stock

Stock is carried at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. This is less any provision for stock unlikely to be sold.

At each reporting date, stock is assessed for impairment. If there is evidence of impairment, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income

(n) Retirement benefits

The cost of providing retirement pensions and related benefits is charged to management expenses over periods benefiting from the employees' services.

The association participates in the Social Housing Pension Scheme (SHPS), a defined benefit multi-employer pension scheme administered by TPT Retirement Solutions (TPT). In accordance with FRS 102 paragraphs 28.11 and 28.11A and Housing SORP 2018 paragraphs 15.9 to 15.12, SHPS had been accounted for as a defined contribution scheme and a liability recognised for the present value of the landlord's deficit funding agreement.

Following changes made to systems and processes by TPT however, sufficient information is now available for SHPS. The association has been able to identify its share of the scheme assets and scheme liabilities and has applied defined benefit accounting from 2019. In May 2019, the Financial Reporting Council (FRC) issued amendments to FRS 102: Multi-employer defined benefit plans. The amendments require that the impact of transition from defined contribution accounting to defined benefit accounting be presented in other comprehensive income.

Consistent with the amendment to FRS 102 paragraph 28.11B, the difference between the deficit funding liability and the net defined benefit deficit for SHPS has been recognised in Other Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

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1. ACCOUNTING POLICIES (Continued)

(o) Going concern

After reviewing the Association's forecasts and projections, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Association continues to adopt the going concern basis in preparing its financial statements.

2. SIGNIFICANT MANAGEMENT JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

**Significant management judgements**

The following is a management judgement in applying the accounting policies of the Association that have the most significant effect on the amounts recognised in the financial statements.

***Impairment of social housing properties***

The Association has to make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP. The assessment is that there are no current indicators of impairment.

**Estimation uncertainty**

***Arrears provisioning***

Provision is made for any impairment of arrears of rents. These provisions require management's best estimate of the recoverability of arrears by reference to estimated future cash flows from identified groups of debtors and judgements to identify appropriate groups of debtors within the overall arrears that have similar credit risk characteristics. These formulae are kept under active review and reflect changes in credit risk characteristics. The current provision is based on 100% of former arrears, 100% of current arrears in excess of £1,500 and 50% of current arrears above £1,000 but below £1,500.

***Grant to income***

Government grants relating to housing properties are recognised in income over the expected useful life of the housing property structure. The Association considers whether there are any indications that the useful lives require revision at each reporting date to ensure that the recognition of income remains appropriate.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

2. SIGNIFICANT MANAGEMENT JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY  
(Continued)

***Components of housing properties and useful lives***

Major components of housing properties have significantly different patterns of consumption of economic benefits and estimates are made to allocate the initial cost of the property to its major components and to depreciate each component separately over its useful economic life. The association considers whether there are any indications that the useful lives require revision at each reporting date to ensure that they remain appropriate.

3. TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	Turnover	2023 Operating Costs	Operating Deficit
	£	£	£
<b>INCOME AND EXPENDITURE FROM LETTINGS</b>			
Housing accommodation (Note 3a)	2,665,665	(2,628,889)	36,776
<b>OTHER INCOME AND EXPENDITURE</b>			
Office Sub-lease income	65,871	-	65,871
Other	11,181	-	11,181
Care and support costs	<u>181,445</u>	<u>(354,971)</u>	<u>(173,526)</u>
<b>OPERATING DEFICIT</b>	<u>2,924,162</u>	<u>(2,983,860)</u>	<u>(59,698)</u>
	Turnover	2022 Operating Costs	Operating Surplus
	£	£	£
<b>INCOME AND EXPENDITURE FROM LETTINGS</b>			
Housing accommodation (Note 3a)	2,375,688	(2,309,864)	65,824
<b>OTHER INCOME AND EXPENDITURE</b>			
Office Sub-lease income	49,219	-	49,219
Other	2,198	-	2,198
Care and support costs	<u>513,447</u>	<u>(572,435)</u>	<u>(58,988)</u>
<b>OPERATING SURPLUS</b>	<u>2,940,552</u>	<u>(2,882,299)</u>	<u>58,253</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

3a. INCOME AND EXPENDITURE FROM LETTINGS

Housing	General Needs Housing	Supported Housing	Total	Total
	£	£	2023 £	2022 £
<b>Income</b>				
Rents	392,399	955,293	<b>1,347,692</b>	1,193,370
Service charges	150,044	988,768	<b>1,138,812</b>	1,012,318
Amortised government grant	-	179,161	<b>179,161</b>	170,000
<b>Total income from lettings</b>	<b>542,443</b>	<b>2,123,222</b>	<b>2,665,665</b>	<b>2,375,688</b>
<b>Expenditure</b>				
Services	201,431	490,382	<b>691,813</b>	667,274
Management	230,638	561,488	<b>792,126</b>	631,994
Routine maintenance	200,621	488,411	<b>689,032</b>	626,966
Planned maintenance	46,379	112,910	<b>159,289</b>	79,452
Lease costs	13,316	-	<b>13,316</b>	23,370
Depreciation of housing properties	67,195	163,585	<b>230,780</b>	141,456
Rent losses from bad debts	15,296	37,237	<b>52,533</b>	139,352
<b>Total expenditure on lettings</b>	<b>774,876</b>	<b>1,854,013</b>	<b>2,628,889</b>	<b>2,309,864</b>
<b>Operating surplus/(deficit) on letting activities</b>	<b>(232,433)</b>	<b>269,209</b>	<b>36,776</b>	<b>65,824</b>
<b>Void losses</b>	<b>92,216</b>	<b>224,499</b>	<b>316,715</b>	<b>392,231</b>

4. SURPLUS FOR THE YEAR

is calculated after charging:

	2023 £	2022 £
Depreciation of tangible fixed assets	<b>296,233</b>	242,615
Amortisation of government grants	<b>(179,161)</b>	(170,000)
Auditors remuneration audit (excl VAT)	<b>14,313</b>	13,000
Operating lease rentals	<b>3,471</b>	3,471

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

5. INTEREST AND FINANCING COSTS

	2023	2022
	£	£
On loans repayable wholly or partly in more than 5 years	42,876	26,015
Pension interest	1,132	1,517
	<u>44,008</u>	<u>27,532</u>

6. TAXATION

No taxation charge arises as the Association has been granted charitable status by HM Revenue & Customs.

7. STAFF COSTS

	2023	2022
	£	£
<b>Staff costs including directors:</b>		
Wages and salaries	963,475	1,051,338
Social security costs	101,422	100,136
Pension and other costs	42,712	45,313
	<u>1,107,609</u>	<u>1,196,787</u>

	Number	Number
Average number of persons expressed as full time equivalents (including the directors) employed during the year	27	32

The number of persons is calculated by dividing the total number of paid staff hours each month by the Association's standard working week of 37.5 hours.

All staff members are eligible to join the pension provided by The Pensions Trust on a Defined Contribution basis. The Pension liability (note 18) relates to a closed Defined Benefit Pensions scheme.

8. DIRECTORS' AND THE EXECUTIVE OFFICERS' EMOLUMENTS

	2023	2022
	£	£
The aggregate emoluments paid to or receivable by the Chief Executive and Management Group	<u>200,340</u>	<u>156,694</u>

Aggregate emoluments for the Chief Executive and Management Group includes pension contributions of £8,794 (2022: £6,689).

The emoluments of directors and the executive officers disclosed above (excluding pension contributions and benefits in kind) include amounts paid to:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

8. DIRECTORS' AND THE EXECUTIVE OFFICERS' EMOLUMENTS (Continued)

The highest paid director - Chief Executive Officer (CEO) 81,515 78,919

The CEO is the only member of staff having a salary over £60,000. The CEO is an ordinary member of the TPT Retirement Solutions defined contribution scheme. The CEO's pension contributions for the year amounted to £4,154 (2022: £4,037). The Board received no emoluments in the year (2022: nil). No members received reimbursement of travel expenses (2022: nil)

9. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

	2023	2022
	£	£
<b>Cost</b>		
At 1 April	12,826,099	11,886,209
Additions: new properties	4,839,419	754,194
Additions: works to existing properties	215,967	185,696
Disposals	(194,419)	-
At 31 March	<u>17,687,066</u>	<u>12,826,099</u>
<b>Depreciation</b>		
At 1 April	1,875,949	1,700,904
Charge for year	230,780	175,045
Disposals	(194,419)	-
At 31 March	<u>1,912,310</u>	<u>1,875,949</u>
<b>Net book value</b>		
At 31 March	<u>15,774,756</u>	<u>10,950,150</u>

	2023	2022
	£	£
Housing properties at net book value comprise		
Freeholds	15,367,184	10,653,253
Long leaseholds	407,572	296,897
	<u>15,774,756</u>	<u>10,950,150</u>

	2023	2022
	£	£
Works to existing properties	574,035	510,666
Less: Amounts capitalised in housing properties components	(215,967)	(185,696)
Amounts charged to the Statement of Comprehensive Income	<u>358,068</u>	<u>324,970</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

10. TANGIBLE FIXED ASSETS – OTHER

	Kingsland Hub Building	Computers	Office & Shop Equipment	TOTAL
	£	£	£	£
<b>Cost</b>				
At 1 April 2022	3,453,193	196,718	126,661	3,776,572
Additions: new properties	-	39,348	-	39,348
Disposals	-	(128,852)	-	(128,852)
At 31 March 2023	<u>3,453,193</u>	<u>107,214</u>	<u>126,661</u>	<u>3,687,068</u>
<b>Depreciation</b>				
At 1 April 2022	306,779	176,126	125,411	608,316
Charge for year	42,930	22,106	417	65,453
Disposals	-	(128,852)	-	(128,852)
At 31 March 2023	<u>349,709</u>	<u>69,380</u>	<u>125,828</u>	<u>544,917</u>
<b>Net book value</b>				
At 31 March 2023	<u><b>3,103,484</b></u>	<u><b>37,834</b></u>	<u><b>833</b></u>	<u><b>3,142,151</b></u>
At 31 March 2022	<u>3,146,414</u>	<u>20,592</u>	<u>1,250</u>	<u>3,168,256</u>

11. DEBTORS

	2023	2022
	£	£
<b>Amounts falling due within one year:</b>		
Rental and service charge debtors	366,984	259,202
Less: provision for bad debts	<u>(212,109)</u>	<u>(194,917)</u>
	154,875	64,285
Other contracts and sales debtor	14,626	14,626
Other debtors, prepayments and accrued income	16,245	18,807
	<u><u>185,746</u></u>	<u><u>97,718</u></u>



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Trade creditors	158,907	211,395
Rent paid in advance	49,249	37,991
Taxation and social security payable	10,982	14,979
Accruals and deferred income	151,632	114,241
Loans	37,649	33,581
Other creditors	137,098	170,611
Government grants (note 14)	188,716	170,000
Pension scheme liability (note 18)	28,509	24,029
	<u>762,742</u>	<u>776,827</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2023	2022
	£	£
Head Office and Housing loans	3,911,308	1,549,667
Government grants (note 14)	9,668,450	8,089,727
Pension scheme liability (note 18)	16,375	38,101
	<u>13,596,133</u>	<u>9,677,495</u>

The loan for the acquisition of the Head Office is secured by a legal charge over the premises at 242-248 Kingsland Road and is repayable over 15 years at a rate of interest of 4.3%. Housing loans are secured by specific charges on the Association's housing properties and are repayable at rates of interest of 9.5% and 10.125%.

	2023	2022
	£	£
<b>Amounts repayable by instalments:</b>		
Repayable within one year	37,649	33,581
Repayable between two and five years	150,595	134,325
Repayable after five years	3,760,713	1,415,342
	<u>3,948,957</u>	<u>1,583,248</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

14. GOVERNMENT GRANTS – DEFERRED INCOME

	2023	2022
	£	£
At 1 April	8,259,727	8,334,727
New grant issued	1,776,600	95,000
Amortised to Statement of Comprehensive Income (note 3a)	(179,161)	(170,000)
Recycled grant on disposal	-	-
	<u>9,857,166</u>	<u>8,259,727</u>
At 31 March	<u>9,857,166</u>	<u>8,259,727</u>
Due < 1 year (note 12)	<u>188,716</u>	<u>170,000</u>
Due > 1 year (note 13)	<u>9,668,450</u>	<u>8,089,727</u>

The cumulative amount of SHG received by the Association was £12,157,060 (2022: £10,381,060).

15. FINANCIAL INSTRUMENTS

The carrying values of the Association's financial assets and liabilities are summarised by category below:

	2023	2022
	£	£
<b>Financial assets</b>		
Measured at undiscounted amount receivable		
Rent arrears and other debtor (see note 11)	185,746	97,718
Cash and cash equivalents	2,440,626	3,480,146
	<u>2,626,372</u>	<u>3,577,864</u>
<b>Financial liabilities</b>		
Measured at amortised cost		
Loans payable	3,948,957	1,583,248
Measured at undiscounted amount receivable		
Trade and other creditors (see note 12)	496,886	534,238
	<u>4,445,843</u>	<u>2,117,486</u>
<b>Interest income and expense</b>		
Total interest income for financial assets at undiscounted amount	46,162	218
Total interest expense for financial liabilities at amortised cost	(44,008)	(27,532)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

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16. SHARE CAPITAL

	2023	2022
	£	£
At 31 March	21	28
Issued during the year	3	-
Forfeited during the year	(3)	(7)
	<u>21</u>	<u>21</u>
<b>At 31 March</b>	<b><u>21</u></b>	<b><u>21</u></b>

The shares, with a Par value of £1, provide members with the right to vote at general meetings but do not have a right to any dividend or distribution in a winding-up, and are not redeemable.

17. RESERVES

Revenue reserves represent the cumulative surplus and deficits of the Association.

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 March 2023**

**18. PENSION OBLIGATIONS**

**SCHEME: TPT Retirement Solutions – The Growth Plan**

The Association participates in the scheme, a multi-employer scheme which provides benefits to some 638 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the Association to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

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

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

**Deficit contributions**

From 1 April 2022 to 31 January 2025:	£3,312,000 per annum	(payable monthly)
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Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions to the scheme as follows:

**Deficit contributions**

From 1 April 2019 to 30 September 2025:	£11,243,000 per annum increasing by 3% each on 1st April)	(payable monthly and
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The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the Association has agreed to a deficit funding arrangement the Association recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

18. PENSION OBLIGATIONS (Continued)

PRESENT VALUES OF PROVISION

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2023 (£s)	Period Ending 31 March 2022 (£s)
Provision at start of period	59,938	244,581
Unwinding of the discount factor (interest expense)	1,132	1,410
Deficit contribution paid	(21,837)	(61,893)
Remeasurements - impact of any change in assumptions	(1,021)	(1,378)
Remeasurements - amendments to the contribution schedule	-	(122,782)
Provision at end of period	38,212	59,938

INCOME AND EXPENDITURE IMPACT

Interest expense	1,132	1,410
Remeasurements – impact of any change in assumptions	(1,021)	(1,378)
Remeasurements – amendments to the contribution schedule	-	(122,782)
Contributions paid in respect of future service*	*	*
Costs recognised in income and expenditure account	*	*

\*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes. To be completed by the company.

ASSUMPTIONS

	31 March 2023 % per annum	31 March 2022 % per annum	31 March 2021 % per annum
Rate of discount	5.52	2.35	0.66

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

18. PENSION OBLIGATIONS (Continued)

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

DEFICIT CONTRIBUTIONS SCHEDULE

Year ending	31 March 2023 (£s)	31 March 2022 (£s)	31 March 2021 (£s)
Year 1	21,837	21,837	61,893
Year 2	18,198	21,837	63,750
Year 3	-	18,198	65,663
Year 4	-	-	56,360
Year 5	-	-	-
Year 6	-	-	-
Year 7	-	-	-
Year 8	-	-	-
Year 9	-	-	-
Year 10	-	-	-
Year 11	-	-	-
Year 12	-	-	-
Year 13	-	-	-
Year 14	-	-	-
Year 15	-	-	-
Year 16	-	-	-
Year 17	-	-	-
Year 18	-	-	-
Year 19	-	-	-
Year 20	-	-	-

The Association must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.

It is these contributions that have been used to derive the Association's balance sheet liability.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

19. CAPITAL COMMITMENTS

	2023	2022
	£	£
Capital expenditure contracted for but not provided	<u>248,409</u>	<u>-</u>
Capital expenditure authorised but not contracted	<u>-</u>	<u>4,752</u>

Capital commitments are financed through existing capital resources.

20. OTHER FINANCIAL COMMITMENTS

Total minimum lease payments under non-cancellable operating leases are as follows

	2023	2022
	£	£
<b>Payments due:</b>		
Within 1 year	3,471	3,471
Between one and five years	5,496	8,967
After 5 years	-	-
	<u>8,967</u>	<u>12,438</u>

Other financial commitments relate to 21-year leases payable to Clarion Group in respect of 68 units. The leases expire in 2025.

21. SOCIAL HOUSING UNITS / BEDSPACES IN MANAGEMENT

There were no units under development at year end (2022 Nil).

	2023	2022
<b>Under management at end of year</b>	<b>Units</b>	<b>Units</b>
Owned:		
General needs	95	80
Supported housing	<u>197</u>	<u>201</u>
	<u>292</u>	<u>281</u>
Managed for others:		
General needs	-	-
Supported housing	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
	<u>292</u>	<u>281</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

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**22. RELATED PARTY TRANSACTIONS**

There are no related party transactions.

**23. EXTERNAL SUPPORT**

**23.1 Department of Levelling Up, Housing and Communities** Further funding for capital acquisition in Newham amounting to £936,000 plus revenue support for Newham tenants of £159,029 including an extension for the 24/25 year

**23.2 The City Bridge Trust** Continuation funding of £176,690 for three years following up earlier 2-year grant towards Enterprises and Training.

**23.3** Long-standing funder **Garfield Weston Foundation** provided another £25,000 towards our Enterprises and Training team.

**23.4 The Drapers' Charitable Fund** New grant of £15,000 towards supporting the Enterprise and Training team.

**24. LEGISLATIVE PROVISIONS**

PBHA is an independent association and is incorporated under the Co-operative and Community Benefit Societies Act 2014.