

Financial Conduct Authority registration number: 20803R
Registered Provider number: L0244

Report of the Board and
Financial Statements for the Year Ended 31 December 2023
for
PHA Homes Ltd

PHA Homes Ltd
Financial Statements
For The Year Ended 31 December 2023

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PHA Homes Ltd
Legal and Administrative Details
For The Year Ended 31 December 2023

PHA Homes Ltd is a Registered Society under the Co-operative and Community Benefit Societies Act 2014 (Registration No. 20803R) and is registered with the Homes England (the Regulator for Social Housing) (Registration No. L0244).

Board

| | |
|----------------|--------------------|
| John Cogbill | Retired 06/06/2023 |
| Jane Cox | |
| John Craven | |
| Steven Dennis | Chair |
| Kalwant Grewal | |
| Graham Norris | |
| David Thompson | |
| Guy Thompson | |
| Qamer Yasin | |

Chief Executive Officer

| | |
|---------------|----------------------|
| Linda Wallace | Appointed 06/03/2023 |
|---------------|----------------------|

Members of the Association

The only members of the Association are the Board Members, who each hold 1 x £1 share. The Chief Executive is a member of the Board.

Registered Office

32 Dragon Street
Petersfield
Hampshire
GU31 4JJ

Professional Advisers

External Auditor

Knox Cropper LLP
Office Suite 1, Haslemere House
Lower Street
Haslemere
Surrey
GU27 2PE

Bankers

National Westminster Bank Plc
4 High Street
Petersfield
Hampshire
GU32 3JF

Internal Auditor

TRMB
94 Wolfreton Lane
Hull
HU10 6PT

PHA Homes Ltd

Report of the Board

For The Year Ended 31 December 2023

The Board presents their report and financial statements for the year ended 31 December 2023.

Principal Activities

The association is a charitable registered provider of social rented housing. The principal activity of the association throughout the year was that of providing affordable rented accommodation to people in housing need locally. The association owns and manages 340 homes of which the majority (307) are low rent housing.

Chair's Report

The Board is pleased to present this overview of our strategy and performance for the year to 31 December 2023.

The housing environment is increasingly complex, with a raft of new and important safety, governance and resident focused regulation and legislation. Meeting these expectations and demonstrating that we do so is challenging, particularly for a small provider with less capacity for in-house specialism or state of the art technology. We are proud of our independence as a community-based provider but this is only of value to us if we can show that our services to residents are as good as larger organisations and offering really good value for money.

With a new Chair and Chief Executive in place, we have taken time this year to review how we are meeting our mission and to refresh and update the way in which we express our commitment to people, place and planet. We remain ambitious for the added value that organisations like ours can bring when we work closely with our residents, community partners and our wider social housing community and our new mission, vision and values seek to express that ambition. Our future measures of success and investment will reflect these restated goals. This includes making sure that our approach and services reflect the wide range of people that we serve and making sure all feel welcome and heard when they deal with us.

During 2023, we were delighted to see high quality service experience reflected in our first resident survey using the new Tenant Satisfaction Measures. In almost all areas, this showed that our residents feel they receive services that are significantly better than average. However, our focus is on those areas where we need to improve, particularly how we communicate with residents about repairs and how quickly we get repairs done. We have already made changes to improve this, taking our lead from resident feedback and our learning from complaints on what makes the most difference. The active involvement of resident members of our Tenant Engagement Panel and the more formal reporting on learning from complaints are very much valued by the Board in embedding resident experience in our work and will be part of reviewing whether these changes have the impact we expect.

We also delivered better than average results in terms of our financial performance and value for money. This was achieved whilst delivering growth in our housing stock – with 11 new homes in Petersfield – and investing more than ever in our existing homes. Keeping the balance between improving homes for our residents and opportunistic growth will be an ongoing focus and is likely to include making more active asset management choices in future.

We continued to keep the safety of residents and staff at the top of our agenda with the Board reviewing compliance with statutory requirements at every meeting. We expect to continue to invest substantial amounts in keeping homes safe and improving their environmental impact over the coming few years.

PHA Homes Ltd
Report of the Board
For The Year Ended 31 December 2023

During this year we have done more work with our team and Board on developing our culture of safety and risk awareness so that it is a reflex for all of our people to be alert and to respond well to risks in all situations. We have also encouraged our residents to let us know whenever they have concerns about safety and to demonstrate that we are actively responding when such concerns are raised.

Overall, we feel we have had a successful year with continued improvement and always a sense of more to do. I want to express thanks to my predecessor, John Cogbill for his careful leadership of PHA Homes during the turbulent years of 2020 – 2023. I also want to acknowledge our talented Board and staff team for their ongoing commitment to the well being of our residents and the success of our organisation and to our partners, contractors, consultants and advisers for their continued support.

We are optimistic about the future and the role that we can play in helping our community to be a great place for everyone.

Steve Dennis, June 2024

PHA Homes Ltd
Report of the Board
For The Year Ended 31 December 2023

Strategic Review of the Year

Our Vision

During the year, we have reviewed and updated our vision, mission, values, and goals to better reflect the pride we have in being a really local organisation, with the intention to be an asset for our residents and our local community. Our new vision roots us in a broader, more collaborative, and empowering culture, where we actively seek connection and well-being for the people we serve and who work for and with us, both now and in the future.

| |
|--|
| <p>We want our community to be a great place for everyone, where we live, learn, work and grow with a shared sense of belonging</p> |
|--|

We will play our part in delivering this vision through four strategic goals from 2024

Providing safe, warm & affordable homes

Investing in those things that matter most to our residents and contributing to sustainability

Offering friendly, helpful and effective services

Getting to know our residents and what they want and need from us so we can make our service easy and convenient

Connecting and contributing to our community

Creating opportunities for people to feel connected, strengthening a sense of belonging and contributing and sharing talents and resources

Maintaining strong foundations

Making sure we have stable finances, inclusive leadership, empowered staff, and strong governance

Our EPIC Values

We have also updated our values to better reflect our culture and vision. These values were developed collaboratively with our team and our Board.

Explorers

We are curious & creative; we seek out potential and find new and better ways to make progress toward our goals

People & Planet

We are inclusive, human, and kind; we care about the impact of our actions on others; we make the best use of all our resources

Integrity

We are trusting and trusted; we strive to do the right thing, to deliver on our promises and to learn from our mistakes

Community

We work hard to build connection, well-being and prosperity for everyone in our community

PHA Homes Ltd

Report of the Board

For The Year Ended 31 December 2023

Our Strategic Goals in 2023

Our strategic goals for the duration of this year were to:

- Ensure quality services.
- Invest in sustainability.
- Invest in people.
- Facilitate sustainable growth.
- Ensure financial viability & value for money.

Delivering Quality Services

As a small and very local association, we take seriously our reputation for providing residents with services that are of a high quality and which respond to and seek to meet individual needs.

Tenant Satisfaction Measures

During the year we undertook a full survey of residents using the Regulatory Tenant Satisfaction Measures. Feedback was received from almost 100% of our residents and demonstrated strong performance with top quartile satisfaction in the majority of areas. We benchmarked these results against the Acuity survey or registered social landlords outside of London who have so far published results (64). This group generally has a higher level of satisfaction than in London.

| Reference | Indicator | Result | B/Mark |
|-----------|---|--------|--------|
| TP01 LCRA | Overall satisfaction LCRA | 92% | 80% |
| TP02 LCRA | Repairs satisfaction LCRA | 68% | 82% |
| TP03 LCRA | Repair Time satisfaction LCRA | 66% | 79% |
| TP04 LCRA | Home well maintained satisfaction LCRA | 91% | 79% |
| TP05 LCRA | Home is safe satisfaction LCRA | 94% | 85% |
| TP06 LCRA | Listens and acts LCRA | 81% | 70% |
| TP07 LCRA | Keep informed LCRA | 91% | 80% |
| TP08 LCRA | Satisfaction landlord fairness & respect LCRA | 93% | 83% |
| TP09 LCRA | Satisfaction with complaint handling LCRA | 53% | 42% |
| TP10 LCRA | Satisfaction : communal areas LCRA | 95% | 73% |
| TP11 LCRA | Satisfaction: contribution to n/hood LCRA | 75% | 74% |
| TP12 LCRA | Satisfaction: ASB handling LCRA | 38% | 75% |

The survey highlighted that residents were less pleased with our repairs service delivery and further discussion with residents clarified that the main reasons for this were to do with our communication about repairs and the time that it takes to get things done. Satisfaction with the repair quality at a transactional level is very high (over 99% on post works surveys). The result on ASB, whilst disappointing, reflects the very low level of anti-social behaviour that we experience with just 2 cases in the year under review.

We maintained 100% compliance in relation to all regulatory and legal safety checks within our properties in 2023. At the end of 2023 we had a small number of fire risk related works undergoing procurement and protection measures at those properties were proactively reviewed with the risk assessor to assure ongoing safety.

PHA Homes Ltd
Report of the Board
For The Year Ended 31 December 2023

Damp & Mould

At the end of 2022, we wrote to all residents encouraging them to let us know about any damp, mould or condensation issues. We visited every home that reported any concerns and carried out remedial and preventative works. Subsequent monitoring indicates that this work has successfully resolved any issues. The primary triggers were found to be inadequate or poorly fitted loft insulation and ventilation and the learning from this work has been built into our forward maintenance and property inspection plans. Our customer-facing teams have been trained so that our regular property visits can pick up any concerns at an early stage in future.

Learning from Complaints

The Board received a full review of our complaints experience and the learning from those complaints in November 2023. The key learning points and actions arising from them were:

| What we learned | What we did |
|--|--|
| Some repairs are taking too long to complete, and some appointments aren't being met as agreed, which is causing disturbance | Recognise we need to review our standards, repair processes and communications with contractors and staff |
| Our OOH service wasn't satisfactory | Changed OOH supplier |
| How to deal with multiple complaints at once from the same complainant | Improved our recording systems and shared the workload between senior staff |
| Some of our tenants have increased support needs and these can be difficult to identify if the information is not provided by the tenant | All staff participated in neuro-diversity training and we arranged for an independent complaints assessor to assess our complaint handling of one case for assurance |
| We required some more specific ASB training | Arranged ASB training for 3 staff and shared this with other small HA's which was successful and great networking / support |
| Our existing IT system is not satisfactory in multiple areas | Include provision for improving IT system in 2024 so that we can have better integration of systems/records |
| We are not recognising all expressions of dissatisfaction as complaints | Arranged for all staff to participate in complaints training in February 2024 and continue to embed a culture that is open to feedback |

Investing in Homes

During the year more than 25% of our homes benefitted from some level of improvement. This included kitchens, bathrooms, heating, fencing, electrical upgrades, windows, doors, roofs and ventilation. In total, we invested £320,000 in planned and major works.

Investing in Sustainability

We improved the thermal efficiency of a significant number of homes with 39 homes receiving improved loft insulation, 3 new energy efficiency heating systems and 4 homes provided with full solar PV units with battery storage. The latter systems were installed with the assistance of South Downs National Park who provided grant funding for the work. Resident feedback is being monitored to assess the impact of the solar PV systems.

PHA Homes Ltd

Report of the Board

For The Year Ended 31 December 2023

Over the coming year we will be setting out our plans to achieve EPC C across our housing stock and to identify and set out strategies for any homes which may not be able to achieve this standard. This work will be carried out in discussion with residents and with local partners.

Alleviating Poverty & Hardship

During the year, we provided a significant amount of support to people who live in our homes. One of the key initiatives was providing fuel and similar vouchers to residents through the HACT fund and through our Hardship Fund. We were delighted to distribute more than £16,000 to alleviate the cost of living pressures that many people faced.

Investing in Our People

We provided a wide range of training to support our employees, making sure that they are confident and competent to manage services in an increasingly complex environment. This included training for health and safety issues, damp & mould awareness, complaints handling, neurodiversity awareness and GDPR. We are pleased to be able to create an opportunity for an apprenticeship post for the new Housing Assistant role. This provides a much-needed route into a housing career for a local person and increases the service we can offer to tenants and leaseholders.

Sustainable Growth – Delivering New Homes

We delivered 11 new affordable and social rent homes in the heart of Petersfield during the year. This £2.8m development offers high quality and environmentally sustainable housing, with a mixture of 1 and 2 bedroomed homes completed with a high internal specification. The development was funded with a mixture of grants from Homes England, internal reserves, and loan finance from the Charity Bank. East Hampshire District Council supported the scheme through planning arrangements and nominations.

Financial Overview

PHA ended the year in a strong financial position with an operating surplus on social housing lettings of £589k (£623k - 2022) despite a significant increase in investment in our homes (+£136k) and a challenging year in terms of interest and service costs. We acquired 11 new social and affordable rented homes in the centre of Petersfield at a cost of just under £2.8m and ended the year with net assets of £11.1m (£10.9m – 2022). Overall borrowings at the end of the year were £7.5m (£8.4m – 2022).

Going Concern

The Board has reasonable expectation that the Association has adequate resources to continue operations for the foreseeable future. The going concern basis has therefore continued to be used in preparing the financial statements. During the year the Board commissioned additional stress testing for the business plan to ensure that the organisation is resilient in the face of changing economic circumstances.

Value for Money

As a registered provider we are required to demonstrate compliance with the Regulator of Social Housing's Value for Money Standard. As a small community-based landlord, we face challenges in input costs that are different from some larger providers, and it is important that we manage these effectively and demonstrate the value of our maintaining independence. In the main, we demonstrate this by providing a high quality and personal service for residents, where we really know our customers, our homes and our local community. This is a key focus of our new mission and strategy.

PHA Homes Ltd
Report of the Board
For The Year Ended 31 December 2023

During 2023, we continued to provide good value for money compared to the sector as a whole and our peers. Our headline social housing cost per unit was £4,230 compared to a sector weighted average £5,251 or £5,720 for smaller providers (<2,500 homes - RSH published figures for 03/2023 accounts) Costs increased significantly during the year in line with a general upward cost trend for the whole sector. Nevertheless, we delivered a much higher level of investment in our own homes and expect this trend to continue as we bring energy efficiency work and invest in measures that affect the day to day well being of our residents.

We provided additional value in the year by expanding our housing stock, with 11 new social and affordable rented homes delivered in the centre of Petersfield. These homes benefited from £360k of grant funding and offer real social value in an expensive area where accommodation is in short supply.

Registered Providers are expected to report on value for money metrics to measure economy, efficiency and effectiveness on a comparable basis across the sector. The suite of defined performance metrics provides a tool for registered providers to demonstrate that they are making best use of their assets and resources to stakeholders, including tenants and the regulator. The metrics are calculated using a standard formula for all Registered Providers. This enables stakeholders not only to review the performance of PHA Homes to previous years, but also to compare our performance with that of our peers.

| Value for Money Metrics – 2023 | 2023 | 2022* | Sector S/Card <2500 Homes 2023 |
|---|---------|---------|--------------------------------------|
| Operating Margin (overall) % | 23.06% | 31.61% | 16.8% |
| Operating Margin (social housing lettings only) % | 25.70% | 30.94% | 18.7% |
| EBITDA MRI interest Cover % | 174.39% | 228.42% | 170.7% |
| Development - Capacity and Supply | | | |
| New supply delivered (Social housing units) % | 3.24% | 0.00% | 0.70% |
| New supply delivered (Non-social housing units) % | 0.00% | 0.00% | 0.00% |
| Gearing % | 25.86% | 21.12% | 32.90% |
| Outcomes Delivered | | | |
| Reinvestment % | 11.60% | 0.63% | 3.70% |
| Effective Asset Management | | | |
| Return on Capital Employed % | 2.54% | 9.93% | 2.10% |
| Operating Efficiencies | | | |
| Headline Social Housing Cost Per Unit | £4,230 | £3,590 | £5,720 |

* net of exceptional impact of the Rogate & Terwick HA Transfer of Engagements in that year

Social Value

As a small local provider, we are able to offer a very responsive and personal service for residents. Most of the homes that we own are within 2 miles of our office and our team are available for face-to-face discussions or enquiries. We are a small team and everyone in the team carries out a variety of roles and tasks. There is everyday communication about individual issues and properties and a high level of business wide awareness of any risks or concerns.

PHA Homes Ltd
Report of the Board
For The Year Ended 31 December 2023

Staff pride themselves on going the extra mile to support residents who experience practical challenges or hardship. In the year under review, we were particularly delighted to help a family with special and complex medical needs to achieve a transfer to more suitable accommodation, making a huge difference to their lives. We also provided more than £16,000 of financial support through hardship grants and the HACT fund and helped a number of residents with furniture for their new home.

Employees

The association has a highly valued team of 9 staff. As a small organisation, the skill, flexibility, and commitment of our employees is critical to our success, and we are committed to their well-being and development. The Chief Executive is also a member of the Board and other senior staff regularly attend Board and Committee meetings to brief Members, to make recommendations and to provide advice. The staff team meets regularly and share information about business performance, risk, feedback from residents, the sector environment and upcoming changes in policies or procedures. Staff training and personal development are a priority to ensure that we maintain a committed and happy workforce. Most of our staff live locally and our new mission sees a positive intention for staff to have time for voluntary involvement in their local community.

Pensions

The Association provides and contributes to pensions for staff through TPT Retirement Solution's Social Housing Pension Scheme. Further details are in note 19 to the financial statements.

Health, safety and welfare of residents and employees

The Board recognises the importance of effective health, safety and welfare provision for its residents and employees at work. Appropriate policies and procedures are in place for the protection and welfare of the residents and employees of the association.

The Board reviews property and resident health and safety at each meeting. During the year all of the required safety checks and assessments were undertaken for all properties (fire risk assessments, gas servicing, electrical testing, legionella testing). The association does not have any lifts or any tall buildings.

Internal Controls

The Board is responsible for the association's system of internal control. The system is designed to provide reasonable assurance against material misstatements or loss, but it cannot provide absolute assurance or eliminate all risk of failure to achieve business objectives.

The Board has established policies and procedures which are designed to provide effective internal control. These include delegated authorities, financial regulations, treasury management, risk management, approvals of any investment projects, health and safety, data protection and fraud prevention.

The Board has agreed terms of reference for its Audit & Risk Committee which meets regularly to monitor the association's exposure and response to risk/risk management. The Committee has set up internal audit procedures and regularly reviews the results of internal audit reviews, which are commissioned through an independent external audit firm. A full internal controls assurance audit was carried out in 2022 with a rating of Substantial Assurance.

In the year under review, the Committee received a detailed review of property safety and compliance which received a rating of Substantial Assurance.

PHA Homes Ltd

Report of the Board

For The Year Ended 31 December 2023

The Board retains responsibility for financial oversight and reviews financial performance against budget and business plan targets on a regular basis. The Board directly oversees any investment or treasury decisions.

Risk Mapping, Management & Review

The Board and management have established processes to carry out a regular identification, evaluation and control of the significant risks facing the organisation. The Chief Executive is responsible for alerting the Board to any new or changing risks and the risk map is reviewed in detail at each Audit & Risk Committee. Risk management is actively considered by the staff team as a whole at every team meeting and staff are encouraged to raise any concerns so that they can be investigated and evaluated quickly. During the year, the organisation introduced an 'active risk map' for those risks where the committee and/or Board had agreed that specific actions would be taken to actively reduce the level of risk. This has helped to ensure that there is a culture of risk reduction as well as risk mitigation.

Code of Governance & Compliance with the RSH Governance & Financial Viability Standards

The association has adopted the NHF Code of Governance (2020) and is required also to confirm compliance with the Regulator of Social Housing's Governance & Financial Viability Standard. The Board has undertaken a review of compliance with both standards and can confirm that our system of governance, financial management and risk management meet the requirements of both codes.

The Board is committed to continuously improving governance and has agreed a governance improvement plan for 2023 which will focus on board leadership, aligning plans and resources with mission, accountability to residents and developing people.

The Board appointed a new Chair in 2023 and appointed a Vice-Chair/Senior Independent Director for the first time. The Chair and Vice Chair work closely with the Chief Executive to ensure that there is an effective skills mix, that meetings have a good balance of challenge, support and outcomes, that there is open dialogue between the Board and the employee team and that there is good forward planning. The Board Chair undertakes appraisals with the Board Members to provide feedback and to make the most of skills and talents and the Chair also has a review, based on feedback from members and senior staff.

During 2023, we extended the board term of our resident board member as no other candidates had come forward to take up the role. We are working actively with the resident board member to engage more widely with residents to identify a successor or will alternatively seek another board member with current lived experience of social housing to fill the post no later than September 2024.

There is a robust long-term business plan in place which is prepared with external support. In 2023, the business plan assumptions were independently reviewed to ensure that stress testing remains effective and appropriate for the risks faced by the organisation. Funding covenants are carefully managed and reviewed at every Board Meeting with golden rules in place in relation to cash reserves and thresholds to ensure early alert for any issues.

The association is committed to openness and accountability to residents and stakeholders in all areas of its activity. We have a range of involvement opportunities on offer to our residents throughout the year and all residents receive regular newsletters and our annual report. Our Tenant Engagement Panel helps to review policies and plans to make sure that they are mindful of residents' needs and wishes. They also review performance and complaints on a regular basis.

The Board of PHA considers that it is compliant with the updated 2020 NHF Code of Governance in the year to 31 December 2023 with no significant matters outstanding and meets the requirements of the RSH Governance & Financial Viability Standards.

PHA Homes Ltd
Report of the Board
For The Year Ended 31 December 2023

Statement Of Board's Responsibilities

Housing Association and Co-operative and Community Benefit Societies legislation require the Board to prepare financial statements for each year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to assume the Association will continue in business.

The Board is responsible for maintaining an adequate system of internal control and keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and enables it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. The Board is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

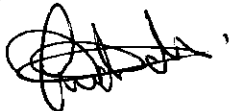
Statement as to Disclosure Of Information To Auditors

The Board members who held office at the date of approval of this Board report, confirm that, so far as they are each aware there is no relevant audit information of which the Association's auditors are unaware; and each Board member has taken all steps that they ought to have taken as a Board member to make themselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

Auditors

Knox Cropper LLP have expressed their willingness to continue in office.

By Order Of The Board



Linda Wallace – Secretary

10 June 2024

PHA Homes Ltd
Statement of Comprehensive Income
For The Year Ended 31 December 2023

Opinion

We have audited the financial statements of PHA Homes Ltd ('the Association') for the year ended 31 December 2023 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, the 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 December 2023 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; And
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and The Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

PHA Homes Ltd
Statement of Comprehensive Income
For The Year Ended 31 December 2023

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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

As explained more fully in the Statement of Board's responsibilities set out on page 8, the board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 83 of the Co-operative and Community Benefit Societies Act 2014 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Association and determined that the most significant are the Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Co-operative and Communities Benefit Societies Act 2014, and the Housing and Regeneration Act 2008.

PHA Homes Ltd
Statement of Comprehensive Income
For The Year Ended 31 December 2023

- We understood how the Association is complying with those frameworks via communication with those charged with governance, together with the review of the Association's documented policies and procedures.
- We assessed the susceptibility of the Association's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. These included risks associated with revenue recognition, application of accounting estimates, and management override of controls, which were discussed and agreed by the audit team.
- Our approach included agreeing the Association's recognition of income to the terms of tenancy agreements, reviewing the assumptions used and controls applied in the calculation of accounting estimates, the review of journal entries processed in the accounting records and the investigation of significant and unusual transactions identified from our review of the accounting records.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the board members with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Association.

There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of our report

This report is made solely to the Association, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken, so that we might state to the Association 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, for our audit work, for this report or for the opinions we have formed.

Knox Cropper LLP

Knox Cropper LLP
Chartered Accountants
Statutory Auditors
Office Suite 1, Haslemere House
Lower Street
Haslemere
Surrey GU27 2PE

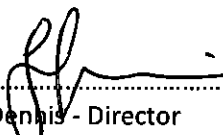
24th June 2024


PHA Homes Ltd
Statement of Comprehensive Income
For The Year Ended 31 December 2023

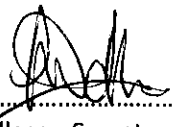
| | Notes | 2023 £ | 2022 £ |
|--|-------|-----------------|-------------------|
| Turnover | 3 | 2,338,022 | 2,068,144 |
| Operating Expenditure | 3 | (1,725,820) | (1,414,305) |
| Gain on disposal of housing properties | 4 | 39,388 | 112,497 |
| Transfer of engagements | 26 | - | 1,854,187 |
| Operating Surplus | | 651,590 | 2,620,523 |
| Interest Receivable and Similar Income | 6 | 17,829 | 5,752 |
| Interest Payable and Similar Expenses | 7 | (453,246) | (343,241) |
| Revaluation of investment property | | (16,908) | 15,491 |
| Surplus Before Tax | | 199,265 | 2,298,525 |
| Tax on Surplus on Ordinary Activities | | - | - |
| Surplus For The Year | | £199,265 | £2,298,525 |
| Other Comprehensive Income | | | |
| Actuarial gain/(loss) on pension schemes | | 20,000 | (30,000) |
| Total Comprehensive Income for the year | | £219,265 | £2,268,525 |

PHA Homes Ltd has not acquired or discontinued any significant activities during the above two financial years.

The accompanying notes form part of these financial statements. The financial statements were approved by the Board on 10 June 2024 and signed on its behalf by:


 S Dennis - Director

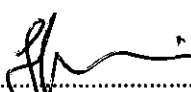

 K Grewal - Director



 L Wallace - Secretary


PHA Homes Ltd
Statement of Financial Position
As At 31 December 2023

| | Notes | 2023 | | 2022 | |
|--|-------|--------------------|--------------------|--------------------|--------------------|
| | | £ | £ | £ | £ |
| Fixed Assets | | | | | |
| Housing Properties | 10 | | 25,380,335 | | 22,940,661 |
| Other Fixed Assets | 11 | | 849,199 | | 856,564 |
| Investment Properties | 12 | | 358,827 | | 375,735 |
| | | | <u>26,588,361</u> | | <u>24,172,960</u> |
| Current Assets | | | | | |
| Debtors | 13 | 24,306 | | 293,708 | |
| Cash and cash equivalents | | 885,634 | | 3,520,994 | |
| | | <u>909,940</u> | | <u>3,814,702</u> | |
| Creditors: Amounts falling due within one year | 14 | <u>(1,076,008)</u> | | <u>(1,597,578)</u> | |
| Net Current Assets | | | (166,068) | | 2,217,124 |
| Total Assets Less Current Liabilities | | | 26,422,293 | | 26,390,084 |
| Creditors: Amounts falling due outside one year | 15 | | (15,184,094) | | (15,328,149) |
| Provisions for liabilities | 19 | | (119,000) | | (162,000) |
| Net Assets | | | <u>£11,119,199</u> | | <u>£10,899,935</u> |
| Capital And Reserves | | | | | |
| Called Up Share Capital | 20 | | 9 | | 10 |
| Revaluation Reserve | | | 175,967 | | 175,967 |
| Retained Earnings | | | 10,943,223 | | 10,723,958 |
| | | | <u>£11,119,199</u> | | <u>£10,899,935</u> |

These financial statements were approved by the Board on 10th June 2024 and signed on its behalf by:


 S Dennis - Director


 K Grewal - Director


 L Wallace - Secretary

Regulator of Social Housing No: L0244

Co-operative and Community Benefit Societies Registration No: 20803R

PHA Homes Ltd
Statement of Changes in Capital and Reserves
As At 31 December 2023

| | Share Capital £ | Revenue Reserve £ | Revaluation Reserve £ | Total Capital and Reserves £ |
|---|-----------------------|-------------------------|-----------------------------|---------------------------------------|
| At 1 January 2022 | 8 | 8,455,433 | 175,967 | 8,631,408 |
| Total comprehensive income for the year | - | 2,268,525 | - | 2,268,525 |
| Issue of share capital | 3 | - | - | 3 |
| Cancellation of shares | (1) | - | - | (1) |
| At 31 December 2022 | £10 | £10,723,958 | £175,967 | £10,899,935 |
| At 1 January 2023 | 10 | 10,723,958 | 175,967 | 10,899,935 |
| Total comprehensive income for the year | - | 219,265 | - | 219,265 |
| Issue of share capital | - | - | - | - |
| Cancellation of shares | (1) | - | - | (1) |
| At 31 December 2023 | £9 | £10,943,223 | £175,967 | £11,119,199 |

PHA Homes Ltd
Statement of Cash Flows
For The Year Ended 31 December 2023

| | | 2023 | 2022 |
|---|--------------|--------------------|-------------------|
| | Notes | £ | £ |
| Net Cash Generated From Operating Activities | 25(a) | 1,151,180 | 1,000,743 |
| Cashflows From Investing Activities | 25(b) | (2,425,872) | 93,728 |
| Cashflows From Financing Activities | 25(c) | <u>(1,360,668)</u> | <u>1,184,411</u> |
| Net Change In Cash And Cash Equivalents | | (2,635,360) | 2,278,882 |
| Cash And Cash Equivalents At Beginning Of The Year | | 3,520,994 | 1,242,112 |
| Cash And Cash Equivalents At End Of Year | | <u>£885,634</u> | <u>£3,520,994</u> |

PHA Homes Ltd
Notes to the Financial Statements
For the Year Ended 31 December 2023

1. Principal Accounting Policies

a. General information

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is a private registered provider of social housing, registered with the Regulator of Social Housing under the Housing and Regeneration Act 2008. The registered office is 32 Dragon Street, Petersfield, Hampshire, GU31 4JJ. The nature of the association's operations and principal activities are the development, rental, and management of social housing accommodation.

b. Basis of Accounting

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Housing SORP 2018 "Statement of Recommended Practice for registered social housing providers 2018" ("the SORP"). PHA Homes Ltd is a public benefit entity and applies FRS 102 accordingly. The accounts comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act (2008) and the Accounting Direction for Private Registered Providers of Social Housing 2022. The accounts are prepared on the historical cost basis of accounting. The financial statements are presented in Sterling (£), which is the functional currency of the association. Monetary amounts in these financial statements are rounded to the nearest £.

c. Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the association has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

d. Turnover

Turnover is measured at the fair value of the consideration received or receivable net of discounts. The policies adopted for the recognition of turnover are as follows: Turnover represents rental and service charges income receivable in the year net of rent and service charge losses from voids, revenue grants and the amortisation of government grants. Where the association carries the financial risk on property managed by agents, all the income and expenditure arising from the property is included in the Statement of Comprehensive Income. Where the agent carries the financial risk, the Statement of Comprehensive Income includes only that income and expenditure which relates solely to the association.

Interest income is recognised using the effective interest method and dividend income is recognised as the association's right to receive payment is established.

e. Housing Properties

Tangible fixed assets (including social housing properties) are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended such as the cost of acquiring land and buildings, developments costs, interest charges on loans during the development period and expenditure on improvements. Expenditure on improvements will only be capitalised when it results in incremental future benefits such as increasing rental income, reducing maintenance costs or resulting in a significant extension of the useful economic life of the property.

PHA Homes Ltd
Notes to the Financial Statements
For the Year Ended 31 December 2023

e. Housing Properties (continued)

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

- Housing properties - up to one hundred years straight line basis
- Fixtures and fittings - five years straight line basis
- Computers - three years straight line basis

Freehold land and assets in the course of construction are not depreciated. The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in income or expenditure.

Major components of housing properties, including roofs (60 years), windows and doors (30 years), boilers and heating (15 to 30 years), bathrooms (30 years), kitchens (20 years), electrics (30 years) and photovoltaics (25 years), have been accounted for and depreciated separately from the connected housing property, over their expected useful economic lives and are included in housing properties.

The useful economic lives of all tangible fixed assets are reviewed annually.

Borrowing costs directly attributable to schemes in development are capitalised.

f. Investment Properties

Investment property, which is property held to earn market rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss. Where investment properties are transferred from tangible fixed assets these are transferred at fair value with any difference in the carrying value and fair value at the date of transfer being recognised in other comprehensive income and the reserves of the association.

g. Impairment of fixed assets

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. The level at which an impairment is assessed is considered at scheme level. The key indicators considered are:

- A change in demand for a property.
- Obsolescence of a property.
- A change in government policy.

If such indication exists, the recoverable amount is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in expenditure through the statement of comprehensive income. No such indications were noted and therefore no review was considered necessary,

h. Cash and Cash Equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

PHA Homes Ltd
Notes to the Financial Statements
For the Year Ended 31 December 2023

i. Financial Instruments

The association has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets are recognised in the association's balance sheet when the association becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets

Basic financial assets, which include rent arrears and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified at fair value through the income and expenditure account are measured at fair value.

Rent arrears arrangements made with tenants are treated as concessionary loans and are measured at the amount due from the tenant, no interest is charged, and no security is provided. There were no material sums due at the year end.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in income or expenditure, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in income or expenditure.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

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

PHA Homes Ltd
Notes to the Financial Statements
For the Year Ended 31 December 2023

i. Financial Instruments (continued)

Basic financial liabilities

Basic financial liabilities, including trade and other payables and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in income or expenditure in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through income or expenditure. Debt instruments may be designated as being measured at fair value through income or expenditure to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the association's obligations are discharged, cancelled, or they expire.

j. Taxation

The association has charitable status with HM Revenue and Customs and no charge to Corporation Tax arises on these results. Deferred tax is therefore also not applicable.

The association is not registered for VAT and all expenditure is shown inclusive of VAT.

k. Employee Benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the association is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

PHA Homes Ltd
Notes to the Financial Statements
For the Year Ended 31 December 2023

l. Retirement Benefits

Defined benefit plans

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Defined contribution plans

Contributions payable are charged to the Statement of Comprehensive Income in period to which they relate.

m. Government Grants

Social housing or other government grants are received to finance social housing properties. These grants are recognised at the fair value of the asset received or receivable. Where the assets are accounted for using the cost model then the government grant is accounted for using the accruals model. The difference between the fair value of the asset and the consideration is recognised as a liability and amortised over the useful economic life of the asset. This amortisation is recognised within turnover.

Under certain circumstances, primarily following the sale of a property, the grant is repayable or recyclable, but this is often restricted to the net proceeds of sale. Where government grants are required to be recycled, a liability is included to recognise this obligation.

Government grants received as a contribution to revenue expenditure are recognised in the statement of comprehensive income on a systematic basis over the period in which the association recognises the related costs for which the grant is intended to compensate. The related expenditure is included under operating costs. Grants are recognised in the same period as the related expenditure provided the conditions for receipt have been satisfied and there is reasonable assurance that the grant will be received.

PHA Homes Ltd
Notes to the Financial Statements
For the Year Ended 31 December 2023

n. **Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to income and expenditure on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2. **Judgements and Key Sources of Estimation Uncertainty**

In the application of the association's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Identification of housing property components

The Association accounts for its expenditure on housing properties using component accounting. Under component accounting, the housing property is divided into those major components which are considered to have substantially different useful economic lives. Judgement is used in allocating property costs between components (land, structure, kitchens, bathrooms etc) and in determining the useful economic lives of each component.

Housing property depreciation is calculated on a component basis and therefore the judgements in identifying components may have a material impact on the depreciation charge. The components selected are those which reflect how the major repairs to the property are managed.

Estimated useful lives

The useful life of housing properties and their components has been estimated using a combination of the NHF matrix, advice from suppliers and industry norms.

Multi-employer defined benefit pension scheme

Payments are made to a multi-employer defined benefit pension scheme. The board has relied upon the information received from TPT Retirement Solutions in order to account for the Association's share of the scheme's assets and liabilities from 1 January 2019, the first date for which this information is available. See note 19.

PHA Homes Ltd
Notes to the Financial Statements
For the Year Ended 31 December 2023

Critical judgements (continued)

Classification of Orchardbrook Limited loans

The loans from Orchardbrook Limited (which are now managed by Link Mortgage Services Ltd), in common with many other loans, contain early repayment clauses. In the opinion of the association these clauses do not cause the lender to suffer a loss of principal or any interest attributable to the current or prior periods. Therefore, it is our judgement that these loans are basic financial instruments and are treated as such in these financial statements.

Identification of cash generating units for impairment testing

For impairment purposes, as explained in the accounting policies, housing properties are grouped into schemes which reflects how the properties are managed.

Recoverable amounts are based on either future cash flows or, for assets held for their service potential, depreciated replacement cost. The assessment of whether an asset is held for its service potential is a matter of judgement and in making that judgement the Board considers the current use of the asset and the expected future use of the asset. If the asset is unable to be let in its current condition or is not being used for a social purpose, either now or in the foreseeable future, it is assessed as not being held for its service potential.

Recoverable amount for assets held for their service potential is assessed as the depreciated replacement cost which is the lower of (a) the cost of purchasing an equivalent property on the open market; and (b) the land cost plus the rebuilding cost of the structure and components. The Association has no history of acquiring or selling properties from or to other registered providers and the Board considers that there is no active market.

Fair value of investment properties

The fair value of investment property has been determined using the original cost adjusted for the House Price Index as published by the Land Registry for the East Hampshire area.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Estimated useful lives

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to 'technological obsolescence' with regard to IT equipment/software and any changes to decent homes standard requiring frequent replacement of components.

Multi-employer defined benefit pension scheme

In estimating the value of the Associations share of defined benefit pension scheme obligations, fair value of assets and net liability, TPT Retirement Solutions make a number of assumptions regarding the impact of current and future factors, these are outlined in note 19.

Impairments of social housing properties held for their service potential

The cost of purchasing an equivalent property on the open market is estimated based on the sale prices for similar properties in or near the same location. The rebuilding cost of structures and components is based on the current build costs, based on either current building contracts or market data (being primarily construction indices) applied to the relevant building size and type.

PHA Homes Ltd
Notes to the Financial Statements
For the Year Ended 31 December 2023

3. Turnover, operating costs and operating surplus

| | 2023 | | | |
|-----------------------------------|-------------------|------------------------|----------------|--------------------------|
| | Turnover | Operating costs | Gain | Operating surplus |
| | £ | £ | £ | £ |
| Social Housing Lettings (note 3b) | 2,291,851 | (1,702,737) | - | 589,114 |
| Disposal of fixed assets (note 4) | - | - | 39,388 | 39,388 |
| Other social housing activities: | | | | |
| Management contracts | 1,678 | (23,083) | - | (21,405) |
| Other income | 28,893 | - | - | 28,893 |
| Sub-Total | 2,322,422 | (1,725,820) | 39,388 | 635,990 |
| Non-social housing activities | | | | |
| Private Market Rent | 15,600 | - | - | 15,600 |
| Sub total | 15,600 | - | - | 15,600 |
| Total | £2,338,022 | £(1,725,820) | £39,388 | £651,590 |

| | 2022 | | | |
|-----------------------------------|------------------|------------------------|------------------|--------------------------|
| | Turnover | Operating costs | Gain | Operating surplus |
| | £ | £ | £ | £ |
| Social Housing Lettings (note 3b) | 2,012,715 | (1,389,996) | - | 622,719 |
| Disposal of fixed assets (note 4) | - | - | 112,497 | 112,497 |
| Other social housing activities: | | | | |
| Management contracts | 33,147 | (24,309) | - | 8,838 |
| Other income | 7,431 | - | - | 7,431 |
| | | | 1,854,187 | 1,854,187 |
| Sub-Total | 2,053,293 | (1,414,305) | 1,966,684 | 2,605,672 |
| Non-social housing activities | | | | |
| Private Market Rent | 14,851 | - | - | 14,851 |
| Sub total | 14,851 | - | - | 14,851 |
| Total | 2,068,144 | (1,414,305) | 1,966,684 | 2,620,523 |

PHA Homes Ltd
Notes to the Financial Statements
For the Year Ended 31 December 2023

3b. Income and Expenditure from Social Housing Lettings

| | 2023 | 2022 |
|--|------------------|------------------|
| | £ | £ |
| Social Housing | | |
| Rent Receivable | 2,049,687 | 1,830,348 |
| Service Charges receivable | 136,651 | 82,665 |
| Amortised government grants | 105,513 | 99,702 |
| Rental Income & Turnover from Social Housing Lettings | 2,291,851 | 2,012,715 |
| | | |
| Management | 394,351 | 337,245 |
| Housing Services | 158,775 | 99,492 |
| Bad Debts | 7,304 | 15,136 |
| Maintenance Costs | 665,888 | 528,133 |
| Development Costs | 34,624 | 47,068 |
| Property Depreciation | 415,453 | 356,219 |
| Loss on replacement of components | 26,342 | 6,703 |
| Operating Expenditure of Social Housing Lettings | 1,702,737 | 1,389,996 |
| | | |
| Operating Surplus on Social Housing Lettings | £589,114 | £622,719 |

Void losses amounted to £15,146 (2022: £6,002).

4. Gain/Loss on Disposal of Fixed Assets

| | 2023 | 2022 |
|---|----------------|-----------------|
| | £ | £ |
| Shared Ownership | | |
| Proceeds from staircasing of properties | 100,800 | 155,000 |
| Carrying value | (61,412) | (35,290) |
| Recycling of government grant | - | (7,213) |
| | 39,388 | 112,497 |
| | | |
| Gain on other fixed assets sold | - | - |
| | £39,388 | £112,497 |

PHA Homes Ltd
Notes to the Financial Statements
For the Year Ended 31 December 2023

5. Staff and Board Members

| | 2023 | 2022 |
|--|-----------------|-----------------|
| | £ | £ |
| Wages and salaries | 384,199 | 362,146 |
| Social security costs | 34,820 | 35,942 |
| Defined benefit pension service cost | 23,000 | 26,000 |
| Defined contribution pension contributions | 8,028 | 959 |
| Other pension scheme costs | 5,115 | 4,287 |
| | <u>£455,162</u> | <u>£429,334</u> |

The average number of persons employed by the Association during the year was:

| | 2023 | 2022 |
|------------|-------------|-------------|
| Management | 4 | 4 |
| Other | 5 | 4 |
| | <u>9</u> | <u>8</u> |

On a full-time equivalent basis, the average was 8 (2022: 8). Full-time is defined as a 37-hour week.

Remuneration payable to Key Management Personnel amounted to £188,094 (2022: £220,493). Included within this is and the staff costs figures is remuneration payable to non-executive board members (not under contracts of employment) amounting to £14,993 (2022: £12,496).

The remuneration payable to the highest paid director was £76,000 (2022: £95,373), excluding pension contributions, the current year figure representing ten months compared to the prior year amount being a full year. The Chief Executive is an ordinary member of the Social Housing Pension Scheme (note 21) with no enhanced or special terms. Also included above is one director whose remuneration fell between £60,000 and £70,000. For the purposes of the above disclosures, "Director" also includes the Chief Executive and any other person who is a member of the executive management team, or its equivalent, of the association.

The full-time equivalent number of staff whose remuneration exceeded £60,000 including pension contributions, is as follows:

| | 2023 | 2022 |
|---------------------|-------------|-------------|
| £110,000 - £120,000 | - | 1 |
| £80,000 - £90,000 | 1 | - |
| £70,000 - £80,000 | <u>1</u> | <u>1</u> |

PHA Homes Ltd
Notes to the Financial Statements
For the Year Ended 31 December 2023

6. Interest Receivable and Similar Income

| | 2023 | 2022 |
|---------------------------|----------------|---------------|
| | £ | £ |
| Interest on bank deposits | 17,829 | 5,752 |
| | <u>£17,829</u> | <u>£5,752</u> |

7. Interest Payable and Other Finance Costs

| | 2023 | 2022 |
|---|-----------------|-----------------|
| | £ | £ |
| Interest on bank overdrafts and loans | 447,753 | 340,241 |
| Interest on the net defined benefit liability | 7,000 | 3,000 |
| Interest capitalised | (1,507) | - |
| | <u>£453,246</u> | <u>£343,241</u> |

8. Surplus Before Taxation

| | 2023 | 2022 |
|--|--------------|-------------|
| | £ | £ |
| Surplus before taxation is stated after charging | | |
| Amortisation of capital grants | (105,513) | (99,708) |
| Depreciation – Property | 415,453 | 356,219 |
| (Gain)/Loss on disposal of tangible fixed assets | (13,046) | (105,794) |
| Auditors' Remuneration (excluding VAT) | | |
| In their capacity as Auditors | 6,265 | 6,240 |
| For other services | <u>2,400</u> | <u>-</u> |

9. Taxation

PHA Homes Ltd is an exempt charity and is, therefore, exempt from liability to taxation on its income and capital gains.

PHA Homes Ltd
Notes to the Financial Statements
For the Year Ended 31 December 2023

10. Fixed Assets – Housing Properties

| | Housing Properties for letting £ | Properties under construction £ | Shared Ownership Properties £ | Total £ |
|---------------------------------------|---|--|--|--------------------|
| Cost | | | | |
| At 1 January 2023 | 26,840,214 | - | 1,091,865 | 27,932,079 |
| Additions | 2,781,553 | - | - | 2,781,553 |
| Works to existing properties | 161,328 | - | - | 161,328 |
| Disposals | (55,913) | - | (63,355) | (119,268) |
| At 31 December 2023 | <u>29,727,182</u> | <u>-</u> | <u>1,028,510</u> | <u>30,755,692</u> |
| Depreciation | | | | |
| At 1 January 2023 | 4,922,707 | - | 68,711 | 4,991,418 |
| Charged in the year | 407,278 | - | 8,175 | 415,453 |
| Eliminated in respect of disposals | (29,571) | - | (1,943) | (31,514) |
| At 31 December 2023 | <u>5,300,414</u> | <u>-</u> | <u>74,943</u> | <u>5,375,357</u> |
| Net Book Value | | | | |
| At 31 December 2022 | <u>£21,917,507</u> | <u>£ -</u> | <u>£1,023,154</u> | <u>£22,940,661</u> |
| At 31 December 2023 | <u>£24,426,768</u> | <u>£ -</u> | <u>£953,567</u> | <u>£25,380,335</u> |

Housing properties include land value of £6,920,172 (2022: £6,236,914).

PHA Homes Ltd
Notes to the Financial Statements
For the Year Ended 31 December 2023

11. Fixed Assets – Other Fixed Assets

| | Freehold office land and buildings £ | Fixtures and fittings £ | Computer equipment £ | Total £ |
|--------------------------------------|---|----------------------------------|----------------------------|-----------------|
| Cost | | | | |
| At 1 January 2023 | 865,069 | 19,943 | 26,805 | 911,817 |
| Additions | - | - | 7,020 | 7,020 |
| Disposals | - | - | - | - |
| At 31 December 2023 | <u>865,069</u> | <u>19,943</u> | <u>33,825</u> | <u>918,837</u> |
| Depreciation | | | | |
| At 1 January 2023 | 19,467 | 8,983 | 26,803 | 55,253 |
| Charged in the year | 8,652 | 3,978 | 1,755 | 14,385 |
| Eliminated in respect of disposal | - | - | - | - |
| At 31 December 2023 | <u>28,119</u> | <u>12,961</u> | <u>28,558</u> | <u>69,638</u> |
| Net Book Value | | | | |
| At 31 December 2022 | <u>£845,602</u> | <u>£10,960</u> | <u>£2</u> | <u>£856,564</u> |
| At 31 December 2023 | <u>£836,950</u> | <u>£6,982</u> | <u>£5,267</u> | <u>£849,199</u> |

12. Investment Property

| | 2023 £ | 2022 £ |
|----------------------|-----------------|-----------------|
| At 1 January 2023 | 375,735 | 360,244 |
| Change in fair value | <u>(16,908)</u> | <u>15,491</u> |
| At 31 December 2023 | <u>£358,827</u> | <u>£375,735</u> |

Investment property comprises a large two-bedroom apartment converted from the association's previous office space and let at market rent. The fair value of the investment property has been arrived at on the basis of the original cost including conversion, adjusted using the house price index date for the East Hampshire region provided by the Land Registry and the Office for National Statistics. The fair value was then reviewed by reference to market evidence of transaction prices for similar properties in the area to ensure it is reasonable for the size and location of the property.

PHA Homes Ltd
Notes to the Financial Statements
For the Year Ended 31 December 2023

13. Debtors

| | 2023 | 2022 |
|--|----------------|-----------------|
| | £ | £ |
| Amounts falling due within one year | | |
| Arrears of Rent and Service Charges | 20,350 | 21,699 |
| Less: Provision for Doubtful Debts | (11,656) | (9,771) |
| | <u>8,694</u> | <u>11,928</u> |
| Other tenant receivables | 908 | 2,190 |
| Prepayments and Accrued Income | 14,704 | 279,590 |
| | <u>£24,306</u> | <u>£293,708</u> |

14. Creditors: Amounts falling due within one year

| | 2023 | 2022 |
|---|-------------------|-------------------|
| | £ | £ |
| Bank loans (Note 16) | 452,836 | 939,490 |
| Trade Creditors | 25,260 | 39,392 |
| Rents and service charges paid in advance | 80,710 | 71,232 |
| Other creditors | 109,455 | 105,922 |
| Accruals and Deferred Income | 121,654 | 169,192 |
| Capital Grants (Note 17) | 105,959 | 92,216 |
| Recycled Capital Grant Fund (Note 18) | 180,134 | 180,134 |
| | <u>£1,076,008</u> | <u>£1,597,578</u> |

15. Creditors: Amounts falling due in more than one year

| | 2023 | 2022 |
|--------------------------|--------------------|--------------------|
| | £ | £ |
| Bank loans (Note 16) | 6,996,105 | 7,426,304 |
| Capital Grants (Note 17) | 8,187,989 | 7,901,845 |
| | <u>£15,184,094</u> | <u>£15,328,149</u> |

PHA Homes Ltd
Notes to the Financial Statements
For the Year Ended 31 December 2023

16. Loans and overdrafts

| | 2023 | 2022 |
|------------------------------|-------------------|-------------------|
| | £ | £ |
| Payable within one year | 452,836 | 939,490 |
| Payable after one year | 7,133,450 | 7,575,670 |
| Unamortised arrangement fees | (137,345) | (149,366) |
| | <u>£7,448,941</u> | <u>£8,365,794</u> |

The long-term housing loans are secured by fixed charges over 146 of the association's housing properties. The above borrowings include the following loans:

- £0.17m with a fixed term at 10.795%, maturing in 2046
- £0.65m with a 25 year fixed term at 6.80%, maturing in 2034
- £0.63 m with a 22 year fixed term at 4.75%, maturing in 2034.
- £0.83m with a 25 year fixed term at 4.75%, maturing in 2040.
- £0.82m with a 23 year fixed term at 4.08%, maturing in 2040.
- £0.88m with a 25 year fixed term at 4.58%, maturing in 2044.
- £0.89m with a 25 year fixed term at 3.715%, maturing in 2044.
- £0.16m with a 25 year variable term at a variable rate of SONIA + 0.70%, maturing in 2028.
- £0.10m with a 25 year fixed term at 5.9%, maturing in 2025.
- £0.51m with a 25 year variable term at SONIA + 0.60%, maturing in 2028.
- £1.96m with a 25 year fixed term at BoFE base rate + 2.24%, maturing in 2047.

In addition to the above borrowings, the association has an undrawn facility of £0.50m.

17. Capital Grants

| | 2023 | 2022 |
|---------------------------------------|-------------------|-------------------|
| | £ | £ |
| Aggregate Amount Received: | | |
| At 1 January 2023 | 10,019,752 | 9,980,706 |
| Additions | 405,400 | 79,873 |
| Grants recycled | - | (40,827) |
| At 31 December 2023 | <u>10,425,152</u> | <u>10,019,752</u> |
| Amortisation | | |
| At 1 January 2023 | 2,025,691 | 1,933,202 |
| Amortised in the year | 105,513 | 99,702 |
| Grants recycled | - | (7,213) |
| At 31 December 2023 | <u>2,131,204</u> | <u>2,025,691</u> |
| Capital Grants Carrying Value: | | |
| At 31 December 2023 | <u>£8,293,948</u> | <u>£7,994,061</u> |

PHA Homes Ltd
Notes to the Financial Statements
For the Year Ended 31 December 2023

18. Recycled Capital Grant Fund

| | 2023 | 2022 |
|------------------|----------------|-----------------|
| | £ | £ |
| Brought forward | 180,134 | 139,307 |
| Grants recycled | - | 40,827 |
| Interest accrued | - | - |
| Carried forward | <u>180,134</u> | <u>£180,134</u> |

All recycled grants relate to Homes England. Included in the above is £90,504 (2022: £90,504) of grants recycled three or more years ago where repayment may be required.

19. Provisions for Liabilities

Social Housing Pension Scheme

The Association participates in 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 trustee is able to identify the share of scheme assets and liabilities belonging to individual participating employers and as such the Association accounts for the scheme as a defined benefit plan.

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

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

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2020 which showed assets of £5,148m, liabilities of £6,708m and a deficit of £1,560m, equating to a funding level of 77%.

For the Association the scheme closed to new entrants on 31/03/2022, with employees joining the Association after this date being enrolled into a defined contribution scheme. Under the scheme the employees are entitled to retirement benefits as a percentage of career average revalued earnings on attainment of a retirement age of 65. The 31 December 2023 position was projected from the 30 September 2020 data. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

PHA Homes Ltd
Notes to the Financial Statements
For the Year Ended 31 December 2023

Present values of defined benefit obligation, fair value of assets and defined benefit asset (liability)

| | 2023 | 2022 |
|---|-------------|-------------|
| | £ | £ |
| Fair value of plan assets | 485,000 | 543,000 |
| Present value of defined benefit obligation | (604,000) | (705,000) |
| | | |
| Defined benefit asset (liability) | £(119,000) | (162,000) |

Reconciliation of opening and closing balances of the defined benefit obligation

| | 2023 | 2022 |
|--|-------------|-------------|
| | £ | £ |
| Defined benefit obligation at start of period | (705,000) | (1,085,000) |
| Current service cost | (23,000) | (26,000) |
| Expenses | (3,000) | (3,000) |
| Interest expense | (32,000) | (20,000) |
| Contributions by plan participants | (13,000) | (23,000) |
| Actuarial (losses)/gains due to scheme experience | 29,000 | (74,000) |
| Actuarial (losses)/gains due to changes in demographic assumptions | 1,000 | 10,000 |
| Actuarial (losses)/gains due to changes in financial assumptions | (12,000) | 510,000 |
| Benefits paid and expenses | 154,000 | 6,000 |
| | | |
| Defined benefit obligation at end of period | £(604,000) | £(705,000) |

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

| | 2023 | 2022 |
|---|-------------|-------------|
| | £ | £ |
| Fair value of plan assets at start of period | 543,000 | 912,000 |
| Interest income | 25,000 | 17,000 |
| Experience on plan assets (excluding amounts included in interest income) – gain/(loss) | 2,000 | (476,000) |
| Contributions by the employer | 56,000 | 73,000 |
| Contributions by plan participants | 13,000 | 23,000 |
| Benefits paid and expenses | (154,000) | (6,000) |
| | | |
| Fair value of plan assets at end of period | £485,000 | £543,000 |

PHA Homes Ltd
Notes to the Financial Statements
For the Year Ended 31 December 2023

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 December 2023 was £27,000 (2022: £(459,000)).

Defined benefit costs recognised in surplus for the year

| | 2023 | 2022 |
|--|----------------|----------------|
| | £ | £ |
| Current service cost | 23,000 | 26,000 |
| Expenses | 3,000 | 3,000 |
| Net interest expenses | 7,000 | 3,000 |
| Defined benefit costs recognised in statement of comprehensive income (SoCI) | <u>£33,000</u> | <u>£32,000</u> |

Defined benefit costs recognised in Other Comprehensive Income

| | 2023 | 2022 |
|--|----------------|------------------|
| | £ | £ |
| Experience on plan assets (excluding amounts included in net interest cost) – gain (loss) | 2,000 | (476,000) |
| Experience gains and losses arising on the plan liabilities - gain (loss) | 29,000 | (74,000) |
| Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain (loss) | 1,000 | 10,000 |
| Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain (loss) | (12,000) | 510,000 |
| Total amount recognised in other comprehensive income – gain (loss) | <u>£20,000</u> | <u>£(30,000)</u> |

Key assumptions

| | 2023 | 2022 |
|---|--------------------------|--------------------------|
| | % per annum | % per annum |
| Discount Rate | 4.80% | 5.01% |
| Inflation (RPI) | 3.06% | 3.15% |
| Inflation (CPI) | 2.69% | 2.77% |
| Salary Growth | 3.69% | 3.77% |
| Allowance for commutation of pension for cash at retirement | 75% of maximum allowance | 75% of maximum allowance |

PHA Homes Ltd
Notes to the Financial Statements
For the Year Ended 31 December 2023

The mortality assumptions adopted at 31 December 2023 imply the following life expectancies at age 65:

| | 2023 | 2022 |
|----------------|------|------|
| Male aged 65 | 21.0 | 21.1 |
| Female aged 65 | 23.4 | 23.7 |
| Male aged 45 | 22.2 | 22.4 |
| Female aged 45 | 24.9 | 25.2 |

Plan Assets

| | 2023 £ | 2022 £ |
|-------------------------------|-----------------|-----------------|
| Global Equity | 40,000 | 5,000 |
| Absolute Return | 9,000 | 5,000 |
| Distressed Opportunities | 16,000 | 25,000 |
| Credit Relative Value | 15,000 | 24,000 |
| Alternative Risk Premia | 7,000 | 1,000 |
| Emerging Markets Debt | 8,000 | 1,000 |
| Risk Sharing | 29,000 | 39,000 |
| Insurance-Linked Securities | 2,000 | 20,000 |
| Property | 33,000 | 44,000 |
| Infrastructure | 45,000 | 77,000 |
| Private Debt | 19,000 | 26,000 |
| Secured Income | 12,000 | 25,000 |
| Opportunistic Illiquid Credit | 21,000 | 33,000 |
| Liability Driven Investment | 219,000 | 224,000 |
| Currency Hedging | 2,000 | 4,000 |
| Net Current Assets | 8,000 | (10,000) |
| Total assets | <u>£485,000</u> | <u>£543,000</u> |

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.

PHA Homes Ltd
Notes to the Financial Statements
For the Year Ended 31 December 2023

20. Share Capital

| | 2023 | 2022 |
|--|-------------|-------------|
| | £ | £ |
| Each member holds one share of £1 in the Association | | |
| Allotted, Issued and Fully Paid: | | |
| At 1 January 2023 | 10 | 8 |
| Issued during the year | - | 3 |
| Surrendered during the year | (1) | (1) |
| At 31 December 2023 | <u>£9</u> | <u>£10</u> |

The Shares provide members with the right to vote at General Meeting, but they do not provide any rights to dividends or distributions if the Association is wound up or dissolved. When a shareholder ceases to be a shareholder, his or her share is cancelled. The amount paid up becomes the property of the Association.

21. Leasing Agreements

Minimum lease payments under non-cancellable operating leases fall due as follows:

| | 2023 | 2022 |
|----------------------------|---------------|-------------|
| | £ | £ |
| Within one year | 2,669 | - |
| Between one and five years | 5,338 | - |
| In more than five years | - | - |
| | <u>£8,007</u> | <u>£ -</u> |

22. Capital Commitments

| | 2023 | 2022 |
|--|-------------|-------------------|
| | £ | £ |
| Capital Expenditure that has been contracted for but has not been provided in the Financial Statements | <u>£ -</u> | <u>£ -</u> |
| Capital Expenditure that has been approved but not contracted for | <u>£ -</u> | <u>£2,752,000</u> |

PHA Homes Ltd
Notes to the Financial Statements
For the Year Ended 31 December 2023

23. Units Under Management

| | 2023 | 2022 |
|--|-------------|-------------|
| | No | No |
| Units owned and managed: | | |
| General needs – social rent | 224 | 219 |
| General needs – affordable rent | 56 | 51 |
| Shared ownership | 13 | 13 |
| Leasehold scheme for the elderly | 19 | 19 |
| Temporary accommodation | 23 | 22 |
| Market rent | 1 | 1 |
| Units owned but not managed: | | |
| Supported housing (managed by YOU Trust) | 4 | 4 |
| | <u>340</u> | <u>329</u> |

The Association purchased 11 completed units during the year.

24. Related Party Transactions

Remuneration of non-executive board members is as set out in Note 5.

One Board member is a tenant of the housing association and holds a tenancy agreement on normal terms appropriate to housing association tenants and cannot use his position to his advantage. Rent and service charges payable for the year amounted to £7,333 and £282 was owed to the Association at the year end.

PHA Homes Ltd
Notes to the Financial Statements
For the Year Ended 31 December 2023

25. Notes To The Cash Flow Statement

| | 2023 | 2022 |
|---|---------------------|-------------------|
| | £ | £ |
| a. Net Cash Flow from Operating Activities | | |
| Surplus for the year | 199,265 | 2,298,525 |
| Non-cash gift of property | - | (1,519,992) |
| Cancellation of shares | (1) | (1) |
| Interest Receivable | (17,829) | (5,752) |
| Interest Payable | 453,246 | 343,241 |
| Amortisation of Capital Grants | (105,513) | (99,702) |
| Depreciation Charges | 429,838 | 368,867 |
| Adjustment to fixed asset cost | - | 16,920 |
| Revaluation of investment property | 16,908 | (15,491) |
| (Increase)/Decrease in Debtors | 269,402 | (260,912) |
| Increase/(Decrease) in Creditors | (51,090) | 24,837 |
| (Gain)/Loss on disposal of fixed assets | (13,046) | (105,797) |
| Pension scheme non-cash movement | (30,000) | (44,000) |
| Net Cash (outflow)/inflow from Operating Activities | <u>£1,151,180</u> | <u>£1,000,743</u> |
| b. Cashflow from Investing Activities | | |
| Interest Received | 17,829 | 5,752 |
| Capital Grants Received | 405,400 | 79,873 |
| Improvement to Housing Stock | (161,328) | (144,737) |
| Purchase of tangible fixed assets | (2,788,573) | (2,160) |
| Sale of Other Fixed Assets | 100,800 | 155,000 |
| | <u>£(2,425,872)</u> | <u>£93,728</u> |
| c. Cashflow from Financing Activities | | |
| New borrowings | - | 2,000,000 |
| Repayment of bank loans | (916,853) | (480,883) |
| Interest paid | (443,815) | (334,709) |
| Issue of Shares | - | 3 |
| | <u>£(1,360,668)</u> | <u>£1,184,411</u> |

| | At | Cash flow | At |
|--|---------------------|---------------------|---------------------|
| | 01/01/2023 | £ | 31/12/2023 |
| | £ | | £ |
| d. Analysis of Changes in Net Funds | | | |
| Net cash | | | |
| Cash at bank and in hand | <u>3,520,994</u> | <u>(2,635,360)</u> | <u>885,634</u> |
| Borrowings | | | |
| Loans due within one year | (939,490) | 486,654 | (452,836) |
| Loans due in more than one year | <u>(7,426,304)</u> | <u>430,199</u> | <u>(6,996,105)</u> |
| | <u>(8,365,794)</u> | <u>916,853</u> | <u>(7,448,941)</u> |
| Total | <u>£(4,844,800)</u> | <u>£(1,718,507)</u> | <u>£(6,563,307)</u> |

PHA Homes Ltd
Notes to the Financial Statements
For the Year Ended 31 December 2023

26. Transfer of Engagements

In the previous year, by way of Special Resolution in accordance with Section 110 of the Cooperative and Community Benefit Societies Act 2014, the whole of the stock, property and other assets and all the engagements of Rogate and Terwick Housing Association were transferred to the Association for nil consideration.

This transaction constitutes a public benefit entity combination which is in substance a gift. The gain of £1,854,187 recognised in the Statement of Comprehensive Income comprised Housing Properties of £1,519,992 and net current assets of £334,195.

27. Contingent Liabilities

Social Housing Grant attached to properties transferred from Rogate & Terwick Housing Association amounting to £312,983 has not been recognised as in the Statement of Financial Position. Were a relevant event to occur, the Association would be required to recycle or potentially repay this amount.