Elim HOUSING

Homes that change people's lives

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 March 2023

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ENTITY INFORMATION

Board of management	S Mason (chair) M Williams BSc ACMA MCT J Darbyshire BSc MRICS D Heyes MCIM D Stollard CEng, MBA, MAPM M Barber S Furzland K Pennington S Palmer I McLeod P Smith M Sharma J Hall
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CHAIR'S STATEMENT

We predicted a tough year full of challenges for 2022/2023 and the reality has lived up to our expectations. A volatile economic and political climate has impacted on all areas of the organisation including the marked effect of the increase in cost of living for our customers and our colleagues. Against this backdrop, we have seen a significant rise in the costs of our repairs and maintaining our assets whilst refinancing at higher interest rates. However, we have also been able to deliver an increase in our housing stock as well as focus on longer term plans for our Corporate Strategy, reaffirming our purpose and vision for the future.

In common with the wider social housing sector, we have to ensure that our customers have safe and decent housing, accentuated last year by the Building Safety legislation based on lessons learned from the tragic Grenfell disaster. There has also been a focus on ensuring that any issues arising from damp and mould are addressed. With the rising costs in the construction industry this has proved impossible to manage within our forecasted budget resulting in an overspend in this area. Tight budget management, strong forecasting supported by internal audit and a recovery plan have mitigated the medium to long term effects on our financial plan. We are in constant contact with our lenders to ensure that they are comfortable with our actions and plans.

We were pleased to win a grant for Net Zero last year but it has proved difficult to implement our plans. We will be applying the valuable lessons learnt for future use.

Our new Corporate Plan for 2023 to 2028 was agreed by the Board and launched in February 2023, supported by a robust financial plan and translated into an annual plan to provide a golden thread through the organisation. There is clarity from our colleagues on how their actions feed into the plan as well as improved communication for our stakeholders and customers. We have refreshed the logo and corporate communications to explain better our purpose and vision.

Despite the financial pressures and constraints, customer satisfaction improved throughout the year. Key changes included a revised focus on neighbourhood management for our housing team and a change in repairs contractor. We have been working hard to anticipate the requirements of the new Tenant Satisfaction Measures from our Regulator although the details have yet to be published. Our new EDI strategy and plan is progressing well with an increase in the diversity of our colleague team and my own personal commitment to the National Housing Federation's "Chairs Challenge" to improve Board diversity.

There have been real successes for our Development team. We exceeded our new homes target and provided a home for an individual in long term care which was an excellent example of our aim to deliver homes to change people's lives.

There have been some changes to the Board and Committees over the year. We thank Joanne Hall for joining the Board to cover Melissa Barber's maternity leave and were sad to say goodbye to Jonathan Jones as an Independent Committee member for the Development and Assets Committee.

I would like to thank all my Board colleagues for their support and counsel during a difficult 12 months. I am sure that we have all learnt useful lessons to help us in the future. I remain impressed by the commitment and enthusiasm of our colleagues who deliver daily examples of our values in action. I would like to thank them all for their achievements and hard work.

It remains a challenging time for our sector and no doubt there will be new demands upon us but I am confident that all the Elim team have the skills and resilience to deliver our purpose and make a real positive difference to the lives of our existing and future customers.

Sally Mason – Chair

CHIEF EXECUTIVE'S STATEMENT

Looking back on this financial year, I feel a bit like Charles Dickens

"It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of light, it was the season of darkness, it was the spring of hope, it was the winter of despair, we had everything before us, we had nothing before us, we were all going direct to Heaven, we were all going direct the other way – in short, the period was so far like the present period, that some of its noisiest authorities insisted on its being received, for good or for evil, in the superlative degree of comparison only."

The financial turbulence of the year has been extraordinary, at the beginning of the year the Bank of England was concerned about the potential rate of inflation being 4% and in the end, it rose to over 11%. This had dramatic implications for our customers, our contractors, our colleagues and for Elim itself.

However, it was also a year in which our services and the quality of our homes improved and we built a strong foundation for future years. Once again the five year 'rent settlement' was set aside by the Government and as a small, significantly specialist housing association, we worried about our future in such an unpredictable environment. At the same time we dedicated significant time with our board, to chart our future with the development of a new five year Corporate plan. The plan reasserts Elim's purpose and direction, as a growing association with a focus on housing which changes peoples' lives for the better. We expect to become a 1,000+ association during the plan period, however, one with a different footprint. During the year we agreed a core operating area for our general needs and supported housing of Bristol, North Somerset, South Gloucestershire, Stroud and Gloucester in England and Newport/Monmouthshire in Wales. This will lead to disposals or contracted out management agreements in other locations. Becoming more geographically focussed will increase our efficiency. For our Traveller accommodation, we will have a wider geography including an expansion of our service into Wales and the possibility of operating beyond our existing geography. Over the five year period we expect our Traveller provision to double. For this service, growth increases efficiency as we will have the critical mass to employ a specialist team. We have also started to dispose of poorly performing properties which it is not economical to maintain at decent homes standard and beyond.

There have been two main areas of financial stress over the financial year, the first being the increase in interest rates, which continued to surpass the predictions of the Bank of England. We had to refinance during the period when rates were rising leading to increased costs of borrowing for the association. More significantly has been the increase in the costs of maintaining and improving our assets. A budget of £1.4m became a spend of £2.0m. This was an increase which was unavoidable with increased requirements on the association and a greater demand for responsive repairs. Such an overspend in one year could not be contained within the financial parameters and this did generate an operating surplus below the loan covenants of our major lenders and required remedial action to maintain lender confidence and compliance. The rent rise cap set by Government has allowed us to dramatically increase our asset related budgets for 2023/2024, a trend which will continue year on year.

The cost of living for our customers was a significant issue and we created a budget to assist customers in need, particularly with fuel costs. This runs alongside our CARES fund which is there to assist customers with items which might help with education, training or employment. We realised that our colleagues as well as our customers were suffering and made a one-off non-consolidated payment to all except the senior leadership team (allocated from the proceeds of a property disposal). When considering the pay rise we also decided to pay everyone an equal cash sum rather than an equal percentage figure to give a proportionally greater boost to those on lower pay. In response to the colleague away day, we also improved our terms and conditions by allowing everyone an additional leave day for their birthday. As a result of such measures, we have seen an improvement in the retention rate, which ultimately will save the business money.

We have invested in colleagues in other ways too. Elim has committed a significant sum for people to access professional qualifications. We have a record number of people in the organisation studying CIH qualifications among others. We invested in management and leadership training for all people with management responsibilities, with some opting to also undertake a formal qualification, and from this created a new cross-organisation management group. Even in small organisations, there is a danger of silo thinking and this group will help to join up our services across Elim and contribute to greater efficiency.

Post-COVID we have started to ensure that our housing officers are more visible around our homes, checking in with customers and ensuring that communal areas are well maintained. This proactive approach to housing management has seen customer satisfaction with the service rise (against the sector trend). Similarly more proactive management of response repairs and a raising of our repairs standards have also seen an increase in customer satisfaction.

Over the year we have built a strong development pipeline with a mixture of general needs housing, traveller pitches and specialist supported housing. We took ownership of 11 new social rented homes and 5 shared ownership properties in South Gloucestershire. We achieved planning permission for 6 specialist adapted homes for people with complex needs moving from hospital, also in South Gloucestershire, and started the conversion of a bungalow in Bristol for someone who has been in care settings for almost 90% of their life. Bristol City Council has also agreed to build a new traveller site in South Bristol with Elim as the preferred developer. Our partnership working with local authorities has been strengthened through these developments.

In the previous few years, colleague turnover has been a major concern. The employment market is much more dynamic however we have brought our year on year turnover down to our target level. It is important to strike the right balance between continuity of service and encouraging colleagues to develop their careers. It has been rewarding to see some colleagues progress within Elim which helps with both of these.

In conclusion, Elim has seen significant improvements in its work while also facing difficult financial pressures. The year does leave us a little bruised, however, I believe we are in a much stronger position to deal with challenges ahead and to see the organisation develop, grow and improve in the years ahead.

Paul Smith
Chief Executive

STRATEGIC REPORT

The Board of Elim Housing is pleased to present its report together with the audited financial statements of Elim Housing Association Limited (the Association) and Elim Housing Group (the group) for the year ended 31 March 2023.

About us

We own and manage 933 homes in 11 local authority areas across the South West of England, Birmingham and South Wales. Our geographical spread and mix of tenures make us different from other housing associations. We are experts in the provision of Gypsy and Traveller schemes and our support services are well respected in the areas that we operate.

Our vision is to meet housing need and deliver homes that change people's lives

People

Customers

We have an overarching responsibility for customer service and the ongoing improvement of an organisational culture that places customers at the heart of decision making and ensures consistency of service across a dispersed geographical area and a range of tenures. Over the last year, we have proactively responded to recent Regulator of Social Housing consultations and welcome the introduction of the Tenant Satisfaction Measures, and the prospective changes to the Consumer Standards that are on the horizon.

We conduct quarterly satisfaction surveys with a representative sample of our residents. In 2022/2023, our overall satisfaction score from residents was 73%. This is below our organisational target of 80% but in the median range for the sector as a whole and is a foundation that we will build in 2023/2024. Satisfaction with repairs – a key driver of overall satisfaction – for the same period was 82%. This is in the top quartile for the sector, and we are proud that so many of our residents provide such positive feedback about this important aspect of our service delivery.

With the support of our Board, colleagues and customer scrutiny group, Elim was pleased to become a formal adopter of the NHF Together with Tenants plan and Charter in May 2022. We look forward to continuing our Together with Tenants journey over the year ahead.

The last twelve months have seen the rollout of our new neighbourhood management approach, designed to ensure Elim's housing management is proactive and customer focused. This has developed the consistency of our housing management approach, ensuring that customers have improved access to in-person services in their neighbourhood alongside other channels of communication. Over the year ahead, we expect this to further improve our ability to identify and resolve neighbourhood issues more quickly and effectively.

After significant technical delay, we were also pleased to launch our new Customer Portal to a pilot group of customers in February 2023. This online portal will provide a welcome self-service option to our customers, and there will be a further roll-out in autumn 2023.

Our homelessness support services continue to provide a valuable service to those in the most acute housing need. In the course of the year, 283 service users moved on from our support services to more secure and appropriate accommodation. We are also pleased to plan and commence delivery of a new support service for rough sleepers in Bristol in partnership with St Mungos in April 2023.

Across all our support services, our colleagues take the time to get to know every person in their services, not just trying to meet their needs but also helping them to fulfil their aspirations, not just for housing but for their broader lives.

Testament to this effort, we have been delighted to celebrate the success of our supported housing team at Taylor House who have been shortlisted as finalists in the national Housing Heroes Awards (Team of the Year) and The Housing with Care Awards (Independent Housing Team) over the last year.

Specialist Supported Housing

During the last year, we have been proud to deliver Elim's first Specialist Supported Housing scheme in St Annes, Bristol. This is the first of at least three new housing schemes that Elim will be delivering in partnership with local authority partners and NHS England in the period 2022 – 2024.

Over the last two years, health service figures reveal that there are still at least 2,050 people with a learning disability and/or autism and complex care needs in hospital care, often because of the lack of suitable housing in local communities.

Specialist schemes such as the property in St Annes will enable these patients to leave hospital and be appropriately supported in their own home, and we welcome the opportunity to develop different and specialist housing models that improve the quality of people's lives and support health and care services.

Colleagues

This year, our colleagues continued to live the Elim CARES values with a positive increase against all the measured indices of the CARES values from the results of the pulse survey.

There was an increase in the uptake of our Employee assisted programme, due to an increased awareness of the benefits of using the service.

A new people and culture action plan for 2023/2024 has been approved by the Board which focuses on colleague wellbeing, learning and development and inclusion. Goals and objectives have been outlined to ensure that the action plan is achieved within the timeline.

Equality, Diversity and Inclusion (EDI)

Equality, Diversity and Inclusion has been an area of focus over the last twelve months, and with the support of colleagues and board members, we have been able to make good progress against the aims set out in the first full year of our EDI Strategy. Highlights of the work delivered in this area include the development and roll-out of a bespoke multi-phase EDI training programme for all Elim colleagues. We have also completed our first gender pay gap report, celebrated and increased information sharing around key cultural events and diverse experiences and made practical amendments to continuously improve our recruitment processes. We are grateful for the opportunities we have been given to share our EDI journey with other Housing Association's and for the recognition we have received as a smaller organisation for our work in this area.

Led by Elim's EDI working group, we continue to learn from best practice across the housing sector. Over the year ahead, we particularly aim to engage more customers in our approach to EDI and to better understand and improve the household and property data we hold so that we can consistently respond to individual needs and improve the services we offer all our customers.

Property

Building and tenant safety

Our compliance workbook was created to manage the compliance and initially included the six main compliance areas including Gas, Electrical, Asbestos, Fire, Water Management and Lifts. This has since been added to by the inclusion of pressure vessels, smoke and heat detectors, lightening conductors, powered doors and gates, fire doors and it is planned to add damp, mould and condensation to this.

With the addition of all the other areas of compliance, it is now starting to become unmanageable and needs to be transferred to a suitable compliance-based system. We have started the process of looking at the market and analysing some of the potential compliance systems available to us. We shall then move forward into the procurement of a suitable system.

391
safety certificates and servicing to gas boilers

30
properties now have confirmed weekly fire alarm tests

61
asbestos management reviews

4
(out of 4) lifts inspected and services

6
fire risk assessments

57
unvented cylinders tested

3
properties moved from 10 year to 5 year electrical testing regime, which now applies to all of our homes

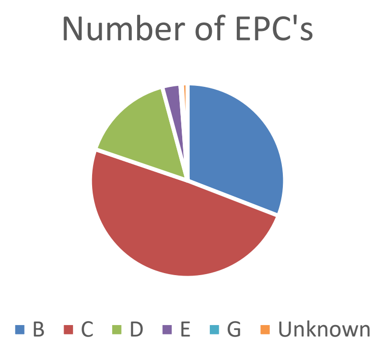
Decarbonisation

We joined the Wave 1 Social Housing Decarbonisation Fund (SHDF) bid late. Although a submission was made over 12 months ago, there was little time to provide all the extensive information requested to join SHDF and to satisfy the requirements of the Department of Business, Energy and Industrial Strategy (BEIS). BEIS is now known as the Department for Energy Security and Net Zero (DESNZ). Our submission contained a variable and very difficult stock to treat, including 2 listed buildings and a significant number of properties in conservation areas. There is no common archetype across our stock. The difficult stock has been recognised by the SHDF bid team. It was clear from the outset that the 12-month funding period was insufficient, and we requested an extension of time in April 2022, extending the deadline from the end of March to June 2023. This was eventually granted in February 2023. Since then, a further extension to November 2023 has been agreed.

We are a member of the West of England Combined Authority (WECA) bid team. We initially identified a significant proportion of our properties with an EPC less than 'C' for the bid. The majority of these properties had an EPC of 'D'. This resulted in a standard grant of £10,000 per property being available, for most of them, plus the £5,000 contribution from Elim giving a total of £15,000 per property.

After reviewing the initial measures and receiving some cost estimates it became clear that we would not be able to afford to carry out all of these full measures at this time, especially where they contained internal wall insulation (IWI) or external wall insulation (EWI). Other factors such as the removal of kitchens and bathrooms, decanting customers, the impact on space reduction by IWI and other similarly costly reasons meant that works could not be carried out. We finalised the number of homes in the bid to 7 number of properties. These properties are currently in the process of being retrofitted and works are due to be completed by the end of September 2023.

As part of our Climate Change Strategy, we present our EPC data on an annual basis. We now have two years figures, although in the first year, the EPC of 58 properties (7%) were unknown, that has now reduced to 1%. 81% of our properties have an EPC rating of B&C (this is above the sector average). 119 properties are EPC D, 23 are EPC E and 2 EPC G. One of the EPC G properties is on the disposal list



In order to best understand the nature, level and investment priorities we need good quality data. We undertook a significant Stock Condition Survey (SCS) in 2019/2020. There was a high percentage of cloned properties within that SCS due to access related issues and the Covid restrictions that were in place at the time.

The SCS requires a major review including:

- Adding in other missing components
- Updating costs of components using current costs
- Adding in completions from current Planned Works Programme and adjusting cost and life cycle
- Adding in other historic data on component replacement dates
- Surveys of cloned properties

- Surveys of properties that have been acquired after the SCS was undertaken
- Adding EPC information to all stock and adding links to the properties which were assessed under the SHDF project
- Adding land registry titles and other legal documentation
- Ongoing SCS reviews i.e., percentage of stock annually.

The SCS software, Pocket Survey, is a fairly powerful tool, and it produces 30-year plans for individual, groups of properties or the whole portfolio. It can also produce health and safety rating system reports. Data can be extracted in Excel from the system for data analysis. It also allows smoothing of data to be undertaken.

In order to align the identified 'raw' planned programmes of work with our financial spend envelope we are required to prioritise and 'smooth' the programme. When carrying out smoothing of the Planned Works Programme (PWP) the components are prioritised using the following priority criteria:

1. **Health and Safety**: Related items such as heat and smoke detectors are replaced on a regular basis. Fire safety works such as compartmentation surveys and works arising from them. Replacement of alarm systems and emergency lighting. Works relating to damp and mould.

2. **Decent Homes Standard and Welsh Quality Standards:** Ensuring that our properties remain compliant with these standards. This includes kitchen and bathroom replacements.

3. **Heating and hot water:** Ensuring that we have heating and hot water systems that are fit for purpose and in good condition.

4. **External envelope works:** Such as gutter and roof cleaning to prevent further maintenance issues arising, external decorations and roof repairs and replacements. Replacement of windows and doors.

5. **Lift works:** Refurbishment or replacement of passenger lifts.

6. **Internal refurbishments of communal areas and offices:** Including decoration, carpeting, and lighting.

During the 2022/2023 financial year, we have been updating and putting into place, renewed and new contracts with our key contractors.

Investment in new development

Elim has continued its affordable new homes growth programme following Section 106 affordable housing acquisitions and land led affordable new home deliveries in 2021/2022, with further S106 acquisitions of new, sustainable affordable homes in South Gloucestershire in 2022/2023, providing mixed tenure projects for social rented homes and shared ownership homes. Investing in the delivery of local, new, quality, affordable homes to alleviate local needs, collaborating with local and national developers, local authorities, Homes England and other stakeholders and commissioners.

Elim's first specialist supported housing project acquisition took place in 2022, adapting an existing 3 bed bungalow in Bristol to a high standard to deliver a new, 1 bed, fully adapted and accessible home for an individual with complex care needs based in hospital, enabling them to transition into their own home in the community with the relevant care and support commissioned. Elim will be expanding specialist supported housing delivery in Bristol, South Gloucestershire and Tewkesbury Borough, with further growth and delivery of general needs and shared ownership affordable homes in Stroud District in 2023/2024.

LPV

Lime Property Ventures (LPV) is the wholly owned commercial subsidiary of the Elim Group, and the year ending March 2023 reflects LPV's sixth whole year of trading. LPV's purpose is to generate profit for reinvestment in the work of the Group, and it has the capacity to maximise the value of trading opportunities on behalf of the Group, and the flexibility to explore new ideas and operate as an investment partner, developer or private landlord.

In 2016 LPV developed and now manages 22 units of student accommodation in the centre of Bristol. Letting activity has been consistently successful and this has generated a rental income of £217,000 in the year.

Lime Property Ventures' first venture with micro-builder, CHI Homes completed in June 2021 and the two years following completion has progressed smoothly with a minimal number of defect issues requiring attention or expenditure. Comprising four high quality new build homes, 'Coulstreng' was the partnership's first development project and an effective demonstration of the benefit of joint working arrangements.

Within the previous financial year, Lime Property Ventures purchased land in South Gloucestershire with an aim to deliver two new family homes on an under-utilised residential site. The planning process has been underway throughout the 2022/2023 financial year and Lime Property Ventures continues to seek a satisfactory outcome for the site. Contractual arrangements are also underway to develop four new starter homes in Somerset. Arrangements for this land involve close working with both a private landowner and local Housing Association, and this is testament to Lime Property Ventures' unique position in the market and its offer as a flexible partner to smaller builders, developers and social housing sector organisations.

Performance

Operational review
KPI's

	2022/2023 Target	2022/2023 Actual	2021/2022 Actual
Current rent arrears	5.0%	5.86%	4.29%
Overall customer satisfaction	80%	73%	76%
Positive housing outcomes	85%	83%	88%
Customer satisfaction with repairs	80%	82%	69%
Void rent loss	2.7%	2.84%	3.07%
Colleague satisfaction	80%	80%	80%

The year in numbers

£56,000
Invested in colleague learning and development

933
Homes in ownership or management

16
New homes delivered in year

83%
Positive move-ons from Elim's Supported Services

97.07%
Rent collected

83%
Complaints resolved at stage 1

£7.075m
Turnover

14.6%
Operating margin

Financial review

Summary: Statement of comprehensive income

	2023 £'000	2022 £'000	2021 £'000	2020 £'000	2019 £'000
Turnover					
Social housing	6,573	6,017	6,015	5,791	5,681
Non-social housing	217	850	1,091	688	659
First tranche shared ownership	285	557	3	519	177
	7,075	7,399	7,167	7,273	6,645
Surplus/(deficit) on disposal of housing properties	357	(25)	58	275	128
Operating costs					
Social housing	(6,058)	(5,709)	(5,247)	(4,898)	(4,583)
Non-social housing	(157)	(722)	(617)	(461)	(336)
First tranche shared ownership	(166)	(270)	-	(322)	(151)
Impairment	-	(330)	(460)	-	-
	(6,381)	(7,031)	(6,324)	(5,681)	(5,070)
Operating profit	1,051	368	843	1,592	1,575

	2023 £'000	2022 £'000	2021 £'000	2020 £'000	2019 £'000
Net interest charges	(1,039)	(660)	(693)	(700)	(779)
Profit on ordinary activities before tax	12	(292)	150	892	796

The Group had an achieved turnover of £7,075,000 and, due to the increase in interest payable, the Group incurred a deficit before tax and pension costs of £4,000.

Our core business remains social housing income accounting for 92.9% of total turnover. Our social housing delivered an operating surplus of £499,000 and the operating margin for social housing is 10.7%. This is lower than peers due to the level of supported housing that we provide that has higher costs attributed to this business stream. However, this is funded by a support grant of £878,000 in the year.

There have been 2 first tranche shared ownership sales in the year accounting for a surplus of £119,000.

Net interest charges for the year have increased to £1,039,000 reflecting a new loan facility entered into during the year at a higher fixed rate due to the increase in interest rates in the year. There has also been an impact on the variable rate debt.

The Interest cover covenant, based on EBITDA-MRI, as a percentage of interest payable, for the year is 95%. This is lower than our funders covenant of 110% and a waiver has been obtained for the financial year 2022/2023 either in the form of a letter of variation, varying the covenant to 85%, or a waiver letter.

Summary: Statement of financial position

	2023 £'000	2022 £'000	2021 £'000	2020 £'000	2019 £'000
Fixed assets	49,378	47,505	44,980	45,873	43,730
Current assets					
Inventory	1,171	868	1,113	1,174	1,051
Debtors	1,418	1,180	1,036	1,039	726
Cash and cash equivalents	395	875	2,230	1,547	905
Creditors: amounts falling due within one year	(23,935)	(13,902)	(1,790)	(1,809)	(1,492)
Net current assets	(20,951)	(10,979)	2,589	1,951	1,190
Creditors: amounts falling due after one year	(20,581)	(28,581)	(39,244)	(39,519)	(37,409)
Pension liability	(437)	(458)	(653)	(356)	(1,009)
Net assets	7,409	7,487	7,672	7,949	6,502
Reserves	7,409	7,487	7,672	7,949	6,502

As at the end of March 2023, the Group is reporting reserves of £7,409,000. This reflects a measured approach to investment decisions and a focus on ensuring that the Group maintains a strong liquidity position to finance our planned maintenance.

The carrying amount of our properties at net historic cost is £49,329,000. The gross cost has increased in the year due to new properties being developed or purchased and investment in our existing stock.

Summary: Statement of cash flows

	2023 £'000	2022 £'000	2021 £'000	2020 £'000	2019 £'000
Net cash generated from operating activities	1,318	1,272	1,625	851	1,015
Cash flow from investing activities	(2,812)	(2,696)	(193)	(1,940)	(1,724)
Cash flow from financing activities	1,014	69	(749)	1,731	155
Cash and cash equivalents at the beginning of the year	875	2,230	1,547	905	1,459
Cash and cash equivalents at the end of the year	395	875	2,230	1,547	905

The Group held £395,000 of cash and cash equivalents at the end of the financial year. The level of cash balance is now at a lower level due to the increase of repairs costs and the loan servicing costs.

Loan covenants

Due to the increase in interest rates and a significant increase in the volume and cost of repairs together with a delay on the completion of 3 shared ownership units, the loan interest cover covenant of 110% has not been met.

The breach of the loan covenant became apparent in the last week of the financial year so waivers were sought from our funders, Triodos and Barclays. After working together with both funders, we were able to obtain a solution of the breach. Triodos provided a waiver letter for the financial year 2022/2023 and Barclays provided a letter of variation for the loan facility effectively reducing the covenant for one year to 85%.

The Regulator was also notified of the breach and has decided to take no further action at this time.

Value for Money (VfM)

At Elim, we are committed to delivering and demonstrating Value for Money (VfM) in everything that we do for our customers. This commitment is led by the Board but is shared across the whole organisation and is embedded in our five-year strategy. Our approach is delivered by our people through strong leadership, training, and rigorous financial management.

The use of benchmarking information is an important way for us to challenge and understand our performance and costs. However, there are limitations within the benchmarking information as we have a diverse portfolio of properties spread across a wide area within 11 local authorities. Our figures also include our support services which has a more intensive management service and this contributes towards higher headline management costs and a lower operating margin.

Value for Money Metric	Elim 2022/23	Elim 2021/22	SPBM Median quartile
1. Reinvestment (%)	**8.5**	12.1	3.79
2. New supply delivered (%) A. Social Housing Units B. Non-Social Housing Units	**1.99** **0.0**	2.04 0.0	0.0 0.0
3. Gearing (%)	**39.7**	32.7	34.1
4. EBITDA MRI (excluding impairment) Interest cover (%)	**95**	129	184
5. Headline social housing cost per unit (£)	**6,332**	5,835	3,572
6. Operating margin (%) A. Social Housing Lettings only B. Overall	**10.7** **10.7**	11.3 11.4	26.0 25.1
7. Return on Capital Employed (ROCE) (%)	**2.0**	1.4	2.4
8. Management cost per unit	**2,986**	2,029	812
9. Maintenance cost per unit	**1,681**	1,599	675
10. Customer satisfaction (%)	**76.0**	76.0	91.0
11. Satisfaction with repairs (%)	**92.0**	69.0	82.0
12. Positive move-ons (%)	**83.0**	88.0	n/a

Risk management

The Group is committed to effective risk management. We ensure that the operating environment is monitored so that risks and their drivers are continuously assessed and that we respond accordingly. Risk oversight is the responsibility of the Board with the Finance, Risk and Audit Committee undertaking a more detailed review of risks.

The Group has undertaken scenario testing to analyse the effects of economic and risk scenarios. We have used HousingBrixx to model these identified scenarios and assessed the impact on the financial covenants and viability. A financial recovery plan is in place in order that the Group can recover from the impact of any adverse scenarios.

The Group's risk management framework sets out the approach to risk management including the risk appetite set by the Board. Risk appetite sets out the amount and type of risk that the Group is willing to take in achieving our strategic objectives. The appetite also sets out any risks that should not be taken in any circumstances.

All our risks are assessed in terms of their impact and likelihood. Risks are reviewed monthly and reported to the Finance, Risk and Audit Committee and the Board quarterly.

The current top risks facing the Group are:

Risk: Financial issues leading to inability to meet covenants
Financial issues causing a breach in lenders loan covenants resulting in an inability to satisfy the Governance and Financial Viability Standard.

- Budgets, management accounts, covenant performance and liquidity monitored on a monthly basis by the leadership team and on a quarterly basis by the Finance, Risk and Audit Committee and Board.
- Golden rules are in place and monitored against as part of the key performance indicator reporting.
- Stress testing undertaken annually with reviews through the Board reports.

Risk: Levels of investment required for meeting the Building Safety Bill and Fire Safety Bill exceeds the levels within the financial plan.
Changes to building safety legislation have increased the level of investment required in our homes and additional costs associated to be included in the financial plan.

- Ensure that there is sufficient provision for our properties to meet EPC C by 2030.
- Additional investment to be included in future refinancing requirements.
- The investment required to achieve zero carbon by 2050 is difficult to estimate and as requirements become clearer this will be included in financial planning.

Risk: Colleague recruitment and retention
Loss of key colleagues leading to a lack of consistency and information retention. Changes in the recruitment market lead to loss of key skills or the inability to recruit the right colleagues.

- People and Culture Strategy that supports the development of colleagues.
- Benchmarked and periodically reviewed salaries.
- Real Living Wage Employer.
- Elim values are owned and developed by colleagues and embedded into all our policies, procedures, processes and ways of working.

Risk: Health and safety compliance failure
Non-compliance with health and safety regulations leads to serious injury or death of a customer or employee.

- New comprehensive compliance workbook to ensure that all health and safety compliance checks are completed when required.
- A Health and Safety Compliance Group has been set up to review all compliance matters.
- Reports are prepared for the Development and Assets Committee at each meeting.
- Robust policies and procedures for all areas of compliance.

Risk: Cybersecurity
An IT security breach leading to a loss of data and/or system compromise or failure.

- We have in place network security, malware protection and email scanning which is monitored and updated when necessary.
- Data protection and security policies are in place.
- Processes are in place to recognise phishing attempts.

Regulation and Governance

The development of the Tenant Satisfaction Measures (TSMs) and the wider role of consumer regulation has been the most significant development over the last year. Elim has been actively involved in participating in the associated consultations. As an association which already undertake quarterly customer surveys we have managed the switch to TSMs and conducted our first survey based upon the new methodology. Elim welcomes the development of a consumer strand to social housing regulation and has been preparing processes to ensure that we continue to comply with standards as they are set.

In 2021/2022 Elim did uncover an historic breach of the rental standard which was reported to the Regulator of Social Housing in that year. During 2022/2023 we progressed the engagement with the regulator, the affected customers and the local authorities involved. Our experience of working with the regulator on this issue has been very positive and productive.

We have ensured that we have stayed up to date with the changing regulations relating to building safety and this is reflected in the compliance information referenced above. Towards the end of the year, there was a significant focus on associations treatment of damp, mould and condensation following a tragic case in Rochdale and a number of examples highlighted on social media and mainstream media. Elim reviewed its approach to this issue and added DMC to our compliance list and is taking proactive action to reduce the number of cases.

The Board and committees

	Board	LPV Board	Development and assets committee	Finance, risk and audit committee	People and culture committee
S Mason	✓				
M Williams	✓			✓	
J Darbyshire	✓	✓			
D Heyes	✓				✓
D Stollard	✓		✓		
M Barber	✓				✓
S Furzland	✓			✓	
K Pennington	✓		✓		
S Palmer	✓		✓		
I McLeod	✓			✓	
M Sharma	✓				✓
P Smith	✓	✓			

During the year, Melissa Barber commenced maternity leave and Joanne Hall joined the Board to cover her absence. Joanne was an independent co-optee on the People and Culture Committee.

The present board members and those who served during the year are set out on page two. The Board is drawn from a wide background bringing together professional, commercial and other relevant experience.

Our plans for 2023/24 include the recruitment of two new Board members and a member of the Finance, Risk and Audit Committee as Mark Williams will be required to step down from the Board after 9 years and Melissa Barber reaching the end of her 6 year term and recruitment of co-optees for the Development and Assets Committee.

The Finance, Risk and Audit committee comprises five members, three of whom are Group board members. The committee meets four times per year and covers three main areas of work:

- monitoring and scrutiny of financial performance, KPIs, and relevant policies,
- approving the risk management strategy including the risk activity, the health and safety management plan and internal controls,
- internal and external audit work.

Data quality and insurance are also covered by this committee.

The People and Culture Committee has a proactive role in directing and scrutinising the organisation's culture and people. The committee is responsible for overseeing the organisational development strategy, the customer strategy, and the digital strategy. It also influences how Elim's people, both staff and the Board, contribute to the organisation. The committee meets four times a year with a membership of five including three Group directors.

The Development and Assets Committee has a membership of five, including three Group directors. The work of the committee is a valuable part of the new governance arrangements, and its main purpose is to oversee the development and asset management strategy and operational plans and to ensure regulatory compliance in these areas.

The strategic leadership team comprising the Chief Executive, Deputy Chief Executive and Director of Resources attend all the committee meetings.

The Board receives regular reports from each of the committees summarising activity and any new emergent risks.

The executive officers hold no interest in the association's shares and have no legal status as directors, although they act as executives within the delegated authority of the Board.

The group has insurance policies which indemnify its board members and executive officers against liability when acting for the group.

Internal controls

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

The system of internal control is designed to minimise, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss.

Within this financial year, there has been a breach of our funders interest cover covenant which has instigated a review of our internal controls, both internally and externally. This has led to several procedures being put in place to ensure that the circumstances leading to the breach are not replicated. The overspend in repairs has been reflected by increasing the next year's budget and there is now a new procedure for shared ownership sales. Reporting has also changed to ensure that information is presented to the Committees and Board highlighting the impact of sales not completing in the budgeted timescales in order for decisions to be made timelier. A financial recovery plan has been prepared which shows options available to the Group.

The breach was notified to all relevant parties as soon as it became apparent. The Regulator is monitoring our cash flow on a monthly basis, but no other action has been taken. Triodos issued a waiver for the breach and Barclays issued a letter of variation amending the interest cover covenant to 85% for the financial year.

The process for identifying, evaluating and managing the significant risks faced by the association is ongoing, and has been in place throughout the period commencing 1 April 2022 up to the date of approval of the annual report and financial statements. The finance, risk and audit committee receives and considers reports from management on these risk management and control arrangements at each meeting during the year.
Key elements of the control framework include:

- Board approved terms of reference and delegated authorities for finance, risk and audit committee, people and culture committee and development and assets committee,
- Clearly defined management responsibilities for the identification, evaluation and control of significant risks,
- Robust strategic and business planning processes,
- Quarterly review of the association's risk register by the finance, risk and audit committee and an annual review by the Board,
- Detailed financial budgets and forecasts for the current year,
- Formal recruitment, retention, training and development policies for staff and the Board,
- Established authorisation and appraisal procedures for all significant new initiatives and commitments,
- A considered approach to treasury management and financing that is subject to review on an annual basis,
- Regular reporting to senior management and the appropriate committee of key business objectives, targets and outcomes,
- Board approved whistle-blowing policy, and
- Detailed policies and procedures in each area of the association's work.

The Board cannot delegate ultimate responsibility for the system of internal control, but it can, and has, delegated authority to the finance, risk and audit committee to review the system of internal control. The Board receives quarterly reports from the three committees.

The means by which the finance, risk and audit committee reviews the effectiveness of the system of internal control includes considering risk reports, internal audit reports, management assurances, the external audit management letter and specialist reviews.

Compliance with the Regulator of Social Housing governance and financial viability standard

The Regulator was informed of the interest cover covenant breach, as detailed in the previous section, as soon as it was apparent and the events leading up to it. This has led to monthly monitoring of the cashflow by the Regulator to ensure that the financial viability standard is being adhered to.

Provision of information to auditor

The Board confirms that:

- so far as each Board Member is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the Board have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Statement of Board's responsibilities

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

Co-operative and Community Benefit Society legislation requires the Board to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under the Co-operative and Community Benefit Society legislation, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Association and Group 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 UK Accounting Standards and the Statement of Recommended Practice (SORP) for Registered Housing Providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the registered social housing provider will continue in business.

In assessing going concern, consideration has been given to the economic environment that the country is working in. High inflation, increasing interest rates and the uncertainty around the housing market has led to detailed scrutiny of forecasts, budgets and financial plans. CPI is continually monitored in relation to rent increases and the increase in the costs of materials and services. The sector is experiencing a difficult period with the rents being capped, increasing costs in maintenance, building safety works, decarbonisation and issues around the quality of homes provided. In recognising the turbulence in the economy, stress testing is continually undertaken and a mitigation plan is in place for any risks that may potentially materialise.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the association and the group and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Society Act 2014. It is also responsible for safeguarding the assets of the association and the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the board on 1st November 2023 and signed on its behalf by:

P Smith
Chief Executive

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELIM HOUSING ASSOCIATION GROUP

Opinion

We have audited the financial statements of Elim Housing Association Limited (the 'Parent Association') and its subsidiary ('the group') for the year ended 31st March 2023 which comprise the Consolidated Statement of Comprehensive Income, the Association Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Association Statement of Financial Position, the Consolidated and Association's Statements of Changes in Reserves, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including [FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).
In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent's Association's affairs as at 31 March 2023 and of the group's and the Parent Association's deficit 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 Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

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 Group and Parent 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 Group and Parent 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 issued.

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, 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

In light of the knowledge and understanding of the group and parent association and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report.

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

- the Parent Association has not kept proper books of account, or
- a satisfactory system of control over transactions has not been maintained, 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 Statement of the Board's responsibilities set out on page 19, 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 directors 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 Group and Parent 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 directors either intend to liquidate the Parent 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the Group and Parent Association and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Group is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Group which were contrary to applicable laws and regulations including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as: tax legislation, pension legislation, the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

In addition, we evaluated the board's and management incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to: posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to carrying value of fixed assets and the capitalisation of costs, defined benefit pension scheme liability, the classification of loans as basic or other and revenue recognition (which we pinpointed to the cut-off assertion) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

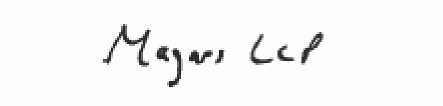
- Making enquiries if the board and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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 the audit report

This report is made solely to the Association's members as a body in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014 and Chapter 4 of Part 2 of the Housing and Regeneration Act 2008. 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's members as a body for our audit work, for this report, or for the opinions we have formed.



Mazars LLP
90 Victoria Street,
Bristol,
BS1 6DP

Chartered Accountants and Statutory Auditor
Date: 6 November 2023

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

	Note	2023 £'000	2022 £'000
Turnover	3	7,075	7,424
Operating costs	3	(6,381)	(7,031)
Surplus on disposal of property, plant and equipment	8	357	(25)
Operating surplus	7	1,051	368
Interest receivable	9	5	-
Interest and financing costs	10	(1,044)	(660)
Surplus/(deficit) for the year before taxation		12	(292)
Taxation	11	-	1
Surplus/(deficit) for the year after taxation		12	(293)
Actuarial (losses)/gains in respect of pension schemes	5	(89)	107
Total comprehensive income for the year		(77)	(186)

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

	Note	2023 £'000	2022 £'000
Turnover	3	6,869	6,665
Operating costs	3	(6,235)	(6,308)
Surplus on disposal of property, plant and equipment	8	357	(15)
Operating surplus	7	991	342
Interest receivable	9	45	10
Interest and financing costs	10	(1,021)	(633)
Surplus/(deficit) for the year		15	(281)
Actuarial (losses)/gains in respect of pension schemes	5	(89)	107
Total comprehensive income for the year		(74)	(174)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Housing properties at cost	12	58,019	55,714
Less: Depreciation	12	(8,690)	(8,218)
		49,329	47,496
Other property, plant and equipment	13	49	9
		49,378	47,505
Current assets			
Inventories	15	1,171	868
Debtors	16	1,418	1,180
Cash and cash equivalents		395	875
		2,984	2,923
Creditors amounts falling due within one year	17	(23,935)	(13,903)
Net current assets		(20,951)	(10,980)
Total assets less current liabilities		28,427	36,525
Creditors: Amounts falling due after one year	18	(20,581)	(28,581)
Provision for liabilities and charges	19	(4)	(4)
Pension – defined benefit liability	5	(433)	(454)
Net assets		7,409	7,486
Capital and Reserves			
Non equity share capital	26	-	-
Revenue reserves		7,409	7,486
		7,409	7,486

Approved by the Board and signed on its behalf by:

S Mason	P Smith	L Martin
Chair	Chief Executive	Company Secretary

The accompanying notes form part of these financial statements.

ASSOCIATION STATEMENT OF FINANCIAL POSITION
At 31 March 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Housing properties at cost	12	57,009	54,710
Less: Depreciation	12	(8,388)	(7,938)
		48,621	46,772
Other property, plant and equipment	13	49	9
		48,670	46,781
Current assets			
Inventories	15	573	321
Debtors	16	2,696	1,507
Cash and cash equivalents		273	707
		3,542	2,535
Creditors: amounts falling due within one year	17	(23,848)	(12,857)
Net current assets		(20,306)	(10,322)
Total assets less current liabilities		28,364	36,459
Creditors: amounts falling due after one year	18	(20,581)	(28,581)
Pension – defined benefit liability	5	(433)	(454)
Net assets		7,350	7,424
Capital and reserves			
Non-equity share capital	26	-	-
Revenue reserves		7,350	7,424
		7,350	7,424

Approved by the Board and signed on its behalf by:

S Mason Chair	P Smith Chief Executive	L Martin Company Secretary

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES TO RESERVES
For the year ended 31 March 2023

	Group		Association	
	2023	2022	2023	2022
Revenue reserves	£'000	£'000	£'000	£'000
At beginning of the year	7,486	7,672	7,424	7,598
Total comprehensive income for the year	(77)	(186)	(74)	(174)
At end of the year	7,409	7,486	7,350	7,424

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Net cash generated from operating activities	A	1,318	1,272
Cash flows from investing activities			
Acquisition and construction of properties		(3,349)	(3,673)
Purchase of other plant and equipment		-	(9)
Proceeds from sale of housing properties		502	152
Social housing grant (paid) / received		-	833
Interest received		35	1
Net cash flows from investing activities		(2,812)	(2,696)
Cash flows from financing activities			
New loans		14,150	750
Repayment of borrowings		(12,062)	(21)
Interest and borrowing costs		(1,074)	(660)
Net cash flows from financing activities		1,014	69
Net increase/ (decrease) in cash and cash equivalents		(480)	(1,355)
Cash and cash equivalents at beginning of year		875	2,230
Cash and cash equivalents at end of year		395	875

Note A Cash flows from operating activities	**2023 £'000**	**2022 £'000**
Surplus for the year	(77)	(185)
Adjustment for non-cash items:		
Depreciation of property, plant and equipment	669	698
Impairment charge	-	330
Decrease/ (increase) in debtors	(241)	(144)
Increase / (decrease) in creditors	196	148
Decrease/ (increase) in inventories	(303)	(199)
Increase/ (decrease) in provisions	21	245
Pension costs	(89)	-
Adjustments for investing or financing activities:		
Proceeds from the sale of property, plant & equipment	357	25
Social housing grants utilised in the year	(255)	(272)
Interest payable	1,074	660
Interest received	(35)	-
Taxation paid	1	(34)
Net cash generated from operating activities	1,318	1,272

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

1. Legal status

Elim Housing Association is registered under the Co-operative and Community Benefit Societies Act 2014 and is a registered provider of social housing. The group comprises Elim Housing Association as the parent, Lime Property Ventures, a commercial subsidiary registered at Companies House and 53C Severn Road, a management company for a property in Weston-Super-Mare wholly owned by Elim.

2. Accounting Policies

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

General information and basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with the Statement of Recommended Practice for registered social housing providers 2018 (SORP), the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2022. Elim Housing Association is a Public benefit entity, as defined in FRS102 and applies the relevant paragraph prefixed 'PBE' in FRS 102.

Basis of consolidation

The group financial statements consolidate the financial statements of the association and its subsidiary undertakings drawn up to 31 March each year. Business combinations which are considered to be acquisitions are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Going concern

The group's business activities and its current financial position is set out in the strategic report. The group has a five-year business plan which shows that it can service its long-term debt facilities while continuing to comply with lenders' covenants. Robust risk based stress testing shows that the group should be able to operate within the level of its current facilities. For this reason, the Board has a reasonable expectation that the group will continue in operation for the foreseeable future, being at least twelve months after the date on which the financial statements are signed and it continues to adopt the going concern basis in the financial statements.

Property, plant and equipment - housing properties

Housing properties are stated at cost less depreciation and accumulated impairment losses. Cost includes the cost of acquiring land and buildings, directly attributable development costs and borrowing costs directly attributable to the construction of new housing properties during the development. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

2. Accounting Policies - continued

Major components of housing properties, which have significantly different patterns of consumption of economic benefits, are treated as separate assets and depreciated over their expected useful economic lives at the following annual rates:

Structure	**90 years**
Roofs	**70 years**
Kitchens	**10-20 years**
Bathrooms	**15-25 years**
Windows and doors	**30 years**
Boilers	**20 years**
Lifts	**25 years**
Fire Alarm systems	**15 years**

Freehold land is not depreciated.

Properties held on long leases are depreciated over their estimated useful economic lives or the lease duration if shorter.

Improvements

Where there are improvements to housing properties that are expected to provide incremental future benefits, these are capitalised and added to the carrying amount of the property. Any works to housing properties which do not replace a component or result in an incremental future benefit are charged as expenditure in surplus or deficit in the Statement of Comprehensive Income.

Leaseholders

Where the rights and obligations for improving a housing property reside with the leaseholder or tenant, any works to improve such properties incurred by the group are recharged to the leaseholder and recognised in surplus or deficit in the Statement of Comprehensive Income along with the corresponding income from the leaseholder or tenant.

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 the asset exceeds its recoverable amount, an impairment loss is recognised in surplus or deficit 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 surplus or deficit in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

2. Accounting Policies - continued

Non-housing property, plant and equipment

Non-housing property, plant and equipment is stated at historic cost less accumulated depreciation and any provision for impairment. Depreciation is provided on all non-housing property, plant and equipment, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Furniture, fixtures & fittings	**4 years**
Computer equipment	**4 years**

Leased assets

At inception the group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to surplus or deficit in the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Cash and cash equivalents

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

Financial instruments

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

Financial assets carried at amortised cost

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

If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly.

A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

3. Accounting Policies - continued

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

Financial liabilities carried at amortised cost

These financial liabilities include trade and other payables and interest bearing loans and borrowings. Non-current debt instruments which meet the necessary conditions in FRS 102, are initially recognised at fair value adjusted for any directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

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

Service charge sinking funds and service costs

Unutilised contributions to service charge sinking funds and over-recovery of service costs which are repayable to tenants or leaseholders or are intended to be reflected in reductions to future service charge contributions are recognised as a liability in the Statement of Financial Position. The amount included in liabilities in respect of service charge sinking funds includes interest credited to the fund. Where there has been an under-recovery of leaseholders' or tenants' variable service charges and recovery of the outstanding balance is virtually certain, the balance is recognised in the Statement of Financial Position as a trade receivable. Debit and credit balances on individual schemes are not aggregated as there is no right of set-off.

Recycling of grants

Where there is a requirement to either repay or recycle a grant received for an asset that has been disposed of, a provision is included in the Statement of Financial Position to recognise this obligation as a liability. When approval is received from the funding body to use the grant for a specific development, the amount previously recognised as a provision for the recycling of the grant is reclassified as a creditor in the Statement of Financial Position.

For shared ownership staircasing sales, when full staircasing has not taken place, the recycling of the grant may be deferred if the net sales proceeds are insufficient to meet the grant obligation relating to the disposal and is not recognised as a provision. On subsequent staircasing sales, the requirement to recycle the grant becomes an obligation if sufficient sales proceeds are generated to meet the obligation and a provision is recognised at this point.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, any unamortised grant remaining within liabilities in the Statement of Financial Position related to this asset is derecognised as a liability and recognised as revenue in surplus or deficit in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

2. Accounting Policies – continued

Social Housing Grant and other Government grants

Where grants are received from government agencies such as the Homes England, local authorities, devolved government agencies, health authorities and the European Commission which meet the definition of government grants they are recognised when there is reasonable assurance that the conditions attached to them will be complied with and that the grant will be received.

Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets. Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised. Where a grant is receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs, it is recognised as revenue in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the expected useful life of the housing property structure. Where a grant is received specifically for components of a housing property, the grant is recognised in income over the expected life of the component.

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

Turnover

Turnover represents rent and service charges receivable (net of rent and service charge losses from voids) and disposal proceeds of current assets such as properties developed for outright sale or shared ownership first tranche sales at completion together with revenue grants from local authorities and the Homes England and charitable fees and donations. Service charge income is recognised when expenditure is incurred as this is considered to be the point at which the service has been performed and the revenue recognition criteria met.

Shared ownership property sales

Shared ownership properties, including those under construction, are split between non-current assets and current assets. The split is determined by the percentage of the property to be sold under the first tranche disposal which is shown on initial recognition as a current asset, with the remainder classified as a non-current asset within property plant and equipment. Where this would result in a surplus on the disposal of the current asset that would exceed the anticipated overall surplus, the surplus on disposal of the first tranche is limited to the overall surplus by adjusting the costs allocated to current or noncurrent assets.

Proceeds from first tranche disposals are accounted for as turnover in the Statement of Comprehensive Income of the period in which the disposal occurred and the cost of sale is transferred from current assets to operating costs. Proceeds from subsequent tranche sales are treated as disposals of fixed assets.

Interest payable
Borrowing costs are interest and other costs incurred in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

2. Accounting Policies – continued

Borrowing costs are calculated using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument and is determined on the basis of the carrying amount of the financial liability at initial recognition. Under the effective interest method, the amortised cost of a financial liability is the present value of future cash payments discounted at the effective interest rate and the interest expense in a period equals the carrying amount of the financial liability at the beginning of a period multiplied by the effective interest rate for the period.

Pensions

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

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

For financial years ending on or before 28 February 2019, it was not possible for the group to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme. For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

The group also participates in a defined contribution scheme where the amount charged to surplus or deficit in the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the contributions payable in the year.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the year end and is carried forward to future periods.

Significant management judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, 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 judgments 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

2. Accounting Policies – continued

Significant management judgements

The following are management judgements in applying the accounting policies of the group that have the most significant effect on the amounts recognised in the financial statements.

Impairment of social housing properties

The group have 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.

Capitalisation of property development costs

The group capitalises development expenditure in accordance with the accounting policy on housing properties. Judgement is exercised over the likelihood that projects will continue.

Estimation uncertainty

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Provisions

Provisions are made to recognise certain liabilities and for rent arrears that are considered uncollectable. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

Defined benefit pension scheme

The group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

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 Group considers whether there are any indications that the useful lives require revision at each reporting date to ensure that they remain appropriate.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

3a. Consolidated turnover, operating costs and operating surplus

	2023			2022		
	Turnover	Operating Costs	Operating Surplus	Turnover	Operating Costs	Operating Surplus
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings (note 4)	5,085	4,781	304	4,706	4,835	(129)
Other social housing activities						
Supporting people	878	853	25	811	802	9
Management services	102	184	(82)	132	193	(61)
First tranche shared ownership sales	285	166	119	557	270	287
Other	508	240	268	368	209	159
	6,858	6,224	634	6,574	6,309	265
Activities other than social housing						
Properties developed for outright sale	-	-	-	631	602	29
Student letting	217	157	60	219	120	99
	217	157	60	850	722	128
	7,075	6,381	694	7,424	7,031	393

3b. Association turnover, operating costs and operating surplus

	2023			2022		
	Turnover	Operating Costs	Operating Surplus	Turnover	Operating Costs	Operating Surplus
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings (note 4)	5,085	4,781	304	4,706	4,835	(129)
Other social housing activities						
Supporting people	878	853	25	811	802	9
Management services	102	184	(82)	132	193	(61)
First tranche shared ownership sales	285	166	119	557	270	287
Other	519	251	268	459	208	251
	6,869	6,235	634	6,665	6,308	357

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

3. Particulars of income and expenditure from social housing lettings (Group)

	2023 General Needs Housing £'000	2023 Supported housing & housing for older people £'000	2023 Total £'000	2022 General Needs Housing £'000	2022 Supported housing & housing for older people £'000	2022 Total £'000
Income						
Rent receivable net of identifiable service charges	2,700	989	3,689	2,436	908	3,344
Service charges receivable	304	837	1,141	298	792	1,090
Amortised social housing grant	196	59	255	237	35	272
	3,200	1,885	5,085	2,971	1,735	4,706
Turnover from social housing lettings						
Expenditure						
Management	950	595	1,545	907	545	1,452
Service charge costs	308	570	878	303	572	875
Routine maintenance	588	291	879	537	146	683
Planned maintenance	329	126	455	312	117	429
Major repairs expenditure	132	17	149	237	41	278
Bad debts	62	33	95	41	9	50
Property lease charges	(9)	91	82	-	102	102
Depreciation of housing properties and loss on disposal of property components	567	131	698	506	130	636
Impairment charge	-	-	-	-	330	330
Operating costs	2,927	1,854	4,781	2,843	1,992	4,835
Operating surplus on social housing lettings	273	31	304	128	(257)	(129)
Void losses	51	100	151	47	103	150

NOTES TO THE FINANCIAL STATEMENTS8
For the year ended 31 March 2023

4. Employees

	Group 2023 £'000	Association 2023 £'000	Group 2022 £'000	Association 2022 £'000
Employee costs:				
Wages and salaries	1,772	1,772	1,624	1,624
Social security costs	153	153	142	142
Pension costs	57	57	63	63
	1,982	1,982	1,829	1,829
	Number	**Number**	**Number**	**Number**
The average number of employees, including part-time employees expressed as full-time equivalents:	56	56	54	54

The number of full time equivalents in each salary band:

£10,001 - £20,000	7
£20,001 - £30,000	31
£30,001 - £40,000	11
£40,001 - £50,000	1
£50,001 - £60,000	3
£60,001 +	3

The basis of calculation of the full-time equivalents was based on a 37 hour week.

Social housing pension scheme

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

5. Employees – continued

Social housing pension scheme – continued

For financial years ending on or before 28 February 2019, it was not possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

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

The latest accounting valuation was carried out with an effective date of 30 September 2022. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2023 to 29 February 2024 inclusive.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

Fair value of plan assets, present value of defined benefit obligation, and defined benefit asset (liability)

	31 March 2023 (£000s)	31 March 2022 (£000s)
Fair value of plan assets	1,916	3,073
Present value of defined benefit obligation	2,350	3,528
Surplus (deficit) in plan	(434)	(455)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(434)	(455)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	(434)	(455)

Reconciliation of opening and closing balances of the defined benefit obligation

	31 March 2023 (£000s)
Defined benefit obligation at start of period	3,528
Current service cost	-
Expenses	5
Interest expense	95
Contributions by plan participants	-
Actuarial losses (gains) due to scheme experience	(6)
Actuarial losses (gains) due to changes in demographic assumptions	(5)
Actuarial losses (gains) due to changes in financial assumptions	(1,029)
Benefits paid and expenses	(238)
Liabilities acquired in a business combination	-
Defined benefit obligation at end of period	2,350

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

5. Employees – continued

Social housing pension scheme - continued

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

	31 March 2023 (£000s)
Fair value of plan assets at start of period	3,073
Interest income	84
Experience on plan assets (excluding amounts included in interest income – gain (loss)	(1,129)
Contributions by the employer	126
Contributions by plan participants	-
Benefits paid and expenses	(238)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	1,916

Defined benefit costs recognised in statement of comprehensive income (SOCI)

	Period from 31 March 2022 to 31 March 2023 (£000s)
Current service cost	-
Expenses	5
Net interest expense	11
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Defined benefit costs recognised in statement of comprehensive income (SOCI)	16

Defined benefit costs recognised in other comprehensive income

	Period from 31 March 2022 to 31 March 2023 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) – gain (loss)	(1,129)
Experience gains and losses arising on the plan liabilities – gain (loss)	6
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain (loss)	5
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain (loss)	1,029
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain (loss)	(89)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) – gain (loss)	-
Total amount recognised in other comprehensive income – gain (loss)	(89)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

5. Employees – continued

Social housing pension scheme - continued

Assets

	31 March 2023 (£000s)	31 March 2022 (£000s)
Global equity	36	590
Absolute return	21	123
Distressed opportunities	58	110
Credit relative value	72	102
Alternative risk premia	4	101
Fund of hedge funds	-	-
Emerging market debts	10	89
Risk sharing	141	101
Insurance-linked securities	48	72
Property	82	83
Infrastructure	219	219
Private debt	85	79
Opportunistic illiquid credit	82	103
High Yield	7	26
Opportunistic Credit	-	11
Cash	14	10
Corporate bond fund	-	205
Liquid credit	-	-
Long lease property	58	79
Secured income	88	115
Liability driven investment	882	858
Currency hedging	4	(12)
Net current assets	5	9
Total assets	1,916	3,073

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

Key assumptions

	31 March 2023 % per annum	31 March 2022 % per annum
Discount rate	4.86	2.79
Inflation (RPI)	3.19	3.57
Inflation (CPI)	2.77	3.19
Salary growth	3.77	4.19
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

5. Employees – continued

Social housing pension scheme - continued

The mortality assumptions adopted at 31 March 20231 imply the following life expectancies:

	Life expectancy at age 65 (years)
Male retiring in 2021	21.0
Female retiring in 2021	23.4
Male retiring in 2041	22.2
Female retiring in 2041	24.9

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of the Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respects of this potential issue.

6. Board members and executive directors

	2023	2022
Average weekly number of executive directors (full time equivalents):	3	3
	£'000	£'000
Emoluments of the above executive directors including the chief executive but excluding pension contributions	235	232
Pension contributions on behalf of the above executive directors	28	27

The emoluments of the highest paid director, the Chief Executive, excluding pension contributions, were £93,392 (2022: £89,096).

The Chief Executive is a member of the Social Housing Pension Scheme. He is an ordinary member of the pension scheme and no enhanced or special terms apply. The group does not make any further contribution to an individual pension arrangement for the Chief Executive.

The Chair is paid emoluments by the Group. The amount paid is £4,000 (2022: £2,089)

Re-imbursement of expenses during the year to members of the Board amounted to £nil (2022: £nil).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

7. Operating surplus

This is stated after charging/(crediting):	Group 2023 £'000	Association 2023 £'000	Group 2022 £'000	Association 2022 £'000
External auditors' remuneration				
- for the audit of the accounts	34	29	23	18
Depreciation of housing properties	669	647	657	636
Depreciation of other property, plant and equipment	(19)	(19)	41	41
Amortisation of social housing grant	(255)	(255)	(272)	(272)
Impairment charge	-	-	330	330
Operating lease rentals				
- land and buildings	161	161	138	138
- office and other equipment	20	20	18	18

8. Surplus on disposal of property, plant and equipment

	Group 2023 £'000	Association 2023 £'000	Group 2022 £'000	Association 2022 £'000
Proceeds from sale of property, plant and equipment	502	502	152	152
Carrying value of property, plant and equipment	(145)	(145)	(177)	(167)
	357	357	(25)	(15)

9. Interest receivable

	Group 2023 £'000	Association 2023 £'000	Group 2022 £'000	Association 2022 £'000
Bank interest receivable	5	45	-	10

10. Interest and financing costs

	Group 2023 £'000	Association 2023 £'000	Group 2022 £'000	Association 2022 £'000
Bank loan, interest and finance costs	1,044	1,021	660	633

Interest costs of £13,383 have been capitalised during the year using an average rate of 4.5% (2022: £nil).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

11.Taxation

	Group 2023 £'000	Association 2023 £'000	Group 2022 £'000	Association 2022 £'000
United Kingdom corporation tax at 19%	-	-	1	-

Factors affecting tax charge for the year

The current tax charge for the year is lower than the standard rate of corporation tax in the UK (19%). The differences are explained below:

	Group 2023 £'000	Association 2023 £'000	Group 2022 £'000	Association 2022 £'000
Profit on ordinary activities before tax	(93)	(90)	(292)	443
Profit on ordinary activities before tax multiplied by standard rate of Corporation tax in the UK of 19% (2022: 19%)	-	-	-	84
Effects of:				
Income not taxable in determining taxable surplus	-	-	1	(84)
Fixed asset differences	-	-	-	-
Current tax charge for the year	-	-	1	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

12. Tangible fixed assets – housing properties (Group)

	Social housing properties held for letting £'000	Social housing properties under construction £'000	Low cost home ownership £'000	Shared Ownership housing under construction £'000	Developed for sale £'000	Student housing £'000	Total £'000
Cost							
At 1 April 2022	49,875	1,384	3,451	-	-	1,009	55,714
Purchases	6	1,716	21	665	-	-	2,408
Works to existing properties	699	-	-	-	-	6	705
Disposals	(200)	-	(113)	(165)	-	-	(478)
Transfer to work in progress	(270)	-	-	(60)	-	-	(330)
Schemes completed	750	(750)	440	(440)	-	-	-
Impairment	-	-	-	-	-	-	-
At 31 March 2023	50,860	2,350	3,799	-	-	1,015	58,019
Depreciation and impairment							
At 1 April 2022	7,938	-	-	-	-	280	8,218
Depreciation charged in year	647	-	-	-	-	22	669
Released on disposal	(116)	-	-	-	-	-	(116)
Transfer to work in progress	(81)	-	-	-	-	-	(81)
At 31 March 2023	8,388	-	-	-	-	302	8,690
Net book value							
At 31 March 2023	42,472	2,350	3,799	-	-	713	49,329
At 31 March 2022	41,937	1,384	3,451	-	-	729	47,501

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

12.Tangible fixed assets – housing properties (Group) - continued

There were £131,610 of direct development labour costs capitalised in this year (2022: £59,401) and £13,383 of interest capitalised in this year (2022: £nil)

	2023 £'000	2022 £'000
Expenditure on works to existing properties		
Improvement works and components capitalised	537	278
Amounts charged to the statement of comprehensive income	67	108
	604	386

Housing properties book value, net of depreciation comprises:

	2023 £'000	2022 £'000
Freehold land and buildings	41,424	39,591
Long leasehold land and buildings	7,743	7,743
Short leasehold land and buildings	162	162
	49,329	47,496

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

12.Tangible fixed assets – housing properties (Association)

	Social housing properties held for letting	Social housing properties under construction	Low cost home ownership	Shared Ownership housing under construction	Developed for sale	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2022	49,875	1,384	3,451	-	-	54,710
Purchases	6	1,716	21	665	-	2,408
Works to existing properties	699	-	-	-	-	699
Disposals	(200)	-	(113)	(165)	-	(478)
Transfer to work in progress	(270)	-	-	(60)	-	(330)
Schemes completed	750	(750)	440	(440)	-	-
Impairment	-	-	-	-	-	-
At 31 March 2023	50,860	2,350	3,799	-	-	57,009
Depreciation and impairment						
At 1 April 2022	7,938	-	-	-	-	7,938
Depreciation charged in year	647	-	-	-	-	647
Released on disposal	(116)	-	-	-	-	(116)
Transfer to work in progress	(81)	-	-	-	-	(81)
At 31 March 2023	8,388	-	-	-	-	8,388
Net book value						
At 31 March 2023	42,472	2,350	3,799	-	-	48,621
At 31 March 2022	41,937	1,384	3,451	-	-	46,772

There were £113,323 of direct development labour costs capitalised in this year (2022: £48,710) and £13,383 of interest capitalised in this year (2022: £nil).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

12.Tangible fixed assets – housing properties (Association) - continued

Expenditure on works to existing properties	2023 £'000	2022 £'000
Improvement works and components capitalised	531	257
Amounts charged to the statement of comprehensive income	67	108
	598	365

Housing properties book value, net of depreciation comprises:

	2023 £'000	2022 £'000
Freehold land and buildings	40,716	38,867
Long leasehold land and buildings	7,743	7,743
Short leasehold land and buildings	162	162
	48,621	46,772

13. Property, plant and equipment – Other

Office equipment, furniture and fittings

	Group £'000	Association £'000
Cost		
At 1 April 2022	660	660
Additions	21	21
At 31 March 2023	681	681
Depreciation		
At 1 April 2022	651	651
Charged in the year	37	37
Adjustment relating to prior years	(56)	(56)
At 31 March 2023	632	632
Net book value		
At 31 March 2023	49	49
At 31 March 2022	9	9

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

14. Investment in subsidiaries

As required by statute, the financial statements consolidate the results of Lime Property Ventures Limited which was a subsidiary of the association throughout the year.

53c Severn Road is a non-trading wholly owned subsidiary so is not included in the results.

Elim Housing Association Limited is the ultimate parent undertaking.

15. Inventories

	Group 2023	Association 2023	Group & Association 2022
	£'000	£'000	£'000
Completed properties for sale	1,171	573	868

16. Debtors

	Group 2023 £'000	Association 2023 £'000	Group 2022 £'000	Association 2022 £'000
Rent and service charges receivable	624	624	531	530
Less: provision for bad and doubtful debts	(336)	(336)	(287)	(287)
	288	288	244	243
Trade debtors	476	476	402	402
Other debtors	260	242	185	167
Prepayments and accrued income	394	385	349	337
Amounts due from subsidiary undertaking	-	1,305	-	358
	1,418	2,696	1,180	1,507

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

17. Creditors: amounts falling due within one year

	Group 2023 £'000	Association 2023 £'000	Group 2022 £'000	Association 2022 £'000
Loans (note 22)	21,751	21,751	11,913	10,964
Trade creditors	272	265	288	283
Other taxation and social security	50	50	36	36
Corporation tax	-	-	1	-
Other creditors	358	335	302	277
Accruals and deferred income	762	730	586	559
Social housing grants (note 20)	266	266	272	272
Sinking funds	74	74	74	74
Rent received in advance	354	329	431	389
Other grants	48	48	-	-
	23,935	23,848	13,903	12,854

18. Creditors: amounts falling due after one year

	Group 2023 £'000	Association 2023 £'000	Group 2022 £'000	Association 2022 £'000
Social housing grants (note 20)	19,704	19,704	20,026	20,026
Recycled capital grant fund (note 21)	356	356	284	284
Loans (note 22)	521	521	8,271	8,271
SHPS defined benefit liability (note 5)	433	433	454	454
	21,014	21,014	29,035	29,035

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

19. Provision for liabilities and charges

Deferred tax – Fixed asset timing differences

	Group 2023 £'000	Association 2023 £'000	Group 2022 £'000	Association 2022 £'000
At the start of the year	(4)	-	-	-
Charge for the year	-	-	(4)	-
	(4)	-	(4)	-

20. Social housing grants

	Group & Association 2023 £'000	Group & Association 2022 £'000
At beginning of year	20,298	19,736
Grant receivable	-	833
Released to income in the year	(255)	(271)
Relating to disposals	(73)	-
At end of year	19,970	20,298
Due to be released in less than one year	266	272
Due to be released after more than one year	19,704	20,026

Total accumulated amount of social housing grant received or receivable at the year-end is £24,223,117 (2022- £24,223,117).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

21. Recycled capital grant fund

	Group & Association 2023 £'000	Group & Association 2022 £'000
At beginning of year	284	284
Inputs – Grants recycled	72	-
Recycling – New build	-	-
At end of year	356	284

22. Loan analysis

	Group 2023 £'000	Association 2023 £'000	Group 2022 £'000	Association 2022 £'000
Due within one year				
Orchardbrook Limited	8	8	7	7
Triodos	9,907	9,907	-	-
Lloyds	-	-	11,909	10,960
Barclays	11,836	11,836	-	-
Due after more than one year				
Orchardbrook Limited	521	521	531	531
Barclays	-	-	-	-
Triodos	-	-	7,740	7,740
	521	521	8,271	8,271

Loans are repayable as follows:

	Group 2023 £'000	Association 2023 £'000	Group 2022 £'000	Association 2022 £'000
Due within one year	114	114	11,955	11,007
Between one and two years	145	145	109	109
Between two and five years	495	495	560	560
After five years	21,827	21,827	7,762	7,762
Less: loan issue costs	(309)	(309)	(200)	(200)
	22,272	22,272	20,186	19,238

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

22. Loan analysis - continued

The bank loans are secured by fixed charges on individual properties.

The loan from Orchardbrook Limited is repayable in six monthly instalments until the loan matures in 2043. Interest is charged at a fixed rate of 10.9%.

The Barclays loans are used to finance the development of housing properties. The current facilities total £17,000,000 and are provided in 2 tranches. The first tranche is £12,000,000 at a fixed rate of 6.19% which was used to repay the Lloyds facility on maturity in September 2023. The remaining £5,000,000 is a revolving credit facility on variable rates.

The Triodos loan of £10,050,000 million is repayable in monthly instalments until the loan matures in 2042. Interest is charged at a fixed rate on £5,400,000 of 2.99% until 5 October 2026 and the remainder is at a variable rate based on the bank base rate. The loan is an interest only loan until May 2023.

At 31 March 2023 the group had undrawn loan facilities of £8,951,000 (2022: £6,100,000).

The Barclays and Triodos loans are both showing as due within one year because of the interest cover covenant breach which resulted in obtaining a letter of variation and waiver. This was received after the year end so as at the end of March 2023, the loans are deemed to be due to be repaid.

23. Analysis of changes in net debt (Group)

	At 1 April 2022	Cash flows	New loan facility	Other non-cash movements	At 31 March 2023
	£'000	£'000	£'000	£'000	£'000
Cash	875	(480)			395
Bank loans due within one year	11,913	(11,913)		21,751	21,751
Bank loans due greater than one year	8,271	2,001	12,000	(21,751)	521
Total	21,059	(10,392)	12,000	-	22,667

24. Capital and other financial commitments

The group and association had the following capital expenditure commitments.

	Group & Association 2023	Group & Association 2022
	£'000	£'000
Capital expenditure		
Expenditure contracted for but not provided in the accounts	-	1,062
Expenditure authorised but not contracted for	2,228	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

The above commitments will be financed through the use of own funds held and our loan facilities.

As at 31 March 2023, the group and association had future minimum lease payments under non–cancellable operating leases as follows:

	Group & Association 2023 £'000	Group & Association 2022 £'000
Payments due:-		
Less than one year	181	158
Two to five years	637	317
After five years	1,902	-
	2,720	475

25. Contingent liability

A possible contingent liability has arisen in the financial year relating to the cost of replacing cladding at a building in Bristol. The amount of any liability is yet to be determined and are dependent on the outcome of a legal claim.

26. Share capital

The issued share capital entitles the holder to voting rights at the Annual General Meeting. It does not convey any rights to a dividend, any provision for redemption or for a distribution upon winding up.

	2023 £	2022 £
Allotted, called up and fully paid		
At beginning of year	28	28
Issued during the year	-	-
Cancelled during the year	-	-
At end of year	28	28

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

27. Housing stock

	2023	2022
	Number	Number
General needs	435	426
Gypsy & Traveller	88	88
Shared ownership	49	44
Supported housing	251	251
Student lets	22	22
Managed properties	88	88
Number of units in management	933	919

Number of units in development at 31 March 2023: 1 (2022: 14)

28. Related parties

Elim received management fees of £13,000 and received interest of £40,893 from Lime Property Ventures Limited. At 31 March 2023 the company was owed £1,305,000 by Lime Property Ventures Limited.

Elim's Director of Resources is also a director of 53c Severn Road Management Company, a non-trading company for a property now wholly owned by Elim. There have been no transactions through the Management Company during 2022/2023.