Karibu Community Homes
Formerly Inquilab Housing Association

# Annual Review and Financial Statements

Year Ended 31 March 2024

www.karibu.org.uk

**Co-operative & Community Benefit Societies Act 2014**
No. 25733R

**Registered Social Landlord**
No. LH3728

Karibu Community Homes

# ANNUAL REVIEW AND FINANCIAL STATEMENTS

Year Ended 31 March 2024

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## EXECUTIVES AND ADVISORS

### BOARD OF MANAGEMENT

**Pamela Leonce**
Chair
(Resigned 31 March 2024)

**Dave Baptiste**
Chair
(from 1 April 2024)

**Gina Amoh**
Chief Executive

**Chyrel Brown**
Chair – Customer Committee

**Peta Caine**

**Wasiu Fadahunsi**

**Jack Stephen**
Chair – Audit & Risk Committee

**Katie Wilmot**

**Debra Redhead-Allen**
(from 1 April 2024)

**Samuel Aligbe**
(from 1 April 2024)

**Somayeh Tosi**
Chair - Remunerations and Nominations Committee
(from 1 April 2024)

**Darren Alexander**
(from 1 April 2024)

**Bianca White-Williams**
(from 1 April 2024)

**Leroy Alphonso McKenzie**
(from 1 April 2024)

**Puneet Rajput**
Chair – Remuneration Committee
(Resigned May 2023)

**Karen Harvey**
Chair – Remuneration Committee
(May 2023 to 31 March 2024)

**Jahanara Rajkoomar**
(Resigned 31 March 2024)

**Zakia Raja**
Co-opted to Customer Committee

### SENIOR STAFF

**Gina Amoh**
Chief Executive

**Ricky Scipio**
Managing Director
(from 1 April 2024)

**Previn Tailor**
Director of Finance & Resources
(from 1 April 2024)

**Gary Clark**
Director of Customers & Communities

**Eric Nelson-Addy**
Director of Finance & Resources
(to 31 March 2024)

**Andrew Godwin**
Director of Development & Assets
(to September 2023)

**Stephen Rosser**
Company Secretary

### STATUTORY REGISTRATIONS

Co-operative & Community Benefit Societies Act 2014. No. 25733R

Registered Social Landlord. No. LH3728

### BANKERS

National Westminster Bank
1 The Mall, Ealing, London W5 2PL

### AUDITOR

CLA Evelyn Partners Limited
45 Gresham Street, London EC2V 7BG

### SOLICITORS

Prince Evans
Craven House
40-44 Uxbridge Road
London
W5 2BS

### SOLICITORS

Devonshires Solicitors
30 Finsbury Circus
London
EC2M 7DT

### REGISTERED OFFICE

Unit 3
8 Kew Bridge Road
Brentford
London
TW8 0FJ



# Chair and Chief Executive's Statement

**The last 12 months continued to be a challenging one for the social housing sector, with extraordinary political and economic volatility. The cost-of-living crisis continues to disproportionately affect the people we are here to serve, placing huge pressure on our residents and communities, and significant demands on the support we provide. It has also greatly increased the cost of providing homes and services, and the everyday costs of living faced by our staff colleagues and our communities. Some of the pressures we had expected to see falling away by now are still with us – Consumer Price Index (CPI) is lower than it was, but hasn't fallen as rapidly as forecast, and interest rates are expected to remain higher for longer.**

***Last year we spent more than ever before on improving and maintaining our homes.***

It is in this context that we continue to support individuals and communities. In 2023/24, we invested in initiatives that made a meaningful difference in our communities, assisting residents in claiming additional welfare benefits to which they were entitled. These benefits helped cover rent and provided essential personal income. For those most in need, our hardship fund helped residents with basic essentials like food, energy costs and furniture.

Through these headwinds our focus has been to deliver for our customers. We have invested resources in improving customer experience, tackling damp and mould, speeding up our response to complaints. We know that the last year has been very challenging for many of our residents. Customer satisfaction levels were not as high as we had hoped during the year, but improvements are being made. We have had to prioritise helping those most in need, which reflects a sector and UK-wide trend, compounded by economic hardship as well as public awareness of health and safety concerns.

More and more we are using data and insights to anticipate problems before they become serious. The changes we have been making are working, with call waiting times reducing and when things go wrong, we deal with them more quickly.

A defining moment for the sector was the publication of the coroner's verdict on the death of Awaab Ishak. It highlighted significant failings in the way his family were treated due to their ethnicity, with incorrect assumptions being made about "lifestyle". It shone a spotlight on wider issues of quality in some of the homes and services provided across our sector, as well as raising the question of whether landlords are sufficiently responsive and sensitive to the needs of its residents.

It has prompted a time of real reflection and learning across the sector, with continued scrutiny on the quality of social housing—and all rented homes—across England, especially regarding how we act when providing services, particularly repairs. We welcomed the publication of the Better Social Housing Review and are committed to delivering against the action plan. We also welcome the Social Housing Regulation Act – including Awaab's Law - and new, proactive consumer regulation.

As customer contact in relation to damp and mould peaked over the winter, we decided to prioritise dealing with these alongside emergency repairs. This was the right thing to do but proved challenging given the shortages in the contractor labour market and our finite capacity.

Our residents told us they were unhappy with the repairs service they were receiving from our contractor, so following consultation, we appointed a new contractor. We are now focused on working with them through routine repairs that accumulated as a consequence. We are grateful to our staff colleagues for their dedication and the many additional hours they worked to recover our repairs service. We made strong progress with our programme of building safety (including fire safety) work. We are also grateful to our residents for the continued patience they have shown during this time.

We have reviewed our future plans, and we allocated more funds to invest in our existing homes. Last year, we spent more than ever before on improving and maintaining our homes.

We have an asset management plan that will raise the standards of our homes over the coming decades by understanding the condition of our properties, investing in upgrades for higher safety and sustainability levels, and disposing of properties that we anticipate won't meet these standards. We will continue to do this in years to come, responding to the needs of an ageing housing stock, although this inevitably constrains our ability to develop as many new homes as we would like, and as are needed across the country.

One component of future investment needs is the huge long-term national challenge of decarbonising existing homes. We plan to bring all homes to at least an Energy Performance Certificate rating of C by 2030 and achieve net zero carbon by 2050.

Over the last 12 months, together with our Resident Scrutiny Panel (RSP), we closely examined our repairs service and the way we engage with residents. We are grateful for the Scrutiny Panel's contribution to improving our services. We also carried out a number of consultations with our residents, including the proposal to merge with Westway Housing Association, which was positively received. We actively engaged with residents on a number of areas and provided support including financial and social inclusion.

We also engaged with customers on how we resolve complaints and how we communicate. We will continue this work in the neighbourhoods and the local services we provide. This is underpinning work to ensure that we provide as much local, visible presence as we can in our communities. That increased visible presence will be enabled by our use of technology, particularly mobile technology, and streamlining our business processes so that our colleagues who work in people's homes, on estates and in communities can spend as much time as possible doing that.

We continue to be committed to being an inclusive employer and one that is committed to the development and success of our people. We are proud of their professionalism and dedication to what we do.

The Regulator of Social Housing recognised these pressures, and our resilience to them, including strong governance and confirmed our G1 / V2 grades.

In this context, in February 2023, the Board proposed a merger with Westway Housing Association. Indeed, in part, the case for merger was heavily influenced by the external context. To tackle the challenges we face as businesses and as a sector, we need new, innovative, and brave solutions. Using the unique strengths of both Inquilab and Westway we believe that we can become much more than the sum of our parts, providing more good quality affordable homes and sector-leading services for our customers. Our merger happened on 2 April 2024, to become Karibu Community Homes, a Registered Provider of social housing, owning and managing over 1,890 homes, serving over 5,700 residents, and the largest BME Housing Association in the country. The values of both organisations will strengthen our presence in London as we continue to support our diverse communities.

Karibu Community Homes builds on a proud legacy of three decades of accommodating BME communities in London, providing homes for rent or for sale on an outright or shared ownership basis, remaining responsive to its communities and generating significant social value.

We have reflected on Karibu's Corporate Plan and updated it for the current environment and the year ahead to 2025. Despite the pressures faced by our sector, we are optimistic and confident about the future because we have the financial strength and capacity.

Our Financial Plan includes provision for improvements to existing homes, delivering building safety, achieving net zero carbon, and building new homes. We are realistic about the challenges we face, but excited about what we can achieve to deliver our social purpose.

At the end of the year March 2024, Pamela Leonce, who had been Chair of the Board for 6 years, stepped down at the end of her term of office. We would like to thank Pamela for her leadership and wise counsel through her time at Inquilab, and we wish her well for the future.

Finally, the continuing dedication and work of Inquilab (now Karibu) colleagues is what makes things possible for us as we navigate a challenging external environment. Thank you to each of them and thank you to all the partners who work with us for our residents and communities.

**Dave Baptiste**
CHAIR

**Gina Amoh**
CHIEF EXECUTIVE

# Annual Review

We are pleased to present the Annual Financial Statement and Report for Karibu Community Homes (formerly Inquilab Housing association) for the year ending 31 March 2024. This report encapsulates our financial performance, strategic accomplishments, and governance structure, reflecting our ongoing commitment to meeting housing needs and providing community support.

It is to be noted and considered that while these statements and supporting narrative apply to Inquilab Housing Association for the period 1 April 2023 to 31 March 2024, the Association merged by a Transfer of Engagement from Westway Housing Association to Inquilab Housing Association on 2 April 2024, to form Karibu Community Homes. The merger was officially registered with the Financial Conduct Authority on this same date.

As such, this report focuses on the performance and activities of Inquilab Housing Association only but may include references to Karibu Community Homes in the present, and future, context.

## Responsibilities of the Board

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

Co-operative and Community Benefit Society law and UK social housing legislation require the Board members to prepare financial statements for each financial year in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, and all relevant law. The Board must not approve the financial statements unless it is satisfied that the statements give a true and fair view of the state-of-affairs of the Association and of the surplus or deficit for that period.

In preparing these financial statements, the Board members are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice for Registered Social Housing Providers (SORP 2018) have been followed, subject to any material departures disclosed, and explained in the financial statements; and
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that we will continue in business

The Board is responsible for:

- Keeping proper accounting records that are sufficient to show, and explain, our transactions
- Ensuring the financial statements are prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, and the Statement of Recommended Practice for Registered Social Housing Providers
- Safeguarding our assets and hence taking reasonable steps to prevent and detect fraud and other irregularities
- The maintenance and integrity of the corporate and financial information included on our website and other publicly accessed channels and materials where the Association is responsible for publishing information; legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Key aspects of our current governance procedures are as detailed below.



## Board Structure

At the heart of our organisation is a robust governance framework, comprising a dedicated board of directors and specialised committees. These bodies ensure that we operate with integrity, transparency and accountability, guiding our strategic direction and overseeing our financial control.

Our Board, which has twelve non-executive members, is responsible for setting the strategic vision and providing oversight of Karibu's activities. Comprising experienced professionals from diverse backgrounds, the Board brings a wealth of knowledge and expertise to our governance.

The Board meets regularly to review performance, assess risks, and ensure that our operations align with our strategic objectives. Their dedication and proactive leadership have been instrumental in navigating the challenges of the past year. The Chief Executive, in consultation with the Chair, produces an agenda for each meeting supported by papers from executive members who present the papers and answer any questions that arise as part of the Board discussion. The Board has a framework of delegation to committees whose functions are set out below. It also has a number of matters that are reserved to the Board. Authority for implementing the agreed strategy and for general management of the Association is delegated to the Chief Executive.

All board members are briefed and are aware of their responsibilities to bring independent judgement on all issues. On appointment, they are informed of the procedure for obtaining professional advice at the Association's expense. Regular site visits, presentations, and meetings with senior management and advisers are arranged to ensure that all board members are kept informed of their responsibilities, our activities and objectives, and our operating environment. In addition, the Chief Executive and senior management team are fully accessible to all board members and maintain regular contact with them.

## Board Committees

Supporting the Board is a network of specialised committees, each tasked with overseeing critical areas of our operations. These committees are comprised of board members and are supported by executive team members, as appropriate:

### The Audit & Risk Committee (ARC)

This Committee has five members and is chaired by the Senior Independent Director. It normally meets four times a year. It has been set up to support the Board in discharging its responsibilities, particularly in maintaining an effective system of internal control, and ensuring compliance with regulatory requirements. The Committee's objective is to give assurance to the Board on the effectiveness of the system of risk management and internal control, the integrity of the annual report and accounts, the work of internal and external auditors, and such other matters as may be referred to it by the Board. The external and internal auditors attend key meetings and have direct access to the Committee Chair. The Committee keeps our relationship with the auditors under review and considers their independence.

### Remuneration & Nominations Committee (RNC)

This committee comprises three members and is chaired by a board member. It ensures that our governance practices remain robust and effective. It is responsible for board recruitment, development, the Board member appraisal system, the pay and remuneration of the Board and executive team and that our leadership is equipped to meet future challenges.

### Customer Committee (CC)

This committee is made up of four board members and is responsible for overseeing the provision of services to our customers and monitoring resident engagement activities. Two of the board members that sit on this committee are also customers, who the Board determines have the necessary skills to support the committee's work. In addition, the Committee monitors compliance with consumer regulation and provides assurance in this area to the Audit and Risk Committee and the Board.

Together, the Board and these committees form the backbone of our governance structure, ensuring that we remain focussed on our mission while adhering to the highest standards of accountability and transparency. Their collective efforts enable us to deliver value to our residents and stakeholders, fostering a thriving and supportive community.

# Review of the Business

## External Environment

**In the last reporting year* the UK social housing sector once again faced significant challenges in the wake of an unpredictable and volatile external environment.**
(*April 2023 – end March 2024)

The ongoing economic crisis and unstable political landscape meant we – as a sector - continued to deal with the fallout of rising inflation, constrained public expenditure, higher borrowing costs, and skilled labour shortages. This affects everything we – and our stressed supply chains – do.

The war in Ukraine, with little to no sign of resolution, continues to impact upon the energy crisis. This, together with the huge government deficit following Covid, has meant the government has shifted its priorities from 'building back better' to dealing with inflation and debt, and seeking to protect the most financially vulnerable households. Whilst the latter has helped to support those residents most in need, this shift has had a direct impact on the sector's funding and support in developing much needed new homes for the long-term.

At a household level, while social security benefits have generally been increased in line with inflation, household disposable incomes are forecast to shrink by as much as seven per cent in two years. And whilst headline inflation and interest rates are coming down, the public sector support that the most vulnerable rely on locally continue to be squeezed.

This means that things will feel no better for our residents, many of whom are from the most deprived and disadvantaged communities.

Regulatory change brings challenges too. The tragedy of Awaab Ishak, whose poor living conditions contributed to his death, brought a new, and much needed, imperative to put consumer regulation on an equal footing with financial regulation.

The Social Housing Regulation Act, which received Royal Assent in July 2023, places a strong focus on the quality of social housing and the services we, as landlords, provide to our tenants. The Regulator of Social Housing (RSH) will have new powers to hold landlords to account from April 2024, including a new programme of inspections and a new set of consumer standards that all providers will need to meet.

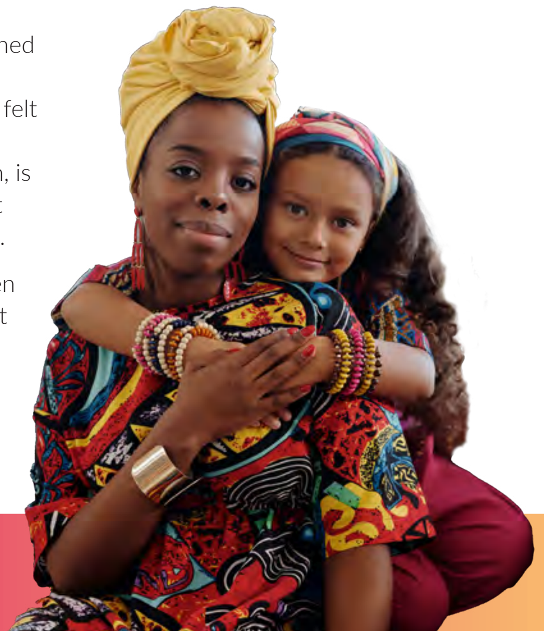
This includes prioritising the safety of tenants and ensuring providers hold accurate, up-to-date and robust stock data that assesses the presence of serious hazards in tenants' homes, including damp and mould. There is also a stronger Housing Ombudsman.

In addition, recent reforms also widened access in England to support more people facing homelessness, but it is felt that the effectiveness of what is welcomed and progressive legislation, is limited by the 'priority need' test that continues to restrict rehousing rights.

These headwinds, continue to weaken the sector's financial capacity and put pressure on our business plans.

As a result, Karibu, as with other housing providers, has had to make difficult trade-offs to manage these while ensuring our organisation remains viable and continues to deliver on its strategic objectives.

Despite this, and following our merger with Westway in March 2023, our organisation remains strong and financially robust. We will continue to invest in new homes to help meet housing need (including overcrowding). We will keep ensuring our homes are safe, warm, affordable to heat, and decent. We will remain fully committed to bringing our homes up to EPC-C or better by 2030, and to making progress towards net zero carbon. And we will continue investing in services for our residents and communities – including supporting those most in need during these uncertain and volatile times.



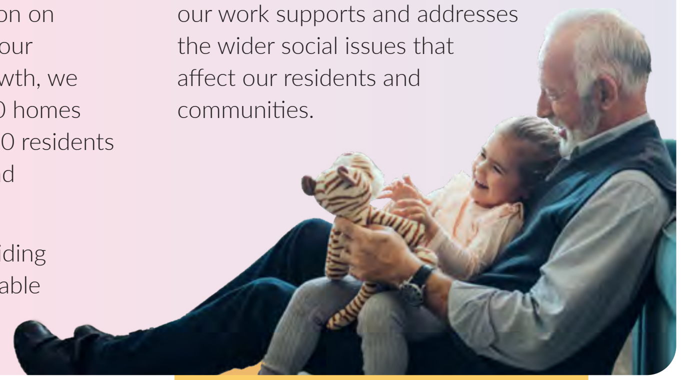
## About Karibu Community Homes [formerly Inquilab Housing Association]

**Karibu is a community benefit society and an exempt charity which is regulated by the Regulator of Social Housing (RSH).**

The organisation, formerly known as Inquilab Housing Association, dates back to 1987 when it was set up to support people in need of housing and to develop homes for under-represented Black and Minority Ethnic (BME) communities in West London.

Today, following the merger with Westway Housing Association on 2 April 2024, together with our considered and planned growth, we own and manage over 1,890 homes and support more than 5,700 residents throughout West London and surrounding areas.

As well as building and providing high quality homes at affordable rents to meet the needs of our current and future residents, our work supports and addresses the wider social issues that affect our residents and communities.



## Karibu is more than just a registered charitable housing association

***Residents will always remain at the heart of Karibu***

**Social purpose is core to everything we do. Our ethos and passion for people, respect, fairness, and equality, lies deeply within the fabric of our organisation and staff.**

We are passionate about the communities we serve, going beyond providing homes to positively and proactively support and develop opportunities for people and communities to thrive. We look at ways to make a better, healthier, life for the people we serve, and we have a genuine care for the emotional, environmental, and financial wellbeing of all our residents.

As a not-for profit organisation, all our income is invested in support of our charitable and social value objectives, and in improving on the services we offer to meet the evolving needs of our residents. This includes building, developing and maintaining new affordable, and existing, homes, and helping our most vulnerable residents through the provision of financial, employment, training, wellbeing, and legal advice and support.

Residents will always remain at the heart of Karibu; they are our priority, and our governance structure ensures that they have a powerful voice throughout our organisation.

Our relationships are built on trust, and we make sure we are there when we are needed; this means being locally responsive and working hard to keep the communities we serve safe, vibrant, and sustainable.

To do this, our business has to be quick to respond to market conditions. Our agility allows us to make short term changes to prioritise the needs of our residents and changing regulations, while retaining our ambitious long-term goals to tackle the housing crisis and climate agenda; all of which is underpinned by our financial strength, stability, robust governance, and strong diverse leadership.

# Highlights for 2024

*Notwithstanding the economic turbulence and challenges of the year, in 2023-24, we committed to:*

- **Improving the way we communicate and engage with our residents, including:**
  - **Our response time to complaints and ensuring we keep our complainants informed**
  - **Our service delivery response times**
- **Launch a programme of regular Tenant Satisfaction surveys**
- **Review and improve the delivery of our repairs service**
- **Commence a programme of home visits across our housing portfolio**
- **Concluded merger discussions with Westway Housing Association to create Karibu Community Homes on 2 April 2024.**

## Against these commitments, we achieved:

### Investment in better communication

After investing in professional resources to oversee our internal and external communications, we are now engaging via six popular social media platforms and using our current website to provide up-to-date and relevant content. We also launched more regular newsletters, designed and tested new App features, and added resources to better manage the volume of enquiries received via telephone.

### Refresh of our approach to complaints

We recruited a new senior manager and ensured we invested in other resources to provide a more robust approach to dealing with complaints. By analysing the cause and trends of complaints we are now able to isolate key areas for review and change. We have reviewed our internal processes to better understand opportunities to learn and change. This includes regular weekly meetings, a new system for capturing the customer complaint journey, and surveying those who had made a complaint to give us deeper insights into their experience.

### Ongoing investment in our homes

During the year we continued to invest in our existing homes which included planned maintenance, building safety improvements, and major repairs. Over the next 10 years we have plans for further investment in our existing homes.

### Launch of new resident surveys

Alongside the requirement to survey over 300 of our residents during the year using perception-based questions, we also isolated three key areas for specific surveys that our residents told us we need to focus on, and which are key to improving rates of satisfaction.

These areas were centred around complaints, communication, and our repairs service.

The quarterly reports on the results were presented and used to discuss the changes we needed to make in consultation with our resident scrutiny panel and customer committee. The results of these surveys have resulted in a dynamic rolling action plan, leading to changes in these areas.

In addition, and as part of our ongoing priorities, we systematically use resident feedback and views to improve and shape what we do. We have a Customer Engagement Strategy that sets out how and about what we engage with our residents, and how we measure and report our progress.

We migrated to the Tenant Satisfaction Measures and we continue to use transaction surveys to give us opportunities to get immediate feedback from residents, identify and address instances where we have not got things right. This enables us to resolve problems quickly, and to learn and improve the way we deliver services.

### Appointment of new repairs contractor

During the year, and after speaking with our residents, assessing our complaints and analysing the data from our resident surveys, we conducted a full review of our repairs service. This resulted in the appointment of a new repairs contractor, chosen after carefully engaging with the wider marketplace and interviewing a number of small, medium, and large contractors who were considered for their experience in London, reputation, efficiency, good communication and a strong service ethic.

The benefits of this appointment will be more evident in 2024/25.

### Getting to know our residents

We recognise the need to get to properly know our residents and neighbourhoods again. We invested in mobile technology to commence a programme of estate, block, and home visits which will continue on a rolling programme. The purpose of this is to get to know our residents and gain a better understanding of the condition of our properties as well as any support needs of our residents. The visits commenced later in the year and will continue over the next two years so that we are able to build a clear picture of need and assurance on building safety.



# Our Corporate Strategy

In early 2024 we launched our new Corporate Plan which set out our organisation's mission, vision, and strategic objectives.

**Our mission, vision, and values remain the same, being:**

**MISSION**
To meet housing need and to support sustainable communities

**VISION**
To deliver reliable services that customers value and trust

## OUR STRATEGIC OBJECTIVES


## OUR VALUES

**SERVICE: Delivering services residents value and we are proud of**

**TRUST: Being open, honest and showing integrity**

**ACCOUNTABILITY: Taking ownership and responsibility**

**RESPECT: Showing care, commitment and fairness**

**STRENGTH: Building on the strength of people, legacy and resources**

## Evolution, not revolution

During the course of 2023 and the work undertaken as part of the merger of Inquilab and Westway to form Karibu Community Homes, we scrutinised both associations' performance over the last three years. While a lot has been achieved across both associations against their objectives and key performance indicators, it is evident that there remains work to be done in some common areas, such as customer satisfaction, and which need to be advanced or translated into improvements in performance for the coming year.

Recognising this, our new Corporate Plan builds on our approach and core objectives for the coming year.

The purpose of the plan is to help Karibu focus and direct resources to support the organisation in completing a successful merger integration, to drive performance by overcoming potential barriers, and support scrutiny by the Board.

Our new Corporate Plan has therefore been developed for the shorter, one year, term and outlines our priorities for 2024 / 2025. It focuses on the integration of Inquilab and Westway housing associations to Karibu Community Homes and sets out our priorities for the most immediate and important areas of improvement.

The plan comes into effect from April 2024 to 31 March 2025. As this is a one-year plan which is rolled over from our previous corporate plan, a three-year Corporate Plan for 2025-2028 will be developed following consultation with residents, stakeholders and staff for approval in February 2025, effective from 1 April 2025.

# Financial Overview

## Our Priorities for 2024/25

In addition to the ongoing priority of keeping our residents safe and providing quality homes through asset investment, our priorities for the coming year focus on the following key areas of improvement.

- Communication with customers.
- Repairs performance.
- Neighbourhoods and Housing Strategies.
- Sustainability, in particular progress to EPC-C by 2030.
- Customer involvement, influence.
- Accountability and scrutiny.
- Merger integration.
- Knowing customers, data and consistency of use of CRM.
- End-to-end process design.
- Cost control.
- People performance.

As we move into our first year as Karibu, our residents are – and will always be – at the heart of everything we do. Delivering for them is how we fulfil our social purpose to the diverse communities we were set up to serve.

As their housing provider, we are expected to be proactive and responsive with our delivery of customer and property services, taking ownership of problems with care and openness whilst keeping accurate records and communicating clearly.

With the changes we have already made and the strength that comes from being Karibu, we will do this by:

- Ensuring we are fit for the future by generating surpluses for reinvestment in our core purpose.
- Improving data quality and overall governance.
- Leveraging the benefits of integration by using our combined strengths to build a great organisation.
- Investing in the quality and safety of our homes, responding quicker to resident issues.
- Providing quality service in each, and every transaction with renewed focus on our investment in the local community.
- Strengthening the voice that our customers have and our value proposition so that we deliver great service.
- Improving our colleague proposition and investing in our people so that our residents are supported and looked after by skilled and dedicated colleagues who enjoy working for Karibu
- Providing much needed new homes.

The expectation is clear: We, like all social landlords, must know our residents better through effective data collection and engagement, be agile in responding to their needs, and provide services well. With scrutiny of the sector continuing, Karibu is in a good position to respond.

We will continue telling our story, to influence decisions for the better; and we will continue to focus on delivering for the people we are here for – our residents.

## RESULTS 2023-24

**Turnover**
**£11.52m**
(2023 - £10.78m)

**Operating Surplus**
**£2.68m**
(2023 - £2.64m)

**Surplus**
**£0.57m**
(2023 - £0.09m)

**Operating Margin**
**19.98%**
(2023 - 19.39%)

**EBITDA MRI**
**101.30%**
(2023 – 107.99%)

**Total Assets**
(less current liabilities)
**£165.0m**
(2023 - £162.8m)

**Voids**
**1.75%**
(202 - 1.34%)

**Rent Collection**
**98.27%**
(2023 - 94.79%)

**Social Housing Cost per Unit**
**£6,643**
(2023 - £5,889)

## Turnover

Turnover for the year increased by £0.74m to £11.52m (2023: £10.78m), of which 99.97% was generated from our core social housing lettings activities (2022: 99.26%).

The increase in turnover was attributable to the rises in rental income by 7%. The remaining 0.03% (2023: 0.74%) of turnover came from other activities, demonstrating overall closely aligned breakdowns of turnover with previous year performance.

## Operating Surplus and Margins

Operating surplus for the year was £2.68m (2023: £2.64m). This consisted of £2.35m from social housing lettings activities (2023: £2.12m), other-social housing activities generated a deficit of £0.05m (2023: £0.03m) and gain on disposal of housing properties contributed £0.38m (2023: £0.55m).

Operating margin overall improved to 19.98% from 19.39%. This is a good result given the difficult external economic market as outlined on page 10.

Operating margins on our core business social lettings remained strong at 20.43% (2023: 19.70%) and against 2023 peer group median of 15.28%.

Interest payable for the year increased by £0.299m to £2.952m (2023: £2.653m) reflecting an increasing interest rate environment whilst ensuring careful debt management and enabling repayment of loans to reduce net debt.

We closed the year with a surplus after tax of £0.566m compared to like-for-like performance in the previous year (2023: £0.092m). Importantly, all of our surpluses continue to be reinvested into the business, with capital spend on existing homes and on developing more homes across the areas we operate in.

These results underpin our financial stability, whilst ensuring we stay true to our values and commitment to providing quality, safe, homes for our residents, and ensuring our quality standards and internal processes remain paramount.

## Financial Position

Our financial strength remains key to delivering our social objective. The business is modelled on generating sufficient income to meet our operating costs, loan interest payments, and investment in our homes. We will continue to use our unrestricted surpluses to ensure that we achieve our strategic objectives, as outlined on page 13.

Karibu will continue to maintain a robust financial position, reflecting a strong statement of financial position and cash reserves to provide funds for future growth. Cash reserves decreased by £4.28m to £11.76m (2023: £16.04m) following the early repayment of an existing debt facility.

Net debt decreased by £0.55m to £44.73m (2023: £45.28m). Our long-term loans are disclosed in more detail in the 'Capital Structure and Treasury' section of this report.

***Our financial strength remains key to delivering our social objective. The business is modelled on generating sufficient income to meet our operating costs, loan interest payments, and investment in our homes.***



## Capital Structure and Treasury

The Board annually approves the treasury strategy which details how we mitigate and manage treasury related risk. This is defined as liquidity risk, credit risk, interest rate risk, covenant risk, and counterparty risk.

The Treasury Plan supports the delivery of Karibu's strategic objectives and financial plan, ensuring the organisation has sufficient liquidity to fund its operations for a minimum of 24 months; mitigation of the impact of adverse movements in interest rates, ensuring loan covenants are met; and ranking the preservation of capital ahead of returns when making investment decisions.

Karibu is financed by a combination of retained reserves, loan facilities and government grant for social housing. At 31 March 2024, the organisation had total loan facilities of £63.70m (2023: £68.38m) of which £5.22m (2023: £10.22m) were undrawn. All undrawn facilities are fully secured and committed revolving credit facilities are available within two days. Karibu manages its exposure to fluctuations in interest rates with a view to achieving a level of certainty in its net interest costs; the interest rate strategy is focused on achieving the prescribed balance between fixed and floating rate debt at an acceptable level of risk and cost. At 31 March 2024, 86% of Karibu's drawn debt was fixed (2023: 81%).

Cash equivalents held at the year-end totalled £11.76m (2023: £16.04m) leaving net debt (excluding any net issue premium and fair value adjustments) at £44.73m (2023: £45.28m). Available liquidity (defined as available undrawn loan facilities and available cash that are not secured in held funds) was £16.98m (2023: £26.26m).

The weighted average cost of the organisation's drawn debt has increased to 4.89% (2023: 4.78%).

Loan covenants are primarily based on interest cover, gearing ratios, and asset cover. Covenants are regularly monitored in accordance with the governance framework. These were met throughout the year and are forecast to be continually met for all loan facilities across the organisation with a sufficient buffer to remain above risk tolerance levels set by the Board.

Karibu operates a conservative counterparty policy and aims to minimise the risk of financial loss, reputational loss or liquidity exposure linked to any counterparty.

Short term investments are well diversified and are kept at a minimum by temporarily repaying revolving credit facilities to manage working capital and the interest budget. As at 31 March 2024 all cash investments are held with counterparties who meet the criteria of our Treasury Policy.

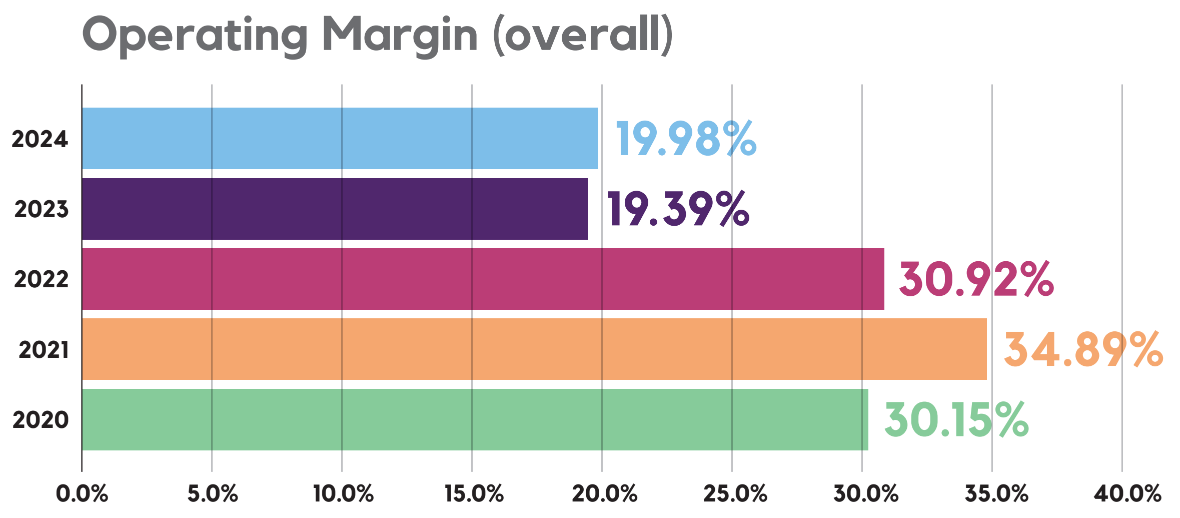
### Financial Review (5-year summary)

| Summary Statement of Comprehensive Income (£000) | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| Turnover | **11,516** | 10,780 | 10,445 | 10,186 | 12,152 |
| Operating costs and cost of sales | **(9,215)** | (8,689) | (7,215) | (6,631) | (8,488) |
| Surplus on disposal of assets | **379** | 549 | 344 | 557 | 96 |
| Operating surplus | **2,680** | 2,640 | 3,574 | 4,112 | 3,760 |
| Net interest charge and other finance costs | (1,985) | (2,035) | (2,055) | (2,032) | (2,087) |
| Movement in fair value of investments | (36) | (459) | (45) | (60) | 90 |
| Other Comprehensive Income | (93) | (54) | 36 | (307) | 347 |
| Surplus for the year | 566 | 92 | 1,510 | 1,713 | 2,110 |

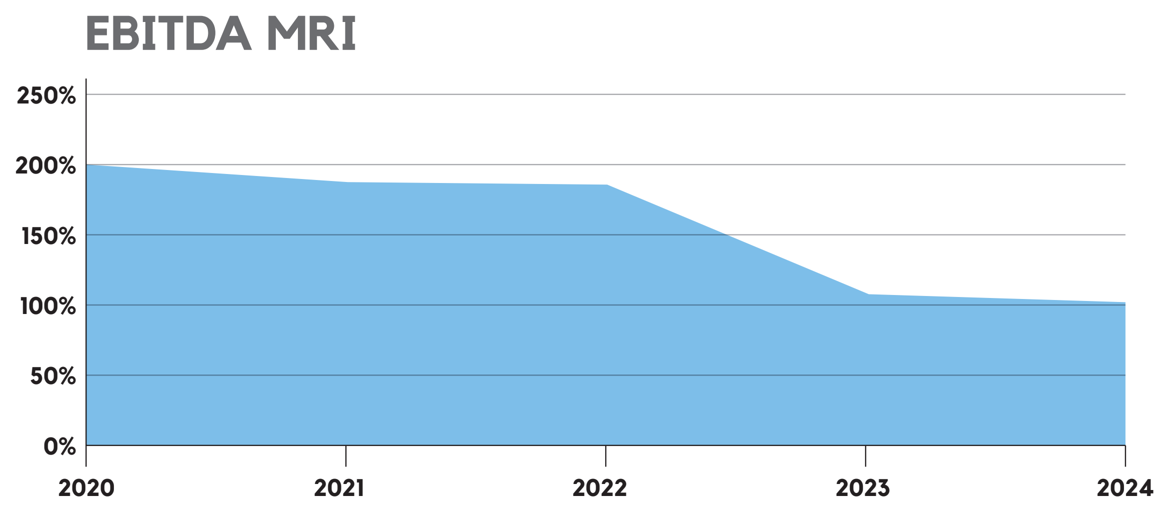
| Summary Statement of Financial Position (£000) | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| Housing properties at cost less depreciation | **151,513** | 154,052 | 155,399 | 155,246 | 154,820 |
| Other tangible fixed assets | **2,291** | 2,370 | 2,515 | 2,513 | 2,621 |
| Net current assets | **11,199** | 6,404 | 9,789 | 2,831 | 4,823 |
| Total assets less current liabilities | **165,003** | 162,826 | 167,703 | 160,590 | 162,264 |
| Loans due after one year | **56,500** | 53,923 | 57,737 | 56,130 | 57,345 |
| Unamortised grant liability | **63,747** | 64,760 | 65,900 | 66,900 | 67,887 |
| Other long-term liabilities | **8,928** | 8,881 | 8,896 | 3,541 | 3,733 |
| Revenue reserve | **35,828** | 35,262 | 35,170 | 34,019 | 33,299 |
| **Total** | **165,003** | 162,826 | 167,703 | 160,590 | 162,264 |

Key features of the results were:

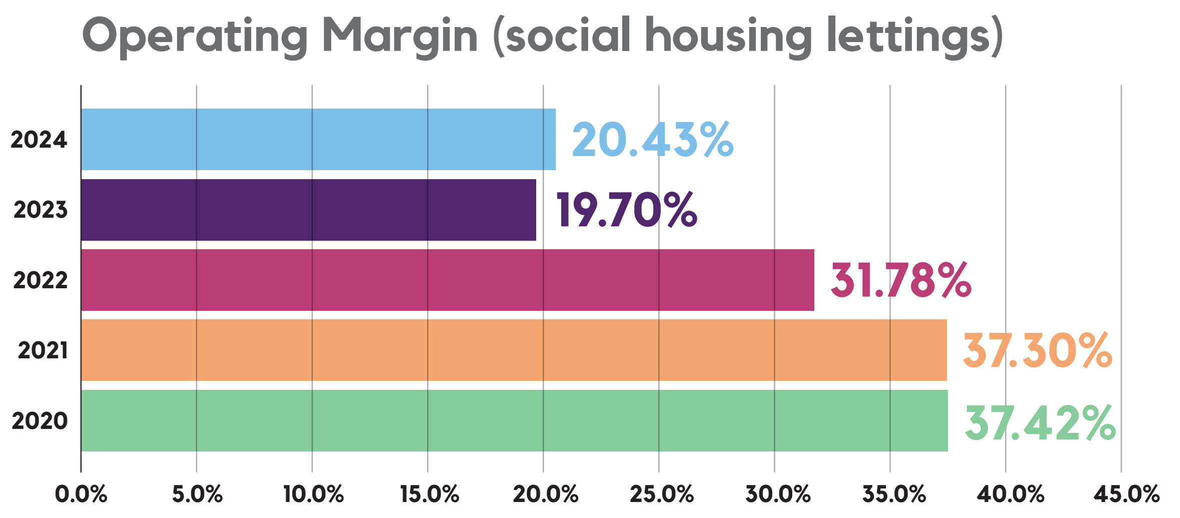
**Operating margin (overall) of 19.98% (2023: 19.39%)**



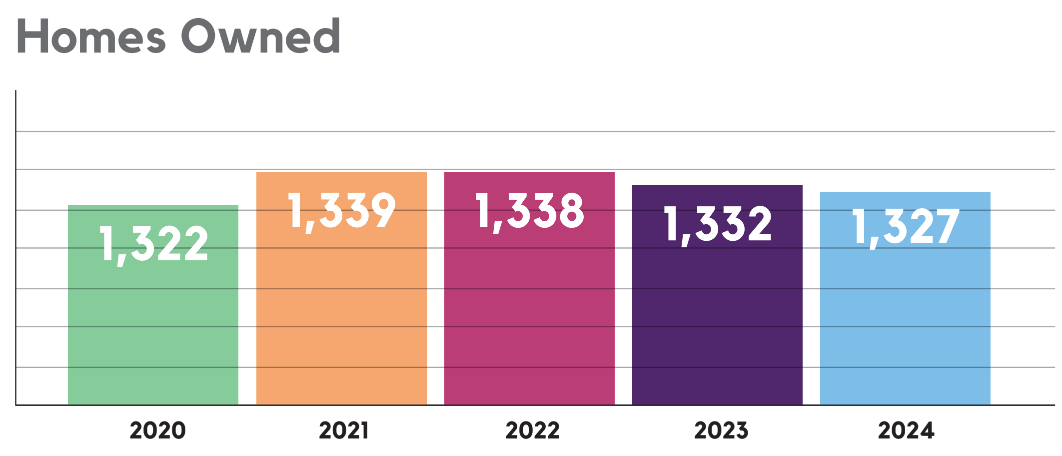

**EBITDA MRI 101.30% (2023: 107.98%)**




**Operating margin (social housing lettings) of 20.43% (2023: 19.70%)**




**Homes owned 1,327 (2023: 1,332)**



# How we ensure we deliver value for money

Karibu is committed to delivering Value for Money (VfM) in everything that it does for its residents and the communities it serves. This commitment is led by the Board, shared across the whole organisation, and embedded in our Corporate Plan and strategic objectives.

Our approach is delivered by our people. We have a culture of customer service and VfM, supported by strong leadership, training, individual objective setting, and rigorous financial management. Value for Money targets are integrated into our annual planning process and are woven into all that we do.

The Board sets the strategy into which our approach to delivering VfM is embedded into our strategic goals, annual budgets, and operational targets. These are cascaded throughout the organisation.

We have a clear, comprehensive, and strategic approach to achieving VfM which includes:

- Setting budgets which deliver the optimum balance of expenditure between investing in services, new and existing homes, and communities
- Clearly highlighting activities in our Business Plan which will contribute to improving value for money
- The measurement and regular reporting of performance against Key Performance Indicators which focuses on the quality and efficiency of services provided
- Rigorous appraisal of all significant projects, including the potential benefits in alternative delivery models
- A robust assessment process for development and investment opportunities including alignment with our strategic objectives, likely returns on investment, demand for the products and external market conditions
- An established Procurement Strategy
- Focus and follow-up on planned savings by the Executive Team and the Board, including regular updates on the progress of forecast savings across relevant projects
- Robust self-assessment of performance against the VfM standard to ensure compliance; this includes an assessment of performance which covers customer satisfaction, new homes built, employee engagement and operating margin
- Benchmarking our performance against our peers and the sector as a whole
- Review of performance over time to identify trends and areas for further scrutiny



## Reporting on Value for Money

The Value for Money (VfM) Standard came into effect in April 2018 by the Regulator of Social Housing. This Standard requires Karibu to publish performance against seven metrics defined by the RSH, our own metrics and targets and, where relevant, to provide a comparison against our peers.

## Value for Money Performance

Value for money is a key deliverable across all that we do. It is intrinsic in our aims, objectives, and the measures we have put in place to guide our progress to making our strategy a reality. These are outlined in our Sector Scorecard shown below.

The use of benchmarking information is an important way for us to challenge and understand our performance and costs. We do this by comparing our performance in delivering VfM in the following ways:

- Against other Registered Providers (RPs), through participation in the Sector Scorecard where we compare our performance against the median for all participating Housing Associations and for a peer group of providers who, like Karibu, work across London and Southeast England; and
- Using the *Global Accounts*, where the performance of the whole sector against the seven metrics contained in the Value for Money Standard is published.

Notwithstanding the fact that a year lag exists between available benchmarks and our published financial results, they nonetheless provide an effective comparison of our performance to that of our peers. The 15 measures included within the Sector Scorecard are grouped into Business Health, Development – Capacity and Supply, Outcomes Delivered, Effective Asset Management, and Operating Efficiencies.

The Sector Scorecard metrics continue to include the metrics contained within the Value for Money Standard, and so we have reported on our performance in a way which is consistent with the Sector Scorecard.

Our performance against other performance targets is presented against our peer group published in the Housemark data 2023. Available benchmarks are for the 2023 financial year and so do not reflect a full year's impact of the Covid pandemic on financial performance of organisations. A degree of caution is therefore required when drawing conclusions from comparisons of 2024 performance with 2023 performance benchmarks.

Our interest cover and operating margin ratios have declined this year and we did not meet our targets for the year. This was due to increased costs associated with fire safety and major works investment programme, reactive and void maintenance costs, and increased levels of void rental losses from empty homes. This increased investment in part reflects our stated corporate objective of increasing the quality of our existing homes.

Looking ahead, we are targeting improvements in our performance health metrics. This includes making use of procurement and other efficiencies to secure value for money in the investment we make to ensure this spend has the biggest impact on our customers and long term viability of Karibu.

| Summary | Measure | Our Targets 2024 | Outturn 2024 | Actual 2023 | Peer Median 2023 |
|---|---|---|---|---|---|
| Business health | **Operating Margin (overall excluding fixed asset disposals)** | 20.09% | **19.98%** | **19.39%** | 14.95% |
| | **Operating Margin (social housing lettings excluding disposal of fixed assets)** | 20.46% | **20.43%** | **19.70%** | 15.28% |
| | **EBITDA MRI (as a percentage of interest)** | 104.08% | **101.30%** | **107.92%** | 80.50% |
| Development – capacity and supply | **New supply social as a % of total units owned** | 0.00% | **0.00%** | **0.00%** | n/a |
| | **New supply delivered % (non-Social Housing)** | n/a | **n/a** | **n/a** | n/a |
| | **Gearing** | 32.06% | **30.84%** | **30.29%** | 42.13% |
| | Resident satisfaction | 65% | **41%** | **39%** | 61% |
| Outcomes delivered | **Reinvestment** | 3.77% | **1.02%** | **0.94%** | 3.81% |
| | **Return on capital employed (ROCE)** | 1.55% | **1.62%** | **1.62%** | 2.21% |
| Effective asset management | Voids | 1.30% | **1.75%** | **1.34%** | |
| | Ratio of responsive repairs to planned maintenance | 0.48 | **0.45** | **0.55** | 0.65 |
| | Headline Social Housing Cost Per Unit (SHCPU) | £6,435 | **£6,643** | **£5,889** | £7,204 |
| Operating efficiencies | Rent collected | 100.20% | **98.27%** | **94.79%** | 93.07% |
| | Occupancy | 99.25% | **98.49%** | **98.50%** | 99.59% |
| | Overheads as a percentage of adjusted turnover | 17.24% | **15.39%** | **16.44%** | 15.55% |

* The RSH value for money measures are in **purple**

The key conclusions from this benchmark review are consistent with those communicated in our Financial Statements, as follows:

- The business health of Karibu continues to demonstrate strong viability, stability and significant headroom against banking covenants. The organisation performs better than the peer group median benchmarks for operating margin, headline cost per unit, and gearing ratio
- Levels of customer satisfaction and new home development remain below the peer group median benchmarks
- There has been a decline in our operating efficiencies metrics over the two years as a result of increased spend on building safety and related maintenance charges

**Operating Margin % (Overall):** Measures the profitability of the organisational operating assets. Although the ratio of 19.98% was below our annual target of 20.09%, this was above the peer group median of 14.95%. The decline was mainly driven by the increased expenditure on building safety works, disrepair compensation claims, damp and mould, and inflationary repairs cost awards over and above the budgeted inflationary increases.

**Operating Margin % (Social Housing):** Measures the profitability of the social housing operating assets. The ratio of 20.43% was in line with our annual target of 20.46% and an improvement on last year's performance. Whilst our operating margin performance has generally fallen year-on-year, this is consistent with a trend seen across the housing sector. Our performance was ahead of the peer group median ratio of 15.28%. Whilst our core revenue stream remains strong, the decline was mainly a result of a continued higher spend on health and safety and repair costs undertaken during the year.

**Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA-MRI) Interest Cover:** A key indicator for liquidity and investment capacity as it seeks to measure the level of surplus generated compared to interest payments. Once major repair spend is included, the level of cover in the calculation was below our target. This was mainly as a result of higher interest costs and a reduction in earnings due to additional expenditure incurred in fire remediation and repairs costs. The ratio for the year was 101.30% compared to our target of 104.08% and the peer group median of 80.50%.

**Reinvestment:** Measures the investment in properties (existing as well as new supply) as a percentage of the net book value of total properties held. Whilst investment in new housing has paused, investment in existing homes increased significantly, from £1.07m last year to £1.547m this year. This reflects our continued commitment to increase the level of major works investment in our existing homes. Our goal for the coming years is to continue building / acquiring additional new homes through our partnership arrangements. Our ratio of 1.02% compares less favourably against the peer group median of 3.81%.

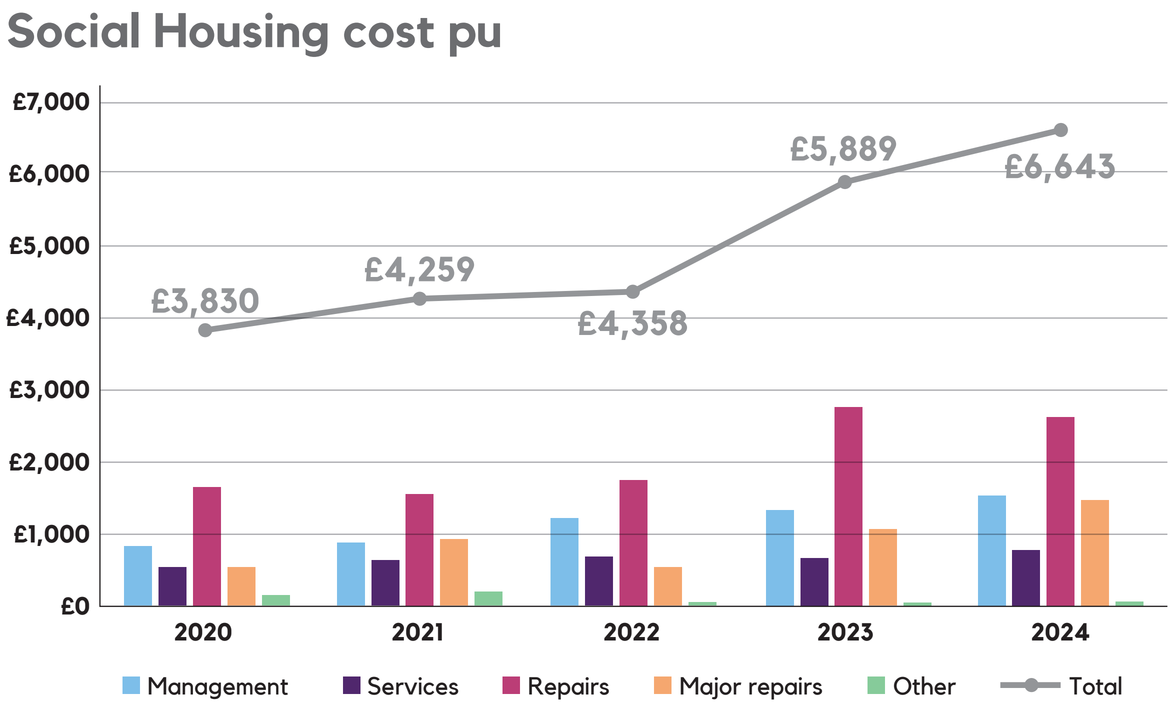
**Return on Capital Employed (ROCE):** Measures the efficient investment of capital resources. The metric compares the operating surplus to total assets, less current liabilities, and indicates the efficient investment of our capital. Whilst overall ROCE gives an indication of how well we make a financial return on the assets owned, our asset management strategy focuses on improving how the asset base can perform better as well as the qualitative aspect of improving our homes. ROCE for the year March 2024 was 1.62% (March 2023: 1.62%). The peer group's median score for 2023 was 2.21%.

**Gearing:** Assesses how much of the adjusted assets are made up of debt and the degree of dependence on debt finance. Our ratio of net debt to the carrying value of housing properties increased to 30.84% from 30.29% following the drawdown on a new facility.

**Headline Social Housing Cost per Unit:** This measures the cost per unit (CPU) for managing and maintaining our social housing stock. The CPU over the period increased by £754 per unit to £6,643 (March 2024) from £5,889 (March 2023). The increase in cost is attributable to reasons covered off above. Our performance compares favourably with the peer group median figure of £7,204.

**Resident Satisfaction:** The overall position on customer satisfaction is one that reflects the continued need for change and improvement, which is very much at the heart of our strategic plans. We continue to face significant challenges operationally and in the macro-environment. Improving customer satisfaction continues to be a key priority for Karibu. Our approach is to use our in-depth segmentation data to offer individualised services based on the level of engagement and support our customers need in order to access our services and maintain their tenancies. By using the full breadth of management information available to us, we have been able to identify pinch points, enabling us to review our service recovery offer. We are setting stretching targets and performance indicators and communicating these to our residents so that they can hold us to account.

## Our Cost Per Unit (CPU) breakdown in £




| Year to March | Management | Services | Repairs | Major repairs | Other | Total |
|---|---|---|---|---|---|---|
| **2024** | **£1,598** | **£866** | **£2,682** | **£1,441** | **£56** | **£6,643** |
| **2023** | £1,344 | £667 | £2,751 | £1,077 | £50 | £5,889 |
| **2022** | £1,217 | £704 | £1,767 | £575 | £95 | £4,359 |
| **2021** | £892 | £656 | £1,554 | £928 | £229 | £4,259 |
| **2020** | £859 | £554 | £1,691 | £534 | £192 | £3,830 |

## Peer Association - Cost per unit comparison

Whilst we have benchmarked ourselves against other peer members, their activities are not an exact match to our diverse range of activities. We continue to work with Housemark to benchmark key elements of our costs, which are in common with Karibu. Housemark benchmarking analysis highlights the two most significant drivers of cost per unit (CPU) as the size of the organisation with larger associations benefitting from economies of scale and revenue mix.

The table above shows our performance over the last five years. Our social housing CPU at £6,643 is lower compared with the 2023 peer group median.

We continue to focus our efforts on further reducing our cost base and continuing the drive towards efficiency and improved performance in our overall social housing cost base. Following an internal reorganisation to improve our service delivery to our residents, our management costs increased to £1,598 from £1,344 per unit.

We continue to invest in our communities with an increase in spending across resident training, capacity building, apprenticeships, work placements, and other activities associated with community engagement.

## How our customers contribute

We involve our customers and residents in decisions that affect frontline services through our Resident Scrutiny Panel and other panels / groups. These groups have an important role in ensuring that we deliver and continue to improve. Our resident involvement framework sets out how we engage with the wider resident community to ensure that their views are represented.

# Compliance

## Regulation

We retained the top G1 governance rating from our regulator and a compliant V2 rating for financial viability. This demonstrates the Regulator of Social Housing has confidence in the arrangements Karibu has in place for managing and governing the organisation. The V2 reflects the difficult environment and the risk attached to providers with development programmes.

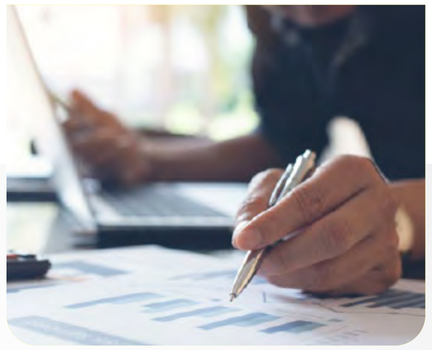
At its July 2024 meeting, the Board reviewed a detailed evidence-based assessment of our compliance with the Regulator of Social Housing's Regulatory Standards. Compliance against the Consumer Standards was reviewed in detail by our Customer Committee and the Audit and Risk Committee reviewed the detailed evidence of our compliance with the Economic Standards. These reviews were reported to the Board who satisfied themselves with our continued compliance with regulation, including compliance with the Governance and Viability Standard and all relevant laws.

## Code of governance

We have adopted the NHF Code of Governance 2020 and, following a detailed assessment against the provisions of the Code, the Board has confirmed its full compliance with the Code.

## Compliance with reporting standards and legislation

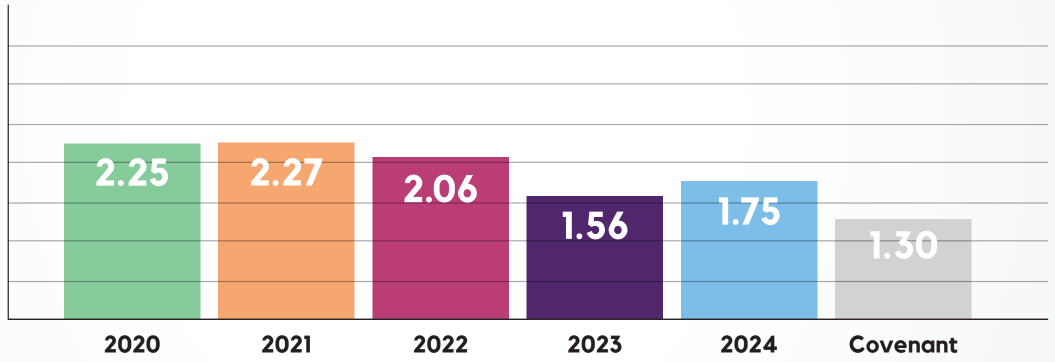
The Board further confirms that this report has been prepared in accordance with the applicable reporting standards and legislation.



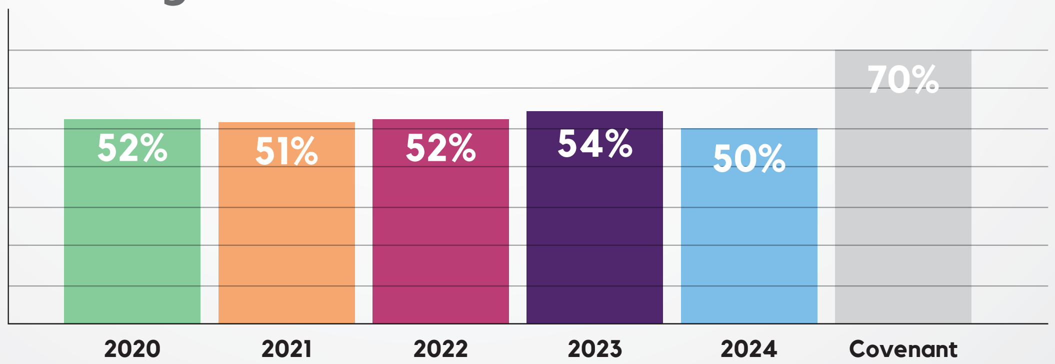
## Compliance with loan covenants

Loan covenants are primarily based on interest cover, gearing ratios and asset cover. Covenants are monitored regularly in accordance with the governance framework and were met throughout the year. These are forecast to be continually met for all loan facilities with a sufficient buffer to remain above risk tolerance levels set by the Board. The prior year ratios have been restated in line with current applicable covenants. We continue to operate within the limits set by lenders.

### Interest Cover




### Gearing Ratio



# Principal Risks and Uncertainties

## Our Approach

We recognise that an effective risk management framework embedded in practices and behaviours across Karibu is fundamental to achieving our strategic objectives. The Board has overall responsibility for risk management, supported by the Audit and Risk Committee (ARC).

Risk is a standing item at all ARC and Board meetings, with the Executive Team responsible for identifying, evaluating, managing, and reporting any strategic risk. Operational risks are largely the responsibility of directors, but with Executive Team and ARC oversight and challenge.

## Risk Appetite

We operate in a complex and changing economic and political environment. In this context, risk appetite is a powerful tool in our decision-making and in improving overall performance. The Board is responsible for setting our overall direction and ensuring we have an appropriate, robust, and prudent risk and internal control framework. This year the Board conducted an extensive review of our risk and control framework in light of uncertainties in the operating environment including taking into account the economic environment and new regulation (consumer regulations)

The Board has assessed that the risks in the table on pages 30-31 are those most likely to influence our future viability, performance, and reputation. We have put in place strategies against each of the risks identified.

## Going Concern

Our business activities, current financial position, and factors likely to affect our future operations are set out within our business plan.

The 30-year financial plan is a forward-looking document which is tested against a range of scenarios which could give rise to significant financial exposure.

The Board has assessed the viability of Karibu over a five-year period. The Board's assessment is also supported by the longer 30-year financial forecast shared annually with the regulator and the annual review of the adequacy of resources available to the organisation in preparing the financial statements on a going concern basis. The Board is satisfied that no material nor significant exposures exist, other than as reflected in these financial statements. The Board is, therefore, assured that the plan is appropriately funded and is sufficiently robust to ensure there will be no financial covenant breaches over the 12 months from the date of approval of the financial statements.

No material uncertainties related to events or conditions that may cause significant doubt about Karibu's ability to continue as a going concern have been identified by key management personnel after considering the relevant facts and circumstances.

Our business has a robust risk and internal control framework as well as cash reserves, uncharged assets, and adequate resources to finance our future development ambitions and day-to-day operations for the foreseeable future. For these reasons, the going concern principle has been applied in preparing these financial statements.

## Cash Flow and Liquidity

Cash flow from operating activities during the year was £3.361 million (2023: £2.353 million) and a cash balance of £11.76 million at 31 March 2024 (2023: £16.04 million).

## Capital Structure

Our assets are financed by a combination of:

- Social housing grants of £64.5 million (41%)
- Private finance (loans) of £57.9 million (37%), and
- Internally generated funds of £35 .8million (22%)

## Rent Policy

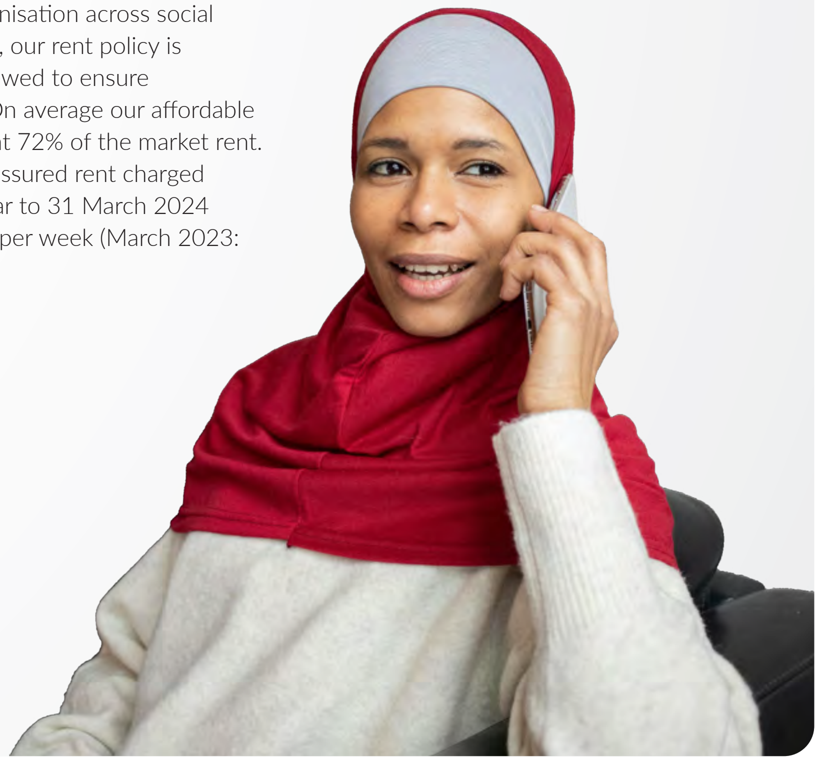
In line with the Government's objective of rent harmonisation across social housing stock, our rent policy is regularly reviewed to ensure compliance. On average our affordable rents are set at 72% of the market rent. The average assured rent charged during the year to 31 March 2024 was £128.78 per week (March 2023: £120.38).

## Reserves Strategy

Our policy on reserves is to attain sufficient funds from our income to provide a safe working margin for our business and to produce comfortable cover for all our medium and longer-term loans and other liabilities.

Our policy on major repairs is to set a strategy that matches the build-up of the liability arising from the ageing of our properties over their assumed lives. Our strategy is to therefore use the reserves to:

- Upgrade the current stock in line with return on asset initiatives
- Subsidise the development of new homes
- Improve our service delivery to residents; and
- Invest in our communities



The Board has assessed that the risks in the following table are those most likely to influence our future viability, performance, and reputation. We have put in place strategies against each of the risks identified.

| Strategic Risks | Mitigations | Appetite |
|---|---|---|
| **1. Major Health and Safety Incident**<br>Appropriately respond to a major health and safety disaster or safeguarding incident which has implications for Karibu properties, customers, and/or employees | Acknowledgement of inherent risk factors, but with high level of preventative measures in place to avoid a significant event happening.<br>Ensure effective asset / landlord compliance control measures are in place to meet RSH Consumer Standards and legal obligations. | CAUTIOUS |
| **2. Regulation and External Environment**<br>Appropriately responding to changes in government policy or the external / economic environment and meeting all regulatory and legal requirements | Minimise risk of non-compliance by maintaining robust systems of governance, compliance, and internal control, supported by an effective assurance framework, including regular horizon scanning. | CAUTIOUS |
| **3. Financial Resilience**<br>Financial viability and sustainability. Ability to manage finances effectively to maximise long term viability and financial capacity, respond to emerging legal or regulatory requirements (eg. around net zero carbon homes) and ensure value for money savings are delivered | Stress test investment decisions and business plans so these do not lead us to contravene our own covenants and golden rules under a wide variety of scenarios, and take proactive measures to ensure that income streams are protected. | CAUTIOUS |
| **3(a). Income Management**<br>The impact of welfare reform on our cashflow is greater than that assumed in our Financial Plan | | CAUTIOUS |
| **4. Growth**<br>Ability to deliver the homes targets | To be ambitious in delivering our strategic objective to meet housing need and support sustainable communities, but without putting the overall financial viability of the business at risk. | OPEN |
| **5. Services and Customer Experience**<br>Not providing quality services and failing in our commitment to an improvement in resident satisfaction | High customer satisfaction on quality of service and homes is a key organisational objective. We will be open to opportunities to engage customers and improve satisfaction. | OPEN |
| **6. Data Governance and Information Management**<br>Insecure processing of personal and corporate data, inaccurate data, thereby not meeting high standards of data integrity | Acknowledgement of inherent risk factors, but with a high level of preventative measures in place to avoid a significant event happening. | CAUTIOUS |
| **7. Asset Management**<br>Not achieving good asset performance / meeting sustainability targets (includes having adequate data to respond to any future government requirements around property condition and sustainability eg. net zero carbon) | Homes must meet regulatory and statutory standards. Good quality homes are fundamental to our business, resident satisfaction, and safety. We have a cautious approach to taking risk in this area. All homes will be built and maintained to current requirements based on age / type of construction. Components will be replaced as surveyed for identified need.<br>Professional stock surveys undertaken per identified need. | CAUTIOUS |
| **8. People**<br>Inability to recruit and retain the right people who are motivated, professional, and dedicated to our values | Continue to be forward thinking in terms of embedding a visible culture and shared values. Implement resilient succession planning and people development programmes. Take decisions for the long-term benefit of the organisation | OPEN |
| **9. Governance**<br>Ability to ensure our Governance arrangements are accountable and effective and the Board possesses the appropriate skills and experience | Adopt and follow good practice in all governance arrangements. Seek to control risks as far as possible. | CAUTIOUS |
| **10. Fraud**<br>Major fraud incident occurs (including theft, money laundering, and tenancy fraud) | Acknowledgement of inherent risk factors, but with a high level of preventative measures in place to avoid a significant event happening. | CAUTIOUS |
| **11. Counter Party**<br>Key counter parties unable to deliver on their commitments | Ensure full awareness of the risks involved by working proactively with partners to deliver key services. There is scope for innovation in how these services are delivered, but we will not risk any failure to deliver key services. | OPEN |

# Assessment of the Effectiveness of Internal Controls

The Board has overall responsibility for Karibu's system of internal control and for monitoring its effectiveness. Our internal control system is designed to manage, rather than eliminate, the risk of failure to achieve our objectives and can only provide reasonable, and not absolute, assurance that we are not exposed to material misstatement or loss.

The Audit and Risk Committee (ARC) has been in operation throughout the relevant period and has overseen the effectiveness of the system of internal control by considering risk reports, internal audit reports, management assurances, the external audit management letter, and specialist reviews. Material risk or control matters are reported by the ARC to the Board.

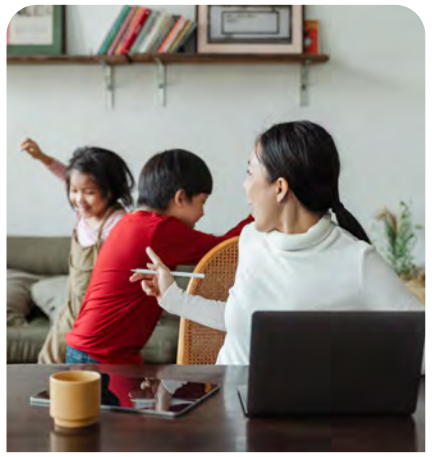
The Board confirms that the key processes for identifying, evaluating, and managing the significant risks faced by the organisation have been in place throughout the year and reviewed up to and including the date of approval of the annual report and financial statements. Some of the key policies and processes that the Board has established to provide effective internal control include:

- Clearly delegated powers to Board committees, and the Executive Team
- Robust strategic and business planning processes with detailed financial budgets and forecasts
- Regular reporting to the Board and appropriate committees on key business objectives, targets, and outcomes
- Regular Board review of risk management processes
- Documented policies and procedures for all key operational areas
- Maintaining a fraud register and related processes including the review of the register at ARC meetings
- Adoption of an internal audit programme monitored by ARC
- Board review of the external audit management letter, and ARC members' interview with CLA Evelyn Partners Limited (external audit) and Mazars (internal audit) without staff members present
- Review of all regulatory reports
- Staff being fully conversant with key controls and procedures relating to financial operational systems

We have a suite of probity policies designed to tackle fraud, bribery, corruption, theft, and breaches of regulations. These are reviewed regularly.

ARC has received and reviewed assurance on the effectiveness of the system of internal control for Karibu, together with the annual report of the internal auditor. It has reported its findings to the Board through an annual report to the Board and the minutes of its meetings.





*Strengthening the risk, control, and assurance framework remains a priority...*

Significant work was undertaken during the year to improve control processes and to strengthen weaknesses identified in the work undertaken by our internal auditors and to build on the work of the previous year. Strengthening the risk, control, and assurance framework remains a priority for ARC and the Board.

The Board confirms that there are no material weaknesses which require disclosure in these financial statements.

## Donations

We made no political donations during the year (2023: £nil).

## Auditors

All current Board members have taken all the steps required to make themselves aware of any information needed by our auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Board members are not aware of any relevant audit information of which the auditors are unaware.

CLA Evelyn Partners Limited expressed its willingness to continue to act as our external auditors.

# Looking Ahead


**The last year has been momentous in the life of our nation and of Karibu Community Homes (formerly Inquilab Housing Association). Since our last annual review, we have witnessed a new king and a coronation, three new prime ministers and an ongoing war in Ukraine. Political uncertainty here and around the world has made the economic context more turbulent, and there is no reason to believe that will change any time soon.**

The sector as a whole is faced with rising costs while making residents' homes safer and more energy efficient with the expectation of meeting the Government's minimum EPC 'C' rating by 2030 across all the homes we own.

Following the merger, and as Karibu Community Homes, we have a greater ability to invest in homes and community initiatives to support our existing and future tenants. We want to invest even more in improving the quality of our existing homes and building new homes.

We want to continue to add to the housing supply, as homelessness in our areas of operations and among BME people increases. As Karibu we can build more homes over the next decade than we could do separately. This will be considered as part of a wider development strategy post-merger.

Great customer service is at the heart of everything we do. Through the merger, we want to offer new and better digital ways for our tenants to get in touch with us and provide more accurate, personalised and efficient services, whilst also supporting those unable to use technology. We will continue to find new ways to listen and engage with our tenants: building on the best of both organisations to ensure tenants continue to shape what we do. Continue to work with other partners to the benefit of all tenants.

The progress we have made as a business this year means we are well set-up to make Karibu Community Homes a success. Together we will build on the successes in both businesses to deliver more good homes, improve the experience of all our customers. There has never been a more important time to do so. As Karibu we will build on the successes in both businesses to deliver more safe homes, improve the experience of all our customers and support our diverse communities.

Through the merger, we will invest more in our people. We can provide greater employment opportunities including learning, support and personal development. We will be a more attractive employer as a larger provider within the sector.

We will continue to listen and engage with our tenants: building on the best of both organisations to ensure tenants continue to shape what we do. Working with other partners will benefit our residents and staff. Above all, we will continue to put the safety of our residents first, ensuring our properties are safe for people to live in and that we communicate safety messages in a way that our residents trust and understand.

In addressing our priorities, we will:

- Continue to invest in technology and efficiency.
- Deliver value for money in our work.
- Work collaboratively with partners and others to deliver services and develop more homes.
- Maintain a strong business where risks are robustly managed.
- Establish strong foundations to underpin the delivery of quality services.
- Ensure the Karibu integration and transformation plans are completed.
- Support our people.
- Complete a new governance review and deliver the ensuing action plan.
- Ensure the new repairs service delivers the improvements we have set out.
- Improve customer satisfaction and continue to strengthen the way we manage complaints.
- Deliver the asset management strategy and planned programme.

**Gina Amoh**
CHIEF EXECUTIVE
Date: 31 July 2024





# Independent Auditor's Report

**TO THE MEMBERS OF KARIBU COMMUNITY HOMES**
(FORMERLY INQUILAB HOUSING ASSOCIATION)

## Opinion

We have audited the financial statements of **Karibu Community Homes (formerly Inquilab Housing Association)** Inquilab Housing Association (the 'association') for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flow, Statement of Changes in Equity and Reserves and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- **give a true and fair view of the state of the association's affairs as at 31 March 2024 and of its income and expenditure for the year then ended;**
- **have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and**
- **have been properly 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 Review and Financial Statements, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information contained within the Annual Review and Financial Statements. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit 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 need for our audit.**

## Responsibilities of the Board

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

In preparing the financial statements, the Board is responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

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

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

We obtained a general understanding of the association's legal and regulatory framework through enquiry of management concerning: their understanding of relevant laws and regulations and the entity's policies and procedures regarding compliance. We also drew on our existing understanding of the association's industry and regulation.

We understand that the association complies with the framework through:

- **Updating operating procedures, manuals and internal controls as legal and regulatory requirements change;**
- **A risk assessment framework and register that includes regular review and scrutiny by the Board and the Audit and Risk Committee;**
- **An annual assessment of compliance with regulatory standards as applied to Registered Providers and enforced by the Regulator of Social Housing; and**
- **The Board's close oversight through regular Board meetings and compliance reporting.**

In the context of the audit, we considered those laws and regulations: which determine the form and content of the financial statements; which are central to the association's ability to conduct its business; and where failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the Association:

- **FRS 102, 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, in respect of the preparation and presentation of the financial statements;**
- **Health and safety regulations; and**
- **Regulatory standards as applied to Registered Providers and enforced by the Regulator of Social Housing.**

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations above:

- **Performed a review of Board minutes to identify any indicators of known or suspected non-compliance with significant laws and regulations; and**
- **Reviewed any correspondence between the Regulator of Social Housing and the association.**

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the association's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were with regard to the manipulation of the financial statements through manual journal entries.

The procedures carried out to gain evidence in the above areas included:

- **Testing of a sample of manual journal entries, selected through applying specific risk assessments based on the association's processes and controls surrounding manual journal entries.**

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

## Use of our report

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

CLA Evelyn Partners Limited

**CLA Evelyn Partners Limited**
Statutory Auditor
Chartered Accountants

45 Gresham Street
London
EC2V 7QA

Date: August 21, 2024.

# Statement of Comprehensive Income

## Year ended 31 March 2024

| | Note | 2024 £'000 | 2023 £'000 |
|---|---|---|---|
| Turnover | 2 | 11,516 | 10,780 |
| Operating expenditure | 2 | (9,215) | (8,689) |
| Gain on disposal of housing properties | 2/5 | 379 | 549 |
| **Operating surplus** | 2 | **2,680** | **2,640** |
| Interest receivable | 6 | 661 | 186 |
| Interest payable and financing costs | 7 | (2,646) | (2,526) |
| Movement in fair value of investment | 11a | (36) | (154) |
| **Surplus for the financial year** | | **659** | **146** |
| **Other comprehensive income** | | | |
| Actuarial gain/(loss) for the year on defined benefit pension obligation | 17 | (93) | (54) |
| **Total comprehensive income for the financial year** | | **566** | **92** |

All amounts relate to continuing activities.

# Statement of Financial Position

## Year ended 31 March 2024

| | Note | 2024 £'000 | 2023 £'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Housing properties | 9 | 151,513 | 154,052 |
| Other tangible fixed assets | 10 | 2,291 | 2,370 |
| | | **153,804** | **156,422** |
| **Current assets** | | | |
| Investments | 11 | 1,361 | 1,318 |
| Trade and other debtors | 12 | 2,894 | 1,091 |
| Cash & cash equivalent | | 11,759 | 16,041 |
| | | **16,014** | **18,450** |
| Creditors amounts falling due within one year | 13 | (4,815) | (12,046) |
| **Net current assets** | | **11,199** | **6,404** |
| **Total assets less current liabilities** | | **165,003** | **162,826** |
| Creditors: amounts falling due after more than one year | 14 | (128,500) | (126,955) |
| **Provisions for liabilities** | | | |
| Pension provision | 17 | (398) | (366) |
| Other provisions | 18 | (277) | (243) |
| **Total net assets** | | **35,828** | **35,262** |
| **Reserves** | | | |
| Revenue reserve | | 35,828 | 35,262 |
| **Total reserves** | | **35,828** | **35,262** |

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

**Dave Baptiste**
Chairperson

**Gina Amoh**
Chief Executive

**Stephen Rosser**
Secretary

Date of approval: 31 July 2024

# Statement of Cash Flow

## Year ended 31 March 2024

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| **Net cash generated from operating activities (see Note 22)** | **3,361** | **2,353** |
| **Cash flow from investing activities** | | |
| Addition to other fixed assets | (45) | (47) |
| Addition to Housing Properties | (1,541) | (1,446) |
| Proceeds on disposal Housing Properties | 935 | 1,512 |
| Purchase of investments | - | 120 |
| Interest received | 654 | 180 |
| | 3 | 319 |
| **Cash flow from financing activities** | | |
| New Loans | 5,000 | 15,653 |
| Interest paid | (2,952) | (2,565) |
| Loans repaid | (9,686) | (13,778) |
| Issue Premium received | - | - |
| Grants repaid | (8) | (120) |
| | (7,646) | (810) |
| **Net change in cash and cash equivalents** | **(4,282)** | **1,862** |
| **Cash and cash equivalents at beginning of the year** | **16,041** | **14,179** |
| **Cash and cash equivalents at end of the year** | **11,759** | **16,041** |

| **Analysis of debt** | 1 April 2023 £'000 | Cash flow £'000 | Non cash £'000 | 31 March 2024 £'000 |
|---|---|---|---|---|
| Cash at bank and in hand | 16,041 | (4,282) | | 11,759 |
| Current asset investments | 1,318 | 79 | (36) | 1,361 |
| **Loans** | | | | |
| Short-term loans | (9,017) | 9,686 | (2,019) | (1,350) |
| Long-term loans | (53,619) | (5,000) | 2,119 | (56,500) |
| **Net Debt** | **(45,277)** | **483** | **64** | **(44,730)** |



# Statement of Changes in Equity and Reserves

## Year ended 31 March 2024

| | Share Capital £'000 | Retained Earnings £'000 | Total £'000 |
|---|---|---|---|
| **Balance as at 1 April 2023** | **-** | **35,262** | **35,262** |
| Total comprehensive income for the year | - | 566 | 566 |
| **Balance at 31 March 2024** | **-** | **35,828** | **35,828** |

| | Share Capital £'000 | Retained Earnings £'000 | Total £'000 |
|---|---|---|---|
| **Balance as at 1 April 2022** | **-** | **35,170** | **35,170** |
| Total comprehensive income for the year | - | 92 | 92 |
| **Balance at 31 March 2023** | **-** | **35,262** | **35,262** |

# Notes on the Financial Statements

Year ended 31 March 2024

## 1 PRINCIPAL ACCOUNTING POLICIES

### 1.1 Legal Status

The Association is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing (RSH).

The Association's principal activities are stated in Report of the Board of Management on page 8.

The Association's registered office is Unit 3, 8 Kew Bridge Road, Brentford, London, TW8 0FJ.

### 1.2 Accounting basis

The financial statements of the Association are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice for Registered Social Housing Providers (SORP 2018) and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022 ("the Direction"). The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets in accordance with the Association's accounting policies.

In accordance with FRS 102 (3.3A), the Association is a public benefit entity that has applied the "PBE" prefixed paragraphs.

The financial statements are presented in sterling (£'000).

### 1.3 Going concern

Our business activities, current financial position, and factors likely to affect our future operations are set out within our business plan. The 30-year business plan is a forward-looking document which is tested against a range of scenarios which could give rise to significant financial exposure. The Business plan was scrutinised and approved by the Board, which was satisfied that no material nor significant exposures exist, other than as reflected in these financial statements. The Board is, therefore, assured that the plan is appropriately funded and is sufficiently robust to ensure there will be no financial covenant breaches over the 12 months from the date of approval of the financial statements.

Our business has a robust risk and internal control framework as well as cash reserves, uncharged assets and adequate resources to finance our future development ambitions, day to day operations for the foreseeable future.  For these reasons, the going concern principle has been applied in preparing these financial statements.

### 1.4 Significant judgements and estimates

Preparation of the financial statements in conformity with general accepted accounting practices requires management to make significant judgements and estimates that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the period.

#### Judgements

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

#### Identification of housing property components

Housing property depreciation is calculated on a component-by-component basis. The identification of such components is a matter of judgement and may have material impact on the depreciation charge. The components selected are those which reflect how the major repairs to the property are managed.

#### Consideration of impairment indicators

The identification of impairment indicators is a matter of judgement and where an impairment indicator is identified, an assessment is required as to whether an impairment charge arises. An assessment has been carried out in accordance with the Association's accounting policy set out at note 1.15. The assessment has resulted in no charge being made in respect of impairment.

#### Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

#### Bad debt provision

The rent debtors balance of £1,355k (2023: £1,130k) and the provision for bad debt amount of £546k (2023: £432k) recorded in the Association's Statement of Financial Position comprise a relatively large number of small balances.  A full line by line review of trade debtors is carried out at the end of each month.  Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectible.

#### Multi-employer pension obligation

Various estimates are used in the calculation of the defined pension liability, such as discount rate, inflation, salary growth rates and mortality rates. The Pensions Trust provided base assumptions which the Association has flexed to reflect more accurately the particular circumstance of the organisation. In determining the appropriate discount rate, consideration is made of the interest rates of corporate bonds with at least an AA rating. Inflation is set by considering market expectations, salary growth is set by aligning with the Association's business plan and mortality rates have been adjusted to allow for any expectation of higher or lower life expectancy of scheme members due to geographic, socio-economic or demographic factors. The value of the provision is highly sensitive to relatively small changes in assumptions.

At 31 March 2024, a liability of £398k (2023: £366k) for pensions is recorded in the Statement of Financial Position.

#### Useful lives of components

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 any changes to decent homes standard requiring frequent replacement of components. The accumulated depreciation at 31 March 2024 was £28.4 million (2023: £27.1 million).

### 1.5 Turnover and revenue recognition

Turnover comprises rental and service charge income, income from shared ownership first tranche sales and sales of properties built for sale, fees and revenue grants receivable from local authorities, government grants received for housing properties recognised in income on a systematic basis and other income.

Rental and service charge income is recognised in the period to which it relates net of rent and service charge losses from voids. Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids.

Service charge for shared ownership properties and other income are accounted for on the basis of the value of goods or services supplied during the period.

Any over or under recovery of variable service charge amounts due is reflected as a creditor or debtor respectively.

Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. First tranche sales are included within turnover and the related portion of the cost of the asset recognised as cost of sales. The resultant surplus or deficit on first tranche sales is recognised within the income statement.

Government capital grants received are initially deferred and then credited to turnover in the Statement of Comprehensive Income on a straight-line basis over the expected life of the asset which they have funded.

## 1.6 Short term employee benefits

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

## 1.7 VAT

Since a large proportion of the Association's income, including its rents, is exempt for VAT purposes whilst the majority of its expenditure is subject to VAT that cannot be reclaimed, expenditure is shown inclusive of irrecoverable VAT.

## 1.8 Interest payable

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

a) interest on borrowings specifically financing the development programme after deduction of related grants received in advance; or

b) a fair amount of interest on borrowings of the Association as a whole after deduction of SHG received in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable is charged to the statement of comprehensive income in the year.

## 1.9 Sale of properties

Sales of housing properties and stock are recognised at the date of completion of each property sold. Grant in respect of sales of housing properties under the Right to Acquire (RTA) are credited to the Recycled Capital Grant Fund in accordance with the Direction. This will be utilised to fund future housing programmes.

Gains or losses arising on the sale of properties are determined as the difference between the sale proceeds and the carrying amount of the property and are recognised as part of the surplus/deficit for the year.

## 1.10 Taxation

The Association has charitable status and therefore is not subject to Corporation Tax on surpluses derived from charitable activities, provided that the surpluses are applied to the charitable objects of the Association.

## 1.11 Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation and impairment losses.

Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period.

Where the Association has a mixed tenure development which has more than one element, the Association allocates the cost of the land to each element of the scheme to reflect the respective values of the land for different tenure types.

Where an asset comprises components with materially different useful economic lives, those assets are separately identified and depreciated over those individual lives.

The identification of such components is a matter of judgement and 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.

The Association depreciates the major components of its housing properties at the following annual rates:

| | Estimated useful life |
|---|---|
| House structure | 100 years |
| Roof structure and covering | 70 years |
| Windows and external doors | 30 years |
| Bathrooms | 30 years |
| Kitchens and lifts | 20 years |
| Central heating boilers and hard-wired alarms | 15 years |
| Heating, ventilation and plumbing systems | 30 years |
| Electrics | 40 years |

Subsequent expenditure which relates to either the replacement of previously capitalised components or the enhancement of such components which results in incremental future

benefit is capitalised and the carrying amount of any replaced component or part component is derecognised.

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The split is determined by the percentage of the property sold under the first tranche disposal and the remainder retained by the Association. The first tranche proportion is classed as current asset and related sales proceeds included in turnover, and the remaining element is classed as fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

The Association does not depreciate Shared ownership properties as the residual value is estimated to be at least equal to the cost of the properties. Residual value represents the estimated amount which at least would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

The residual values of fixed assets, their useful lives, and their depreciation rates are reviewed at each reporting date and where there is an indication of a significant change since the previous reporting date, they are adjusted prospectively.

## 1.12 Property, plant and equipment

Property, plant and equipment comprises other fixed assets and are stated at cost less accumulated depreciation.

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land.

Leased Properties are written down over the life of the lease or the useful life of the asset if shorter. The maximum useful life is 100 years.

The principal annual rates used for other assets are:

| | |
|---|---|
| Furniture, fixtures and fittings | 25% |
| Computers and office equipment | 25% |

Gains or losses arising on the disposal of other tangible fixed assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised as part of the surplus/deficit for the year.

## 1.13 Work in progress and properties held for sale

Stocks and work in progress is stated at the lower of cost and net realisable value. Additions to these properties include the costs of finance charges specifically related to the funding of the purchase and development of the property, except that interest costs incurred prior to construction and after practical completion are written off in the period to which they relate.

Properties completed for outright sale and the proportion of shared ownership properties expected to be sold under first tranche sales are recorded within current assets at the lower of cost and net realisable value. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

## 1.14 Financial instruments

Financial assets and liabilities comprise investments, trade and other debtors, cash and cash equivalents, trade and other payables, accruals and loan balances.

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

All financial assets and financial liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through the Statement of Comprehensive Income, which are initially measured at fair value (normally the transaction price less transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument. A financing transaction may take place in connection with the sale of goods or services, for example, if payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Financial assets and liabilities are only offset in the Statement of Financial Position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Association intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Debt instruments which meet the conditions of Section 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Other financial instruments and investments in equity instruments are recognised at fair value with any gains or losses being reported in surplus or deficit.

Financial assets are only derecognised when and only when:

- **the contractual rights to the cash flows from the financial asset expire or are settled,**
- **the Association transfers to another party substantially all the risk and rewards of ownership of the financial asset, or**
- **the Association, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.**

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Investments represent a debt service reserve fund which is equivalent to one year's interest on the THFC loan and comprise cash and investment in gilts. Investments are measured at fair value.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits and bank overdrafts which are an integral part of the Association's cash management. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash without significant risk of change in value.

## 1.15 Impairment

### Non-financial assets

Non-financial assets comprise housing properties, property, plant and equipment and stock.

Non-financial assets, other than those measured at fair value, are assessed for indications of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income as described below.

A non-financial asset is impaired where there is objective evidence that, as a result of one or more events after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of a non-financial asset is the higher of its fair value less costs to sell and its value in use.

Value in use for housing properties which are able to be let in their current condition and which are fulfilling the social purpose for which they were acquired is based on the value in use for assets held for their service potential, being the depreciated replacement cost of the asset. For other schemes, value in use is defined as the net present value of the future cash flows before interest generated from the scheme.

### Financial assets

Financial assets comprise investments, trade and other debtors and cash and cash equivalents.

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

## 1.16 Government grants

Government grants include grants receivable from the Homes England, Greater London Authority (the GLA), local authorities, and other government organisations.

Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accrual model.

The unamortised element of the government grant is recognised as deferred income in creditors due within one year or due after more than one year as appropriate in the Statement of Financial Position.

Government grants received for housing properties are subordinated to the repayment of loans by agreement with the RSH.

Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in

the Statement of Financial Position in creditors. If unused within a three-year period, grants received from the Greater London Authority or Homes England are repayable, including any accrued interest. The development programme of the Association is such that the recycled grant is expected to be re-used before it becomes repayable. Any unused recycled capital grant held within the recycled capital grant fund is disclosed in the balance sheet, split between creditors falling due within one and after one year. If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised in the Statement of Comprehensive Income.

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to the Statement of Comprehensive Income. Upon disposal of the associated property, the Association is required to recycle these proceeds and recognise them as a liability.

## 1.17 Pensions

The Association operates a defined benefit scheme and a defined contribution scheme. All staff in the Social Housing Pension Scheme (SHPS) pension scheme only make contributions into the defined contribution scheme. Contributions to the defined contribution scheme are charged to the statement of comprehensive income as they become payable. The annual employer contributions payable is charged to the income and expenditure account. The SHPS defined benefit scheme is valued every three years by a professionally qualified independent actuary, the rates of contribution being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rate. The SHPS defined benefit scheme closed to new accruals from 30th September 2015.

The assets of the schemes are held separately from those of the Association.

The Association is part of the Social Housing Pension Scheme, a multi-employer defined benefit (final salary) contributory pension scheme administered independently by The Pensions Trust. Sufficient information is available for the Association to account for its obligations on a defined benefit basis.

As such, the Association recognises in its statement of financial position the present value of its defined benefit obligations less the fair value of plan assets. The current service cost is charged against operating profit. Interest on the scheme liabilities net of the expected return on scheme assets is included in the finance costs.

The defined benefit obligation is calculated at each period end by independent actuaries using the projected unit credit method. The present value of the obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and which have terms to maturity approximating to the terms of the related pension liabilities. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are reflected in the statement of comprehensive income in the period in which they arise.

## 1.18 Leases

Leases are classified as finance leases where the terms of the leases transfer substantially all the risks and the rewards incidental to ownership of the leased asset. All other leases are classified as operating leases.

Rentals paid or receivable under operating leases are recognised to the Statement of Comprehensive Income on a straight-line basis over the term of the lease, including where payments or receipts are not required to be made on a straight-line basis. Lease incentives are similarly spread on a straight-line basis over the relevant lease terms.

Assets held under finance leases are measured initially at the fair value of the leased asset and the corresponding lease liability. Assets held under finance leases are included in tangible fixed assets and depreciated in the same way as owned assets.

## 1.19 Provisions for liabilities

Provisions for liabilities and charges are recognised when the Association has a present obligation (whether legal or construction) as a result of a past event that can be reliably estimated, and it is probable that a transfer of economic benefit will be required to settle the obligation.

## 1.20 Revenue reserves

Revenue reserves relate to the cumulative surpluses less amounts transferred to designated and restricted reserves.

## 2 LETTINGS AND OTHER RELATED INFORMATION

2(a) PARTICULARS OF TURNOVER, COST OF SALES, OPERATING EXPENDITURE AND OPERATING SURPLUS

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Turnover £'000 | Operating expenditure £'000 | Operating surplus/ (deficit) £'000 | Turnover £'000 | Operating expenditure £'000 | Operating surplus/ (deficit) £'000 |
| **Social housing lettings (Note 2b)** | **11,513** | **(9,161)** | **2,352** | 10,772 | (8,649) | 2,123 |
| **Other social housing activities** | | | | | | |
| Gain on disposal of housing properties | **-** | **-** | **379** | - | - | 549 |
| **Other** | **3** | **(54)** | **(51)** | 8 | (40) | (32) |
| **Total** | **11,516** | **(9,215)** | **2,680** | 10,780 | (8,689) | 2,640 |

2(b) PARTICULARS OF TURNOVER AND OPERATING EXPENDITURE FROM SOCIAL HOUSING LETTINGS

| | Housing Accommodation £'000 | Shared Ownership £'000 | Total 2024 £'000 | Total 2023 £'000 |
|---|---|---|---|---|
| **Income** | | | | |
| Rents receivable net of identifiable service charges | **9,237** | **450** | **9,687** | **9,045** |
| Service charges receivable | **783** | **214** | **997** | **895** |
| Water Rates Receivable | **25** | **-** | **25** | **25** |
| Amortised government grants | **770** | **34** | **804** | **807** |
| **Turnover from social housing lettings** | **10,815** | **698** | **11,513** | **10,772** |
| | | | | |
| **Operating expenditure** | | | | |
| Service charge costs | **886** | **264** | **1,150** | **888** |
| Management | **2,079** | **42** | **2,121** | **1,790** |
| Routine maintenance | **2,293** | | **2,293** | **1,939** |
| Major repairs | **370** | | **370** | **365** |
| Bad debts | **-** | | **-** | **30** |
| Planned Maintenance | **1,266** | | **1,266** | **1,726** |
| Depreciation of housing properties | **1,817** | | **1,817** | **1,781** |
| Loss on disposals and component replacements | **123** | | **123** | **104** |
| Water rates | **21** | | **21** | **26** |
| **Operating expenditure on social housing lettings** | **8,855** | **306** | **9,161** | **8,649** |
| **Operating surplus on social housing lettings** | **1,960** | **392** | **2,352** | **2,123** |
| Rent losses from voids | 177 | - | 177 | 126 |

## 3 BOARD MEMBERS & DIRECTORS' EMOLUMENTS

| For the purpose of this note, the directors are defined as the Board Members, the Chief Executive and the Senior Staff Team. | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Aggregate emoluments and expenses payable to the executive directors (including pension contributions and benefits in kind) | **467** | 421 |
| Pensions Contribution | **30** | 30 |
| Emoluments paid to the highest paid director of the Association excluding pension contributions | **148** | 128 |
| Pensions contributions in respect of the highest paid director | **10** | 10 |

The Chief Executive is an ordinary member of the Social Housing Pension Scheme (SHPS) and no enhanced or special terms applied. SHPS is a defined contribution scheme. The employers' contribution rate is currently set at between 6.45% and 7.45%.

| **Board member remuneration** | 2024 Total £'000 | 2023 Total £'000 |
|---|---|---|
| Pamela Leonce | **8.0** | 8.0 |
| Vivien Knibbs | **-** | 0.9 |
| Puneet Rajput (Resigned May 2023) | **0.5** | 3.2 |
| Jack Stephen | **4.1** | 2.7 |
| Peta Caine | **2.5** | 2.5 |
| John Barr | **-** | 0.6 |
| Katie Wilmot | **2.5** | 2.5 |
| Wasiu Fadahunsi | **2.5** | 2.5 |
| Chyrel Brown | **3.2** | 3.2 |
| Rajkoomar Jahanara | **2.5** | 2.5 |
| Karen Harvey | **2.6** | - |
| | **28.4** | 28.6 |

## 4 EMPLOYEE INFORMATION

| | 2024 Number | 2023 Number |
|---|---|---|
| The average weekly number of persons (including the Chief Executive) employed during the year was (full time equivalents based on 35 hours per week): | **29** | 23 |
| **Staff costs during the year:** | **£'000** | **£'000** |
| Wages and salaries | **1,602** | 1,276 |
| Social security costs | **181** | 152 |
| Pension costs | **94** | 80 |
| | **1,877** | 1,508 |

Salary banding for key management personnel, considered earning over £60,000 (including salaries, performance related pay, benefits in kind, compensation for loss of office) is set out on a full time equivalent basis below:

| **Bands** | 2024 Number | 2023 Number |
|---|---|---|
| £60,000 - £70,000 | **2** | 1 |
| £70,001 - £80,000 | **2** | 2 |
| £80,001 - £90,000 | **1** | - |
| £90,001 - £100,000 | **-** | - |
| £100,001 - £110,000 | **-** | - |
| £110,001 - £120,000 | **1** | 1 |
| £120,001 - £130,000 | **1** | 1 |
| £130,001 - £140,000 | **-** | - |
| £140,001 - £150,000 | **1** | - |
| **Total** | **8** | 5 |

## 5 SURPLUS ON SALE OF HOUSING PROPERTIES

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Disposal proceeds | **935** | 1,512 |
| Carrying value of fixed assets | **(500)** | (909) |
| Grant amortised | **(46)** | (49) |
| Selling cost | **(10)** | (5) |
| | **379** | 549 |

## 6 INTEREST RECEIVABLE

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Bank interest | **655** | 180 |
| Investment income | **6** | 6 |
| | **661** | 186 |

## 7 INTEREST PAYABLE AND SIMILAR CHARGES

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| SHPS pension – interest expense | **16** | 10 |
| Loans and bank overdrafts | **2,952** | 2,653 |
| Amortised Cost adjustment | **(322)** | (67) |
| | **2,646** | 2,596 |
| Interest payable capitalised on housing properties under construction | **-** | (70) |
| | **2,646** | 2,526 |
| Capitalisation rate used to determine the finance costs capitalised during the period | **4.89%** | 4.78% |

## 8 SURPLUS FOR THE YEAR

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Is stated after charging: | | |
| Auditor's remuneration (excluding VAT): | | |
| - in their capacity as auditor | **40** | 36 |
| - other services | **8** | 5 |
| Depreciation | **1,941** | 1,972 |

## 9 HOUSING FIXED ASSETS

Costs of completed properties and properties under construction comprise of materials and direct overheads attributable to the development. Interest incurred is capitalised from the point of first obtaining planning permission, throughout work-in-progress and up to the point of practical completion of the development scheme.

Depreciation of housing property components is charged so as to write down the cost of the components to their estimated residual value, on a straight-line basis, over their estimated useful economic lives set out in Note 1.11.

| | Housing properties held for letting £'000 | Housing properties under construction £'000 | Shared ownership housing properties £'000 | Total £'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 April 2023 | 161,266 | 1,639 | 18,218 | 181,123 |
| Component additions | 1,541 | - | - | 1,541 |
| Disposals | (717) | - | (384) | (1,101) |
| Transfer to Current assets | - | (1,639) | - | (1,639) |
| **At 31 March 2024** | **162,090** | **-** | **17,834** | **179,924** |
| **Depreciation and impairment** | | | | |
| At 1 April 2023 | 27,071 | - | - | 27,071 |
| Charged for year | 1,817 | - | - | 1,817 |
| Disposals | (477) | - | - | (477) |
| **At 31 March 2024** | **28,411** | **-** | **-** | **28,411** |
| **Net book value** | | | | |
| **At 31 March 2024** | **133,679** | **-** | **17,834** | **151,513** |
| At 31 March 2023 | 134,195 | 1,639 | 18,218 | 154,052 |

| The cost incurred on improvement works to existing properties during the year is analysed as follows: | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Amounts capitalised (all relating to components) | **1,541** | 1,070 |
| Amounts charged to the income and expenditure account | **370** | 365 |

| Carrying amount of secured and unsecured properties | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Secured properties | **73,808** | 93,704 |
| Unsecured properties | **77,705** | 60,348 |
| | **151,513** | 154,052 |

## 10 OTHER TANGIBLE FIXED ASSETS

Depreciation on other fixed assets is charged on a straight-line basis over the expected useful economic lives of the fixed assets to write down the cost less estimated residual values at the following annual rates set out in Note 1.12.

| | Long Leased Office Premises £'000 | Office Furniture and Equipment £'000 | Total £'000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 April 2023 | 2,346 | 1,246 | 3,592 |
| Additions | - | 45 | 45 |
| Disposals | - | (25) | (25) |
| **At 31 March 2024** | **2,346** | **1,266** | **3,612** |
| **Depreciation** | | | |
| At 1 April 2023 | 141 | 1,081 | 1,222 |
| Charge for year | 24 | 100 | 124 |
| Disposals | - | (25) | (25) |
| **At 31 March 2024** | **165** | **1,156** | **1,321** |
| **Net book value** | | | |
| **At 31 March 2024** | **2,181** | **110** | **2,291** |
| At 31 March 2023 | 2,205 | 165 | 2,370 |

## 11 INVESTMENTS

The Association deposited £1.30m which is held in trust on behalf of The Housing Finance Corporation as part of the loan agreement. As at March 2024 the balance including accrued interest was £1.36m (2023: £1.32m). Fair value movement of the investment recognised in the Statement of Comprehensive Income is (£36k): (2023: (£154k)).

## 12 TRADE AND OTHER DEBTORS

| Amounts receivable within one year: | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Rent arrears | **1,355** | 1,130 |
| Housing benefits in arrears | **158** | 109 |
| Less: provision for bad debts | **(546)** | (432) |
| | **967** | 806 |
| Prepayments and accrued income | **276** | 182 |
| Other debtors | **1,651** | 103 |
| | **2,894** | 1,091 |

## 13 CREDITORS

| Amounts falling due within one year: | 2024 £'000 | 2024 £'000 | 2023 £'000 | 2023 £'000 |
|---|---|---|---|---|
| Trade creditors | | **521** | | 349 |
| Taxation and social security payable | | **76** | | 56 |
| Loan repayments (note 16) | **1,350** | | 9,017 | |
| Bond premium amortised cost adjustment | **383** | **1,733** | 403 | 9,420 |
| Loan interest | | **152** | | 132 |
| Other creditors and accruals | | **787** | | 733 |
| Recycled Capital Grant Fund (note 19) | | **203** | | 8 |
| Rent in advance | | **539** | | 541 |
| Deferred grant income (note 15) | | **804** | | 807 |
| | | **4,815** | | 12,046 |

## 14 CREDITORS

| Amounts falling due after more than one year: | 2024 £'000 | 2024 £'000 | 2023 £'000 | 2023 £'000 |
|---|---|---|---|---|
| Deferred grant income (note 15) | | **63,747** | | 64,760 |
| Housing loans (note 16) | **56,500** | | 53,619 | |
| Bond premium amortised cost adjustment | **7,389** | **63,889** | 7,754 | 61,373 |
| Recycled Capital Grant Fund (note 19) | | **864** | | 822 |
| | | **128,500** | | 126,955 |

## 15 DEFERRED GRANT INCOME

Social housing grant (SHG) is initially recognised at fair value as a long-term liability, specifically as deferred government grant income and released through the statement of comprehensive income as turnover income over the life of the structure of housing properties in accordance with the accrual method applicable to registered providers of social housing accounting for housing properties at cost. All social housing grant (SHG) is amortised to income over 100 years for social housing properties.

On disposal, SHG associated with those properties is transferred to the Recycled Capital Grant Fund (RCGF) until the grant is recycled or repaid to reflect the existing obligation under the social housing grant funding regime.

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| At 1 April | **65,567** | 66,710 |
| Grant received in the year | **-** | - |
| Grant repaid in the year | **-** | (5) |
| Recycled on disposal | **(258)** | (380) |
| Released to income in the year | **(804)** | (807) |
| Released on disposal | **46** | 49 |
| At 31 March | **64,551** | 65,567 |
| Amounts to be released within one year | **804** | 807 |
| Amounts to be released in more than one year | **63,747** | 64,760 |
| | **64,551** | 65,567 |

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Government grant previously amortised to income | **15,885** | 15,128 |
| Government grant included in deferred income | **64,551** | 65,567 |
| Total government grant received | **80,436** | 80,695 |

Stock swaps previously entered into by the Association have resulted in associated recognisable grants of £7.81m (2023: £7.81m). These grant liabilities are not recognised within deferred grant income, in line with the related accounting policy, but nevertheless represent a liability for the Association should the respective properties be sold.



## 16 HOUSING LOANS

Loans from lending institutions are secured by way of a first fixed charge on the Association's housing properties at rates of interest between 3.344% and 6.455% and include asset cover tests based on the ratio of the value of properties secured to the carrying value of the loan. Bank loans include interest cover gearing covenants each of which is tested annually against relevant disclosures within the statement of comprehensive income and statement of financial position. The loans are repayable in instalments due as follows:

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| In five years or more | **31,075** | 32,425 |
| Between two and five years | **24,703** | 20,050 |
| Between one and two years | **1,350** | 1,672 |
| Loan finance costs | **(628)** | (528) |
| | **56,500** | 53,619 |
| In one year or less | **1,350** | 9,017 |
| | **57,850** | 62,636 |

## 17 PENSIONS

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

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

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

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

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

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

| Pension scheme liabilities recognised in the Statement of Financial Position | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Pension obligations recognised as Defined Benefit schemes | **398** | 366 |
| **Total pension scheme liabilities** | **398** | 366 |

| Statement of Financial Position | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Fair value of plan assets | **1,685** | 1,644 |
| Present value of funded retirement benefit obligations | **(2,083)** | (2,010) |
| **Net liability** | **398** | 366 |

| Principal actuarial assumptions at the financial position date: | 2024 % per annum | 2023 % per annum |
|---|---|---|
| Discount Rate | **4.87** | 4.88 |
| Inflation (RPI) | **3.19** | 3.20 |
| Inflation (CPI) | **2.76** | 2.74 |
| Salary Growth | **3.76** | 3.74 |
| Allowance for commutation of pension for cash at retirement | **75% of maximum allowance** | 75% of maximum allowance |

| The mortality assumptions applied at 31 March 2024 imply the following life expectancies: | Life expectancy at age 65 (Years) |
|---|---|
| Male retiring in 2022 | 20.5 |
| Female retiring in 2022 | 23.0 |
| Male retiring in 2042 | 21.8 |
| Female retiring in 2042 | 24.4 |

| Amounts recognised in the Income Statement | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Net interest on defined benefit liability | **16** | 10 |
| Expenses paid | **4** | 4 |
| **Total expenses** | **20** | 14 |

| Amounts recognised in Other Comprehensive Income | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Experience on plan assets | **(86)** | (823) |
| Experience gains and losses arising on the Plan liabilities | **(22)** | 25 |
| Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – (losses)/gain | **(5)** | 740 |
| Effects of changes in the demographic assumptions underlying the present value of the Plan liabilities | **20** | 4 |
| **Total amount recognised in Other Comprehensive Income – (losses)/gain** | **(93)** | (54) |

| Reconciliation of movements on the defined benefit obligation | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Defined benefit obligation at the start of the period | **2,010** | 2,731 |
| Expenses | **4** | 4 |
| Interest expense | **98** | 76 |
| Actuarial gains/(losses) due to scheme experience | **22** | (25) |
| Actuarial gains/(losses) due to changes in demographic assumptions | **(20)** | (4) |
| Actuarial losses/(gains) due to changes in financial assumptions | **5** | (740) |
| Benefits paid | **(36)** | (32) |
| **Defined benefit obligation at the end of the period** | **2,083** | 2,010 |

| Reconciliation of movements on the fair value of plan assets | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Fair value of the Plans' assets at the start of the period | **1,644** | 2,356 |
| Interest income | **82** | 66 |
| Experience gains/(losses) on plan assets | **(86)** | (823) |
| Contributions by the employer | **81** | 77 |
| Benefits paid | **(36)** | (32) |
| **Fair value of plan assets at the end of the period** | **1,685** | 1,644 |

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2024 was (£4,000) against 2023: (£757,000).

The fair values of each main class of assets held by the Fund and the expected rates of return for the ensuing year are set out in the following table.

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Global Equity | **168** | 31 |
| Absolute Return | **66** | 18 |
| Distressed Opportunities | **59** | 50 |
| Credit Relative Value | **55** | 62 |
| Alternative Risk Premia | **54** | 3 |
| Emerging Markets Debt | **22** | 9 |
| Risk Sharing | **99** | 121 |
| Insurance-Linked Securities | **9** | 41 |
| Property | **68** | 71 |
| Infrastructure | **170** | 188 |
| Private Equity | **1** | - |
| Private Debt | **66** | 73 |
| Opportunistic Liquid Credit | **66** | 70 |
| High Yield | **-** | 6 |
| Opportunistic Credit | **-** | - |
| Cash | **33** | 12 |
| Corporate Bond Fund | **-** | - |
| Long Lease Property | **11** | 50 |
| Secured Income | **50** | 75 |
| Liability Driven Investment | **686** | 757 |
| Currency Hedging | **(1)** | 3 |
| Net Current Assets | **3** | 4 |
| **Total assets** | **1,685** | 1,644 |

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.

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing, and the matter is unlikely to be resolved before 2025 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

## 18 PROVISIONS FOR LIABILITIES – OTHER PROVISIONS

The Association recognises provisions and liabilities of uncertain timing or amounts. Provisions are made for specific and quantifiable liabilities, measured at the best estimate of expenditure and only where probable that it is required to settle a legal or constructive obligation that existed at the Statement of Financial Position date.

| | 2024 Sinking Fund £'000 | 2023 Sinking Fund £'000 |
|---|---|---|
| At 1 April | **243** | 207 |
| Additions | **34** | 36 |
| **At 31 March** | **277** | 243 |

## 19 RECYCLED CAPITAL GRANT FUND

The Regulator of Social Housing can direct the Association to recycle SHG or to repay the recoverable capital grant back. Where the grant is recyclable, the recoverable capital grant is credited to the recycled capital grant fund (RCGF), which is included as a creditor due either within one year or after more than one year as appropriate.

| | 2024 GLA £'000 | 2023 GLA £'000 |
|---|---|---|
| At 1 April | **830** | **557** |
| Inputs to RCGF: | | |
| Grants Recycled | 258 | 380 |
| Interest accrued | (13) | 13 |
| Repayment of Grant | (8) | (120) |
| **At 31 March** | **1,067** | **830** |
| Amounts 3 years old or older where repayment may be required | 203 | 8 |

## 20 CAPITAL COMMITMENTS

Capital commitments are disclosed in respect of capital expenditure towards fixed assets which have been contracted and predominantly relate to developments where known contractors have been appointed and which have started on site.

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Capital expenditure that has been contracted for but has not been provided for in the financial statements | **-** | 2,860 |
| The Association expects to finance the above expenditure above by: | | |
| Social Housing Grant receivable | **-** | - |
| Bank loans & Cash Generation | **-** | 2,860 |

## 21 SHARE CAPITAL

| Allotted, issued and fully paid | 2024 £ | 2023 £ |
|---|---|---|
| At 1 April | **4** | 4 |
| Shares cancelled during the year | **-** | - |
| **As at 31 March** | **4** | 4 |

The share capital of the Association consists of shares with a nominal value of £1 each which carry no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. Where a shareholder ceases to be a member, that person's share is cancelled, and the amount paid up thereon becomes the property of the Association. Therefore, all shareholdings relate to non-equity interests; there are no equity interests in the Association.

## 22 NOTES ON THE CASHFLOW STATEMENT

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Surplus for the year | **659** | 146 |
| Depreciation – Housing Properties | **1,817** | 1,781 |
| Depreciation - Other tangible fixed assets | **124** | 191 |
| Loss on components disposal | **123** | 104 |
| Surplus on sale of tangible fixed assets | **(435)** | (603) |
| Amortisation of government grant and disposal adjustment | **(759)** | (764) |
| Change in debtors | **(162)** | (584) |
| Change in creditors | **(383)** | (447) |
| Provisions | **34** | 35 |
| Fair value movement | **36** | 154 |
| Amortised cost adjustment | **-** | 305 |
| Interest paid | **2,968** | 2,221 |
| Interest received | **(661)** | (186) |
| **Net cash generated from operating activities** | **3,361** | 2,353 |

## 23 TAXATION

No provision for United Kingdom corporation tax has been made due to the Association's charitable status.

## 24 UNITS AND BEDSPACES

During the year ending 31 March 2024, the Association disposed of a property on the open market and four shared ownership leaseholders staircased to a 100%.

| | 2024 Number | 2023 Number |
|---|---|---|
| **Under management at end of year:** | | |
| Owned – Social Rent | **989** | 990 |
| Owned – Affordable Rent | **174** | 174 |
| Owned – Intermediate Rent | **67** | 67 |
| Owned – Temporary Housing | **3** | 3 |
| Owned – Temporary Housing - Shared | **6** | 6 |
| Owned – London Living Rent | **18** | 18 |
| Owned – Shared ownership | **70** | 74 |
| | **1,327** | 1,332 |

## 25 RELATED PARTY TRANSACTIONS

Disclosures in relation to the Chief Executive and the Senior Staff Team are set out below:

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Basic salary | **418** | 421 |
| Employers' national insurance | **56** | 56 |
| Pensions contributions | **30** | 30 |
| **As at 31 March** | **504** | 507 |

## 26 FINANCIAL INSTRUMENTS

The Association's financial instruments are summaried below:

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Total financial instruments at fair value | **1,361** | 1,318 |

Financial assets measured at fair value are valued based upon quoted market prices.

## 27 POST YEAR END EVENTS

On 2 April 2024 Westway Housing Association (WHA) by way of a transfer of engagements merged with Inquilab Housing Association to become Karibu Community Homes Limited.

Both Inquilab Housing Association Limited (Inquilab) and Westway Housing Association Limited (Westway) have their roots in the Black and Minority Ethnic (BME) community and the voice of the BME community remains one close to our hearts. Both organisations were set up in the mid-1980s to address the needs of the BME communities that were not being met by other mainstream housing organisations at the time. We see that our combined organisation would provide a stronger voice for the BME sector.

The merger has created a stronger, vibrant organisation that is fit for the future and is in a position to continue to provide good quality homes to communities. We are confident the merger will deliver benefits to tenants and put us in a stronger position to deliver on our social purpose and priorities.

Westway Housing Association had net assets of £14.39m as at the 31 March 2024.

We believe together we can benefit from economies of scale and deliver more to our existing and new tenants, as well as provide greater opportunities to our people and enhance our service offering.

www.karibu.org.uk

Karibu Community Homes

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